

Encourage Financial LLC

Registered Investment Adviser

CRD # 339368

21 Finch Trail NE
Atlanta, GA 30308

Tel: (770) 225-8352

Email: alex@encouragefinancial.com

Web: encouragefinancial.com

Form ADV Part 2A

Firm Brochure

February 24, 2026

This brochure provides information about the qualifications and business practices of Encourage Financial LLC. Please contact Alex C. Gardener, CFP®, EA, President and Chief Compliance Officer, at (770) 225-8352 if you have any questions about the content of this brochure.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or any state securities administrator. Additional information about Encourage Financial LLC is available on the SEC's website at www.adviserinfo.sec.gov. Click on the "Investment Adviser Search" link and then search for "Investment Adviser Firm" using the firm's IARD ("CRD") number, which is 339368.

While the firm and its associates are registered and/or licensed within a particular jurisdiction, that registration and/or licensing itself does not imply endorsement by any regulatory authority, nor does it imply a certain level of skill or training on the part of the firm or its associated personnel.

Item 2 - Material Changes

This is an original filing; there are no material changes to disclose. The firm will amend its brochure anytime there is a material change, and this section (Item 2) will include a summary of any material changes. When the firm updates this document, it will either send a copy of its updated brochure in an electronic or hard copy format or provide an electronic or hard copy summary of material changes. Clients may also download this brochure from the SEC's website at www.adviserinfo.sec.gov or may contact our firm at (770) 225-8352 to request a copy at any time.

As with all firm documents, clients and prospective clients are encouraged to review this brochure in its entirety and to ask questions at any time prior to or throughout the engagement.

Item 3 - Table of Contents

Item 1 - Cover Page 1

Item 2 - Material Changes 2

Item 3 - Table of Contents 3

Item 4 - Advisory Business 4

Item 5 - Fees and Compensation 8

Item 6 - Performance-Based Fees and Side-By-Side Management 12

Item 7 - Types of Clients 12

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss 13

Item 9 - Disciplinary Information 20

Item 10 - Other Financial Industry Activities and Affiliations 20

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading 21

Item 12 - Brokerage Practices 23

Item 13 - Review of Accounts 26

Item 14 - Client Referrals and Other Compensation 26

Item 15 - Custody 27

Item 16 - Investment Discretion 27

Item 17 - Voting Client Securities 27

Item 18 - Financial Information 28

Item 19 - Requirements for State-Registered Advisers 28

Form ADV Part 2B - Brochure Supplement (Principal Officer) 30

Privacy Policy Statement 35

Information/Terms Used in this Brochure

Throughout this document Encourage Financial LLC may be referred to as “the firm,” “firm,” “our,” “we,” or “us.” The client or prospective client may be also referred to as “you,” “your,” etc., and refers to a client engagement involving a single *person* as well as two or more *persons*, including legal entities and natural persons. In addition, the term “advisor” and “adviser” are used interchangeably where accuracy in identification is necessary (i.e., firm name, internet address, regulatory term/reference, etc.).

Our firm is an investment adviser registered with the State of Georgia. We may register, become licensed, or meet exemption to registration and/or licensing in other jurisdictions where we conduct investment advisory business. Any reference to the Investment Advisers Act of 1940 or Investment Company Act of 1940, as amended, in any client document does not imply or suggest registration with the SEC. In addition, registration with any regulatory authority does not imply a certain level of skill or training. The business and disciplinary history, if any, of an investment advisory firm and its representatives, may be obtained by reviewing information available on the SEC’s website at www.adviserinfo.sec.gov.

Our firm maintains a business continuity and succession plan that is integrated within the organization to ensure it appropriately responds to events that pose a significant disruption to its operations. A statement concerning the current plan is available under separate cover upon request.

Item 4 - Advisory Business

Description of Firm

Encourage Financial LLC is a Georgia domiciled limited liability company formed in August of 2021 for general business purposes and became registered as an investment adviser in Georgia during February of 2026.¹ Our firm is not a subsidiary of, nor does it control, another financial services industry entity.

Alex C. Gardener, CFP®, EA, is the firm's President, Chief Compliance Officer (supervisor), Managing Member, and maintains all interest (shares) in the firm.² Additional information about Mr. Gardener and his education and professional background may be found at the end of this brochure in Item 19 and in his Form ADV Part 2B brochure supplement that is included at the end of this document, along with our privacy policy statement, for ease of use.

Description of Services

Encourage Financial LLC offers what we term "wealth management," incorporating financial planning and portfolio management. The planning component assists our clients with advice on topics such as cash flow and budgeting, funding a college education, social security strategies, retirement, risk management, and estate planning, among others. Our portfolio management provides ongoing supervision of our clients' accounts. While our firm prefers to provide wealth management, we can also be engaged for stand-alone financial planning or portfolio management. Periodic educational workshops are presented from time to time on an announced basis. Our services components are described in this section (Item 4), and an explanation of our fees can be found in Item 5 of this firm brochure.

An initial interview is conducted with the prospective client to discuss their current situation and goals, as well as the scope of our firm's services that may be provided. During or prior to our first meeting we will provide our current Form ADV Part 2A firm brochure, privacy policy statement, and a Form ADV Part 2B brochure supplement that provides information about the representative serving the client. Our firm will disclose any material conflicts of interest that could be reasonably expected to impair the rendering of unbiased and objective advice, such as information discussed in Items 5, 10 through 12 in this document. If the prospective client wishes to engage our firm for its services, we must first enter into a written agreement. Thereafter, further discussion and analysis will be conducted to determine financial needs, goals, holdings, etc.

Depending on the scope of the engagement, the client may be asked to provide copies of the following documents early in the process:

- completed risk profile questionnaires or other forms provided by our firm
- wills, codicils, and trusts
- insurance policies, including information about riders, loans, and amendments
- mortgage information
- tax returns
- student loans
- divorce decree or separation agreement
- current financial specifics including W-2s, 1099s, K-1 statements, etc.

¹ Jurisdictions where a firm is currently registered can be determined via the SEC's website at www.adviserinfo.sec.gov.

² CFP® refers to the Certified Financial Planner® Professional. EA refers to an Internal Revenue Service Enrolled Agent. Details about professional designations are found in accompanying Form ADV Part 2B brochure supplements.

- information on current retirement plans and other benefits provided by an employer
- statements reflecting current investments in retirement and non-retirement accounts, and
- employment or other business agreements.

It is important that we are provided with an adequate level of information and supporting documentation throughout the term of the engagement including but not limited to source of funds, income levels, and an account holder or attorney-in-fact's authority to act on behalf of the account, as well as other information that may be necessary in order for us to provide comprehensive financial recommendations. The information and/or financial statements provided to us must be accurate. Our firm may, but is not obligated to, verify the information that has been provided to us which will then be used in the advisory process.

Financial Planning Components

A client's financial plan is as broad-based or narrowly focused as they desire. The incorporation of most or all assessment areas listed below allows not only thorough, comprehensive analysis but also a refined focus of the client's plans so that our firm is able to assist them in reaching their goals and objectives. Each planning client receives a customized written plan in printed or digital format at the end of the process tailored to their unique situation.

Cash Flow Analysis and Debt Management

Our firm can conduct a review of income and expenses to determine the client's surplus or deficit in spending. Based upon the results, we might recommend prioritizing how any surplus should be used, or how to reduce expenses if they exceed income. In addition, we can provide advice regarding the management of debt, prioritizing payments based upon such factors as the debt's interest rate and any income tax ramifications. Recommendations may also be made regarding the appropriate level of cash reserves for emergencies and other financial goals.

Risk Management

A risk management review includes an analysis of exposures to major risks that could have a significant adverse impact on the client's financial picture, such as premature death, disability, 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"). We are not an insurance agency, but we have an independent licensed insurance agent on staff that can assist clients interested in sourcing an insurance or annuity contract³ via unaffiliated insurance companies and/or agencies. Further information about these services is noted in Items 5 and 10 of this firm brochure.

Employee Benefits

Our firm can review and analyze if an employee is taking maximum advantage of their employer's benefit package. We can also offer advice on the client's employer-sponsored retirement plan, deferred compensation, stock options, along with other benefits that may be available. We may assess the client's ability to rollover funds, within or outside of their employer-sponsored plan, and determine the advantages or disadvantages as it relates to individual client goals.

³ Our staff are not associated with broker/dealers and cannot solicit the purchase of a variable insurance or variable annuity contract.

Education Planning

Advice may include projecting the amount that will be needed to achieve post-secondary education funding goals, along with savings strategies and the “pros-and-cons” of various college savings vehicles that are available. We are also available to review a client’s financial picture as it relates to eligibility for financial aid or the best way to contribute to other family members.

Tax Planning Strategies

We can provide advice regarding the minimization of current and future income taxes as a part of the overall financial plan. For example, recommendations may be offered regarding which type of account(s) or specific investments should be owned based in part on their “tax efficiency,” with consideration that there is always a possibility of future changes to federal, state, or local tax laws and rates that may impact a person’s situation. Mr. Gardener is an IRS Enrolled Agent and is available to assist clients with the preparation of their personal or business tax return. Contact information for an accountant or a tax attorney is available when necessary if a client does not have one on retainer. We do not receive compensation for such referrals.

Investment Consultation

The firm’s investment consultation component often involves providing information about the types of investment vehicles, general investment analysis and strategy(ies), portfolio design, as well as limited assistance if a client investment account is maintained at another broker/dealer or custodian (“held-away” account). Our portfolio strategy and the types of investments that may be recommended are discussed in greater detail in Item 8 of this brochure.

Personal Retirement Planning

Our firm can provide projections on the likelihood of achieving a financial goal(s), with financial independence usually the primary objective. In situations where projections show less than the desired results, we can develop models which incorporate changes in variables such as working longer, saving more, spending less, taking more risk with investments, etc. to assist the client in making changes to achieve success. If a client is 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 retirement years.

Social Security Strategies

Typically, we review and analyze a client’s Social Security statements to optimize Social Security income as it relates to the client’s goals. The client will be briefed regarding various Social Security income options available, and a subsequent recommendation will be made in accordance with their financial plan.

Medicare Review

A Medicare review includes discussing the timing Medicare enrollment, the types of coverage that are available to meet their needs (e.g., Medicare Advantage, Part D Drug Plans, traditional Medicare, etc.), and the steps that can be used to sign up for Medicare.

Estate Planning and Charitable Giving

Our firm can review a client’s current estate plan to determine exposure to estate taxes upon their death. We will discuss the importance of current wills, power of attorney, trusts, and other related documents. We may also assess ways to minimize or avoid estate taxes by implementing appropriate estate planning and charitable giving strategies. We are not a law firm, and we encourage clients to consult with an experienced

attorney when they initiate, update, or complete estate planning activities. We may provide contact information for attorneys who specialize in estate planning. We are not compensated for these introductions.

Divorce Planning

Separation or divorce can have a major impact on a client's goals and plans. We will work with the client to help them gain an understanding of their unique situation and provide them with a realistic financial picture so that they are in a better situation to communicate with legal counsel, a mediator or soon to be ex-spouse. We can assist in the completion of cash flow and net worth projections, budgetary analysis, as well as help them to understand the financial consequences of a settlement.

Special Needs Planning

For those households with a special needs family member, we will assist in determining how to save for the needed extra money, navigate government systems to pay for therapies and education, assist in assessing the need for life insurance for longer periods, identifying savings strategies that might jeopardize a special needs family member's opportunities to receive government benefits, as well as using planning tools that might include (or avoid) tax-sensitive ABLE savings accounts, as well as consideration of special-needs trusts.

Business Consultation

We are available to assist small businesses in a variety of ways including employee retention and retirement strategies, coordination with financial institutions, corporate attorney, or an accounting firm. We serve as a retirement plan "limited fiduciary" as defined by § 3(21) of the Employee Retirement Income Security Act of 1974 (ERISA). We do not act in the capacity of a retirement plan investment manager per ERISA § 3(38), nor do we serve as ERISA § 3(16) plan third-party administrator, but we can assist the plan sponsor in identifying those other service providers.

Broad-Based v. Modular Financial Planning

A broad-based ("comprehensive") plan is an endeavor that requires detail. Certain variables can affect the development of the plan, such as the quality of a client's records, complexity and number of current investments, diversity of insurance products and employee benefits they currently hold, size of the potential estate, and special needs of the client or their dependents, among others. At the client's request, we may concentrate on reviewing only a specific area (modular planning), such as employer retirement plan allocations, or evaluating the sufficiency of their current retirement plan. Note that when these services focus only on certain areas of client interest or need, the overall financial situation or goals may not be fully addressed due to limitations the client has established. Whether we have created a broad-based or modular plan, we will present each client with a summary of our recommendations, guide them in the implementation of some or all of them per the client's decision, as well as offer periodic reviews thereafter (refer to Item 13 for details). In all instances involving our financial planning engagements, our clients retain the right to accept or reject any recommendation we make.

Portfolio Management Component

Described in greater detail in Item 8, a client's portfolio will involve the employment of Core + Satellite, Modern Portfolio Theory, or passive investment management strategy, depending on the client's risk profile, goals, and needs, among other considerations. The portfolio will contain either a broad range or more narrowly focused choice of investment vehicles. Our portfolio management offering does not include sponsoring or managing an investment program involving wrapped (bundled) asset-based fees.

We prepare investment guidelines reflecting the client’s objectives, time horizon, risk tolerance, as well as any reasonable account constraints they may have for the portfolio. For example, a client has the right to exclude certain securities (e.g., no foreign individual stocks, no local revenue bonds, etc.). These guidelines will be designed to be specific enough to provide future direction while allowing flexibility to work with changing market conditions. We will then suggest an investment allocation customized for each client based on their unique situation and goals. We manage our clients’ portfolios only on a nondiscretionary basis (defined in Item 16).

Because this is our initial year of operation, we do not have reportable assets under our management⁴ as of February 24, 2026 (the date of this brochure’s publication footnoted below).

Educational Workshops

Our firm provides periodic educational sessions about personal finance and investing. Topics may include issues related to general financial planning, educational funding, estate planning, retirement strategies, implications involving changes in marital status, and various other current economic or investment topics. Workshops are educational in nature and do not involve the solicitation of insurance or investment products, nor do our general sessions offer specific advice to attendees.

Item 5 - Fees and Compensation

Services being provided, terms of service, etc., will be stated in our engagement agreement. Our published fees are negotiable, and we may modify, waive or discount our fees for our associates, their family members, as well as pre-existing relationships. We strive to offer fees that are fair and reasonable considering the experience of our firm and the services to be provided. Similar services may be made available from other advisers and potentially at a lower fee.

Wealth Management Fee

Our wealth management services combine financial planning and portfolio management into a single asset-based fee. We do not assess account opening and/or administrative fees to initiate our services, nor do we require a minimum account size to open or maintain an investment account. Our wealth management fee is paid on a quarterly basis, in arrears, per the following fee schedule. For the benefit of discounting our wealth management fee, we will aggregate accounts for the same household. Our fee schedule is constructed on a straight tier; all accounts are charged a single percentage rate that declines as asset levels increase. The first billing cycle will begin on the first day that assets have settled into the client’s separately identifiable account held by the custodian of record. The fee for the initial period will be paid on a pro-rated basis that will be determined by the number of days remaining in that billing period.

Account Asset Range	Annualized Fee	Quarterly Fee
\$0 - \$499,999	1.25% (125 bps*)	0.3125% (31.25 bps)
\$500,000 - \$999,999	1.00% (100 bps)	0.25% (25.00 bps)
\$1,000,000 - \$2,999,999	0.85% (85 bps)	0.2125% (21.25 bps)
\$3,000,000 - \$4,999,999	0.65% (65 bps)	0.1625% (16.25 bps)
\$5,000,000 - Above	0.50% (50 bps)	0.125% (12.50 bps)

(* basis points)

Quarterly Fee Formula: ((quarter-end market value) x (applicable annualized asset-based fee)) ÷ 4

⁴ The term “assets under management” and rounding per the *General Instructions for Part 2 of Form ADV*.

Quarterly Fee Example: A wealth management account maintaining \$500,000 of investible assets as of a quarter's end market value will be assessed \$1,250 (quarterly, in arrears). Quarterly Fee Formula: $(\$500,000 \times 100 \text{ bps}) = \$5,000$ (annualized fee) $\div 4$ (quarters) = \$1,250 (quarterly fee).

In the rare absence of a reportable market value, our firm may seek a third-party opinion from a recognized industry source (e.g., unaffiliated public accounting firm), and the client may choose to separately seek such an opinion at their own expense as to the valuation of "hard-to-price" securities if they believe it to be necessary.

Stand-Alone Portfolio Management Fee

Clients engaging the firm solely for portfolio management are assessed the same fee as described above in the *Wealth Management Fee* schedule.

Stand-Alone Financial Planning Fee

Project-Based Planning

Broad-based planning engagements are assessed a fixed (project-based) fee that ranges from \$300 to \$7,500. As each client's situation is unique and planning needs differ, it is infeasible to utilize a fixed fee schedule ("menu") for the various planning components described in Item 4.⁵ Our fee will take into consideration factors such as the complexity of a client's personal financial profile, the depth of services to be provided through the engagement, assets that comprise their overall holdings, number of accounts comprising the portfolio, whether our firm will implement the transactions for an account(s), among others. Clients with extensive planning needs, such as high-net-worth clients with a host of listed and non-traditional assets, unique multi-generational estate issues, wide-ranging charitable matters, special needs households, etc., are typically engagements warranting the upper end of our fixed-fee engagement. No deposit is required to initiate the engagement, and entire fee is due upon plan delivery. The stand-alone planning engagement ends upon the plan's delivery.

Hourly/Limited Planning

Clients interested in a limited planning engagement (e.g., two or less planning components) are assessed an hourly fee at the rate of \$400 per hour; billed in 15-minute increments, and partial increments (e.g., six minutes) will be treated as a whole increment (rounded up). Prior to entering into an agreement with our firm, the client will receive an estimate of the cost based on their planning requirements and the time involved. No deposit is required at the execution of the hourly engagement agreement; the entire fee will be due upon the plan's delivery. However, an hourly engagement lasting more than one month will be billed at the end of each month for time incurred. We will provide an invoice that will include the fee charged, the period covered by the fee, and the fee calculation itself. The stand-alone hourly/limited planning engagement ends upon the plan's delivery.

Educational Workshops

Workshops are expected to be paid for by the event sponsor (e.g., company, non-profit, etc.), and the fee will be determined by whether the event is virtually delivered or in person, if customized session materials are required, etc. The fee ranges from \$0 to \$5,000 per workshop that is paid by the sponsor. No advance fee is due upon engagement; the entire fee is paid to our firm at the beginning of the event.

⁵ Tax preparation services are provided only via a fixed fee engagement which will be quoted in advance of initiating the engagement and after the firm has conducted an initial review of the client's potential tax return requirements and quality of their records. Our minimum tax preparation fee is \$300 for a basic individual tax return.

Our firm will assess normal and customary fees associated with travel and lodging for in-person events more than 100 miles from our main office that will be detailed in the sponsor's invoice.

Fee Payment

Wealth Management and Stand-Alone Portfolio Management

The primary form of payment for our wealth management and stand-alone portfolio management engagements is to withdraw the fee from a client account held at the custodian of record (with the client's prior written approval). By signing our firm's engagement agreement, as well as the custodian of record's account documents, the client is authorizing the custodian to withdraw our advisory fee, and the custodian will remit our fees directly to our firm. For those clients who have opted to have our advisory fees withdrawn from their account at the custodian of record, our firm will concurrently send the client and custodian of record a notice that includes the fee, the formula used to calculate the fee, the fee calculation itself, the time period covered by the fee, and the amount of assets under management on which the fee was based. Fees deducted from a client's account will be noted on account statements that the client receives directly from the account custodian of record, and we encourage our clients to review this information.

The firm will not be entitled to cash or other client assets held by the custodian of record except those monies owed to the firm in connection with its agreed services. Subject to the custodian's fee debit procedures, the firm's fees will be payable first from free cash balances, if any, in the account(s) designated for payment and, second, from the liquidation of any money market funds. If such assets are insufficient to satisfy payment of the advisory fees, and if the client does not have margin features on an account, the client will authorize the firm (subject to suitability guidelines) to instruct the custodian to liquidate a portion of any asset in the applicable account to cover the firm's advisory fee. In addition, the firm will charge the client for all fees and assessments associated with any checks returned for insufficient funds assessed by the custodian, including, but not limited to, custodial/clearing firm fees or charges.

We prefer wealth management and stand-alone portfolio management engagements to be paid to our firm via the custodian. However, fees may be paid directly to the firm on a quarterly basis and are due within 10 calendar days of the firm's invoice. With the client's prior written authorization, these payments may be made by credit or debit card through a qualified, unaffiliated PCI compliant⁶ third-party processor. At the discretion of the firm, we may also accept fees to be paid by check. At no time will our firm accept cash or money orders for its engagements.

Fixed and Hourly Fee Engagements

Stand-alone planning services fees are typically paid to our firm by credit or debit card through a qualified, unaffiliated PCI compliant third-party processor. At the firm's discretion, we may accept fees to be paid by check. If the client prefers, and at the client's account custodian's prior approval, we may request the fee to be withdrawn from their account maintained by the custodian of record following our presentation of our invoice. However, at no time will our firm accept cash or money orders for its planning engagements. Payment is due upon delivery of our invoice which coincides with presentation of the client's plan.

⁶ We do not retain debit/credit card data. For an explanation of the term "PCI," the PCI Security Standards Council, and comprehensive standards to enhance payment card data security, go to https://www.pcisecuritystandards.org/security_standards/index.php

Educational Workshops

Workshop fees are typically paid to our firm by credit card through a qualified, unaffiliated PCI compliant third-party processor or by check from the sponsor's corporate account. Payment is due prior to the first session.

Termination of Services

An agreement is effective upon mutual execution; however, either party may unilaterally terminate the agreement at any time by communicating their intent to terminate the engagement in writing. Our firm will not be responsible for investment allocation, advice, or transactional services (except for limited closing transactions) upon receipt of a termination notice. It will also be necessary that our firm inform the custodian of record that the relationship between our firm and the client has been terminated.

If a client does not receive our Form ADV Part 2 firm brochure at least 48 hours prior to entering into our firm's agreement, then that client will have the right to terminate their engagement by written notice without penalty within five business days after entering into the contract. Because our firm does not require prepayment of its fees, no refund should be expected.

Wealth Management and Stand-Alone Portfolio Management Engagements

After the five business-day rescission period described above, a client terminating their wealth management or portfolio management engagement will be assessed a fee on a prorated daily basis as determined by the appropriate asset-based per our fee schedule from either (i) as a new client, the date of the engagement to the date of the firm's receipt of the written notice of termination, or (ii) all other accounts, the last billing period to the date of the firm's physical or constructive receipt of written termination notice. If our firm is unable to deduct its earned fees from the client's account via the custodian of record for our wealth management or portfolio management, then the firm's fee will be due upon the client's receipt of our firm's invoice. The termination invoice will include the fee that is due to the firm, the formula used to calculate the fee, the fee calculation itself, the period covered by the fee, and the amount of assets under management on which the fee was based. Payment is due upon delivery of the terminating invoice.

Fixed and Hourly Fee Engagements

If a client terminates a fixed or hourly planning service after the five-day business-day rescission period, we will assess our hourly fee for the time involved working on the client's plan up to the date of termination. We will provide a terminating invoice to the client that will contain the hourly fee charged by our firm, the amount of time involved in the client's engagement prior to the termination notice, the formula used to calculate our fee, and the amount due from the client. Payment is due upon delivery of the invoice. We do not provide incomplete (partial) plans to early terminating clients.

Educational Workshops

If an educational workshop sponsor cancels within 24 hours of the first session and we have developed customized materials at their request, we may assess an hourly fee for work developing those materials unless the sponsor agrees to a future educational session presented by our firm. We will provide a terminating invoice to the sponsor that contains the hourly fee charged by our firm, the amount of time involved prior to the termination, the formula used to calculate the fee, and the amount due. Payment is due upon delivery of the firm's invoice. We do not provide partially developed event materials to early terminating event sponsors.

Potential Additional Client Fees

Any transactional or service fees (sometimes termed *brokerage fees*), individual retirement account (IRA) fees, qualified retirement plan fees, account termination fees, or wire transfer fees will be borne by the account holder per the custodian of record's fee schedule. Advisory fees paid to our firm for its services are separate from any internal fees or charges a client may pay for mutual funds, exchange-traded funds (ETFs), or exchange-traded notes (ETNs).

As described in Items 4 and 5, our firm provides a broad range of advisory services to its clients, and a fee may be earned by the firm and its associates for some or all those services. Our associates will disclose in advance how they are being compensated and if there is a conflict of interest involving any service being provided. It is important to note that our clients are under no obligation to act on a recommendation and if they elect to do so, they are not obligated to complete them through our firm or a service provider whom we may recommend.

Additional information about our fees in relationship to our brokerage and operational practices is referenced in Item 12 of this document.

External Compensation

Our firm does not charge or receive a commission or a mark-up on securities transactions, nor will the firm or an associate be paid commission on the purchase of a securities holding that is recommended to a client. We do not receive SEC Rule 12b-1 fees ("trails") from a mutual fund company that may be recommended to a client. Our firm and its associates receive none of these described or similar fees or charges. In addition, firm policy does not allow the firm or its associates to accept or receive additional economic benefit from sales awards or other prizes when providing advisory services to our clients.

When there is the potential for the receipt of a commission and other similar compensation via an insurance product transaction (e.g., fixed annuity, life insurance policy, etc.), an associate who is licensed as an insurance agent has an incentive to make such a recommendation based on the compensation they may receive rather than a client's needs. Our advisory firm and its associates take their responsibilities seriously and only intend to recommend investments, insurance, or advisory services we believe appropriate for each client. Please refer to Items 10 and 11 of this firm brochure, in addition to Item 4 of an associate's brochure supplement for details.

Our clients retain the right to purchase recommended or similar investments through a service provider of their choice (i.e., brokers, agents, etc.).

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

The firm's advisory fees will not be based on a share of capital gains or capital appreciation (growth) of any portion of managed funds, also known as performance-based fees. Additionally, our fees will not be based on side-by-side management, which refers to a firm simultaneously managing accounts that do pay performance-based fees (such as a hedge fund) and those that do not.

Item 7 - Types of Clients

Our firm provides its services to individuals, high net worth individuals, as well as small businesses. We do not require minimum income or other similar preconditions for our services.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

We utilize what we think to be an appropriate blend of fundamental, technical, cyclical, and charting analyses. For example, fundamental analysis may involve evaluating economic factors including interest rates, the current state of the economy, or the future growth of an industry sector. Technical and cyclical analysis often involves studying the historical patterns and trends of securities, markets, or economies as a whole to determine potential future behaviors, the estimation of price movement, and an evaluation of a transaction before entry into the market in terms of risk and profit potential. The resulting data can then be applied to graphing charts, which is then used to assist in the prediction of future price movements based on price patterns and trends. In addition to our own research, we may draw from sources that include:

- financial periodicals
- research reports from economists and other industry professionals
- company press releases and annual reports
- regulatory filings (i.e., prospectus, financial filings, etc.), and
- corporate rating services.

Investment Strategies

Encourage Financial LLC's investment strategies are based on the objectives stated by each specific client and customized based on the client's preferences and requests. Our portfolio management strategies are oriented toward Core + Satellite, Modern Portfolio Theory and passive management. Portfolios may contain ETFs, a broad range of mutual funds, as well as individual equities and fixed income (stocks and bond) offerings. Asset classes can be blended to achieve the client's objectives while taking into consideration any reasonable client-imposed restrictions such as liquidity needs, investing in or excluding specific securities, types of securities, or industry sectors.

Core + Satellite Strategy

Core + Satellite approach incorporates a proportionately large position (the "Core") in a particular style or strategy coupled with a variety of smaller exposures targeting additional themes, market segments, or investing styles. Most commonly, the core portion of the portfolio consists of a low-cost "passive" strategy, coupled with complementary active management approaches in smaller quantities. When deciding between active and passive management, special consideration may be given to the relative success holdings in a particular category in achieving their stated objectives. Categories where a majority of assets or mutual fund managers have historically underperformed their benchmark/index may find greater amounts allocated to passive strategies, while active positions and/or managers may play a greater role in sections of the portfolio where there is greater potential to outperform the categories' respective benchmark/index.

Modern Portfolio Theory

Modern Portfolio Theory centers around the idea of creating an efficient, or optimized, portfolio by combining various securities, asset classes, and investing styles with the goal of maximizing expected future return for each unit of expected risk. Long-term historical risk, return, and cross-asset correlation data and trends are utilized as a baseline for developing forward-looking risk and return expectations for individual investment categories or styles. These assumptions may then be adjusted to account for prevailing market or economic conditions, anticipated demographic shifts or changes in investor demand and fund flows, and shifts in perceived tail-risk probabilities to better account for current market environments. Modern Portfolio Theory influences asset allocation approach, but it traditionally does not incorporate specific

consideration for the downside risk of portfolio components and the portfolio as a whole. The firm believes that greater attention should be focused on the potential for "tail risk"⁷ or "black swan"⁸ events when constructing asset allocation portfolios and delivering investment advice to clients. This is accomplished with scenario analysis and portfolio stress testing via a thorough and critical review of back-tested portfolio performance at various points in history, coupled with real-world observations and insights regarding any unique risk factors present in the contemporary market environment.

Passive Management

Passive management involves investing in a portfolio intended to mirror the returns and risk characteristics of a broad-market index such as the S&P 500, NASDAQ 100, Russell 2000, etc. Various approaches are employed to achieve this result with varying levels of success. With passive strategies, the primary two factors for consideration are the strategies' success with replicating benchmark risk and return profiles, and the cost associated with employing the strategy. Investors concerned with excessive fees than excess or risk-managed returns will generally prefer to invest through these types of strategies.

Risk of Loss

Our firm believes its strategies and investment recommendations are designed to produce the appropriate potential return for the given level of risk; however, there is no guarantee that an investment objective will be achieved. Past performance is not necessarily indicative of future results. Investing in securities involves the risk of loss that clients should be prepared to bear. While the following list is not exhaustive, we provide some examples of such risk in the following paragraphs, and we believe it is important that our clients review and consider each prior to investing. Note that some of these risks are associated with the underlying holdings of a mutual fund or ETF (e.g., stocks, bonds, etc.).

Catastrophic Risk

Natural or man-made catastrophes can disrupt financial markets and impact securities prices. Examples include terrorist attacks, natural disasters, war, etc. Investment companies can use "exigent circumstances" or "force majeure" as a defense against claims of loss by investors.

Charting and Technical Analyses

The risk of investing based on technical analyses and their supporting charts is that these analyses may not consistently predict a future price movement and the current price of a security may reflect all known information. Further, a particular change in the market price of a security may follow a random pattern and may not be as predictable as desired. This may occur due to analyst bias or misinterpretation, a sector analysis error, late recognition of a trend, etc.

Company Risk

When investing in securities, such as stocks, there is always a certain level of company or industry-specific risk that is inherent in each company or issuer. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. This is also referred to as *unsystematic risk* and can be reduced or mitigated through diversification.

⁷ **Tail Risk** is a form of portfolio risk that arises when the possibility that an investment will move more than three standard deviations from the mean is greater than what is shown by a normal distribution.

⁸ A **Black Swan** is an unpredictable event that is beyond what is normally expected of a situation and has potentially severe consequences. Black swan events are characterized by their extreme rarity, severe impact, and the widespread insistence they were obvious in hindsight.

Core + Satellite Strategies

Strategies involving Core + Satellite investing may have the potential to be affected by “active risk” (or “tracking error risk”), which might be defined as a deviation from a stated benchmark. Since the core portfolio attempts to closely replicate a stated benchmark, the source of the tracking error or deviation may come from a satellite portfolio or position, or from a “sample” or “optimized” indexed mutual fund or ETF that may not as closely align with the stated benchmark.

Country/Regional Risk

World events such as political upheaval, financial troubles, or natural disasters will adversely affect the value of securities issued in foreign countries or regions. This risk is especially high in emerging markets where securities may be substantially more volatile and less liquid than securities in more developed countries. Because an ETF or mutual fund may invest a large portion of its assets in securities located in any one country or region, including emerging markets, its performance may be hurt disproportionately by the poor performance of its investments in that area.

Cyclical Analysis

Cyclical analysis (form of technical analysis) may experience risk due to an economic cycle that may not be as predictable as preferred; many fluctuations may occur between long term expansions and contractions. The length of an economic cycle may be difficult to predict with accuracy and therefore the risk of cyclical analyses is the difficulty in predicting economic trends. Consequently, the changing value of securities is affected.

Defensive Risk

Due to concerns about possible market declines, on occasion a portion of a portfolio may be allocated to cash or cash equivalents. In doing so, that portfolio may miss opportunities to realize subsequent increases in the value of other investments.

Emerging Markets Securities Risks

Investments in emerging markets securities are considered speculative and subject to heightened risks in addition to the general risks of investing in foreign securities. Unlike more established markets, emerging markets may have governments that are less stable, markets that are less liquid, and economies that are less developed. In addition, the securities markets of emerging market countries may consist of companies with smaller market capitalizations and may suffer periods of relative illiquidity; significant price volatility; restrictions on foreign investment; and possible restrictions on repatriation of investment income and capital. Furthermore, foreign investors may be required to register the proceeds of sales, and future economic or political crises could lead to price controls, forced mergers, expropriation or confiscatory taxation, seizure, nationalization, or creation of government monopolies.

Equity (Stock) Risk

Common stocks are susceptible to general stock market fluctuations and to volatile increases or decreases in value as market confidence in and perceptions of their issuers change. If an investor held common stock or common stock equivalents of any given issuer, they may be exposed to greater risk than if they held preferred stocks and debt obligations of the issuer.

Preferred stocks can be affected by interest rate and liquidity risks (described in adjacent paragraphs). Also note that their dividend payment is not guaranteed; some are subject to a call provision, meaning the issuer can redeem its preferred shares on demand, and usually when interest rates have fallen.

Exchange-Traded Funds

ETF risks include risks due to their underlying securities (e.g., stocks, bonds, etc.), and can be affected by risks such as market, currency, credit, political, interest rate, etc., that are described in adjacent paragraphs. The liquidity of the underlying stocks in the index can affect "ETF liquidity." Liquidity risk can result from an insufficient number of "active participants" performing their duties as intermediaries and liquidity providers in the ETF market. "Spread risk" may also occur, which is the difference between the bid and the ask price of a security. Since ETF transactions are priced throughout the day and are traded on exchanges like stocks, widening spreads may occur and have impact on certain portfolios or transactions. As with any security, if the ETF "fails," the investor may lose their gains and invested principal. ETFs can carry additional expenses based on their share of operating expenses and certain brokerage fees. Indexed ETFs have the potential to be affected by "active risk;" a deviation from its stated index.

Leveraged and/or inverse ETFs attempt to achieve multiples of the performance of an index or benchmark or the opposite (inverse) of the performance of the tracked index or benchmark. This strategy attempts to increase profit from upward drifting markets, or hedge exposures to, downward drifting markets. There is risk involving this strategy and part of the concern is due to leveraged and inverse exchange traded funds "reset" daily, which means they are designed to achieve their stated objectives on a *daily basis*. It is due to the compounding effect of daily adjustments that ETF performance over longer periods of time can differ significantly from the performance (or inverse of the performance) of an underlying index or benchmark during the same period. This effect is potentially magnified during volatile markets. If effects contrary to the ETF strategy occur, losses may be significant; therefore, leveraged and/or inverse ETFs will be considered for portfolios either properly hedged or for clients able to sustain potentially higher risks.

Fixed Income Risks

Various forms of fixed income instruments, such as bonds, money market or bond funds/ETFs may be affected by various forms of risk, including:

- **Call Risk** - During periods of falling interest rates, issuers of callable bonds may call (redeem) securities with higher coupons or interest rates before their maturity dates. The owner of the bond would then lose any potential price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the owner's income. Call risk is generally low for short-term bonds, moderate for intermediate-term bonds, high for long-term bonds, and high for high-yield bonds.
- **Credit Risk** - The potential risk that an issuer would be unable to pay scheduled interest or repay principal at maturity, sometimes referred to as "default risk." Credit risk may also occur when an issuer's ability to make payments of principal and interest when due is interrupted. Bondholders are creditors of an issuer and have priority over assets before equity holders (e.g., stockholders) when receiving a payout from liquidation or restructuring. When defaults occur due to bankruptcy, the type of bond held will determine seniority of payment.

- **Interest Rate Risk** - The risk that the value of the fixed income holding will decrease because of an increase in interest rates. The longer the maturity of the bond, the more sensitive its value is to changes in interest rates. Bond prices and interest rate changes are inversely correlated.
- **Prepayment Risk** - The prepayment risk is the premature return of principal on a fixed-income security. When principal is returned early on a security, future interest payments will not be paid on that part of the principal. The owner of the security would lose any price appreciation above the principal and be forced to reinvest the unanticipated proceeds possibly at lower interest rates, resulting in a decline of dividends, income, and returns. The risk of prepayment is most prevalent in fixed-income securities such as callable bonds and mortgage-backed securities.
- **Reinvestment Risk** - With declining interest rates, investors may have to reinvest interest income or principal at a lower rate.
- **State Government and Municipal Securities Risk** - State government and municipal securities are subject to various risks based on factors such as economic and regulatory developments, changes or proposed changes in the federal and state tax structure, deregulation, court rulings and other factors. Repayment of state and municipal securities depends on the ability of the issuer or project backing such securities to generate taxes or revenues. There is also a risk that the interest on an otherwise tax-exempt municipal security may be subject to federal income tax. Unfavorable developments in any economic sector may have far-reaching ramifications on the overall state and municipal market.
- **US Government Securities Risk** - US government securities are subject to varying interest rates and inflation risks. Not all US government securities are backed by the full faith and credit of the US government. Certain securities issued by agencies and instrumentalities of the US government are only insured or guaranteed by the issuing agency or instrumentality, which must rely on its own resources to repay the debt. As a result, there is a risk these entities will default on a financial obligation.

Foreign Securities Risk

Investments in securities of foreign companies (including direct investments as well as investments through American Depositary Receipts – *aka*. ADRs) can be more volatile than investments in US-based companies. Diplomatic, political, or economic developments, including nationalization or appropriation, could affect investments in foreign companies. Foreign securities markets generally have less trading volume and less liquidity than US markets. In addition, the value of securities denominated in foreign currencies, and of dividends from these securities, can change significantly when foreign currencies strengthen or weaken relative to the US dollar. Financial statements of foreign issuers are governed by different accounting, auditing, and financial reporting standards than the financial statements of US issuers and may be less transparent and uniform than in the United States. Thus, there may be less information publicly available about foreign issuers than about most US issuers. Transaction costs generally are higher than those in the US and expenses for custodial arrangements of foreign securities may be somewhat greater than typical expenses for custodial arrangements of similar US securities. Some foreign governments levy withholding taxes against dividend and interest income. Although in some countries a portion of these taxes are recoverable, the non-recovered portion will reduce the income received from the securities comprising an account's portfolio. These risks may be heightened with respect to emerging market countries since political turmoil and rapid changes in economic conditions are more likely to occur in these countries.

Fundamental Analysis

The challenge involving fundamental analyses is that information obtained may be incorrect; the analysis may not provide an accurate estimate of earnings, which may be the basis for a security's value. If a security's price adjusts rapidly to new information, a fundamental analysis may result in unfavorable performance.

Inflation Risk

Also called *purchasing power risk*, is the chance that the cash flows from an investment will not be worth as much in the future because of changes in purchasing power due to inflation.

Legal or Legislative Risk

Legislative changes or court rulings may adversely impact the value of individual investments, market sectors, or the overall market.

Liquidity Risk

Liquidity risk is the inability to readily buy or sell an investment for a price close to the true underlying value of the asset due to a lack of buyers or sellers. While certain types of fixed income are generally liquid (e.g., bonds), there are risks which may occur such as when an issue trading in any given period does not readily support buys and sells at an efficient price. Conversely, when trading volume is high, there is also a risk of not being able to purchase a particular issue at the desired price.

Macroeconomic Risk

Macroeconomic risk derives from the behavior of industries and governments and the relationships between them rather than from individual companies. It concerns fiscal and monetary policies, trade and investment flows and political developments on a national and international scale. Business cycles, depressions, inflation, unemployment, interest rates, valuations, prices, and import/export volumes are all unpredictable and can lower or destroy investment portfolios. Central banks and governments often resort to inflationary policies and excessive fiat currency issuance through borrowing and printing. These macroeconomic maneuvers may possibly support or increase the nominal value of investment assets short term but lead to inflation and asset bubbles and later "crashes."

Market Risk

This is also called systematic risk. In cases where markets are under extreme duress, many securities lose their ability to provide diversification benefits.

Money Market Funds

A money market fund is managed to maintain a stable net asset value (NAV) of \$1 per share, the value of the fund may fluctuate, and you could lose money (termed "breaking the buck"). Money market funds are a type of mutual fund investing in high-quality, short-term debt securities, pay dividends that generally reflect short-term interest rates and seek to maintain a stable NAV per share (typically \$1). An investment in a money market mutual fund is typically not insured or guaranteed by the Federal Deposit Insurance Corporation, National Credit Union Association, or any governmental agency.

Mutual Funds

As with ETFs, the risk of owning an open-ended, closed-ended, and fund-of-fund mutual funds is reflected in the underlying security(ies). Mutual funds are affected by risks such as market, interest rate, currency, credit, political, active risk, etc., as described in adjacent paragraphs. It is important to note that even “conservative” funds, such as a money market fund or fixed income fund, can and have lost their value below the principal amount invested. Mutual funds typically carry additional expenses based on their share of operating expenses and trading (brokerage) fees, which may result in the potential duplication of certain fees paid by the investor. Indexed mutual funds can also be adversely affected by “QDI ratios” that are described below.

There are essentially nine main types of mutual fund shares classes, as well as sub-classes for some of these. Some mutual funds are sold through brokerage firms and assess a commission (“load”) in addition to their underlying fees earlier noted, while others are offered through investment advisers, retirement plans and other institutions. “No load” funds are also available to the public through brokerage firms, and they usually incur trading (brokerage) fees. If a client chooses to purchase a mutual fund on their own through a broker/dealer, they should consider the trading fees, internal operating costs, as well as potential commissions they pay through that executing broker or dealer. Our advisory firm and its personnel are not associated with a broker/dealer and are not compensated by a “loaded” fund.

Operational Risk

The potential for loss resulting from inadequate or failed internal processes, systems, actions of people, or external events. Many industries institute policies and procedures to respond and initiate alternative or supporting operations following significant business disruption, while others do not. The level of operational risk and appropriate response are not uniform in definition, requirement, or measurement, including within the financial services sector.

Passive Management

When an investment portfolio employs a passive, efficient markets approach (including Modern Portfolio Theory), there is a risk of generating lower-than-expected returns due to its broad diversification when compared to a portfolio more narrowly focused.

Political Risk

The risk of financial and market loss because of political decisions or disruptions in a particular country; also known as "geopolitical risk."

Qualified Dividend Income Ratios

While ETFs and mutual funds are known for their potential tax-efficiency and higher “qualified dividend income” (QDI) percentages, there are asset classes within these investment vehicles or holding periods that do not benefit. Shorter holding periods, as well as commodities and currencies (possible underlying holding of an ETF or mutual fund), may be considered “non-qualified” under certain tax code provisions. We will consider a holding’s QDI when tax-efficiency is an important aspect of the client’s portfolio.

Regulatory Risk

The risk of having the “license to operate” withdrawn or suspended by a regulator or having conditions or rule interpretations applied (retrospectively or prospectively) that adversely impact the economic value of a firm or an investment.

Research Data

When research and analyses are based on commercially available software, rating services, general market and financial information, or due diligence reviews, a firm is relying on the accuracy and validity of the information or capabilities provided by selected vendors, rating services, market data, and the issuers themselves. While our firm makes every effort to determine the accuracy of the information received, we cannot predict the outcome of events or actions taken or not taken, or the validity of all information researched or provided which may or may not affect the advice on, or the investment management of, an account.

Sequence of Return Risk

The risk of receiving lower or negative returns due to early withdrawals from an investment account.

Settlement Risk

Also called *delivery or counterparty risk*. The risk that one party will fail to deliver the terms of an investment contract with another party (contra-party) at the time of settlement. Settlement risk can be a risk associated with default, along with any timing differences in a settlement between the two parties.

Small- and Mid-Capitalization Company Risk

The small- and mid-capitalization companies in which an account may invest may be more vulnerable to adverse business or economic events than larger, more established companies. Investments in these small- and mid-sized companies may pose additional risks, including liquidity risk, because these companies tend to have limited product lines, markets, and financial resources, and may depend upon a relatively small management group. Small- and mid-cap stocks, therefore, may be more volatile than those of larger companies. These securities may be traded over the counter or listed "off-exchange."

Sociopolitical Risk

The risk of instability in a region due to war, terrorism, pandemics, etc., might affect investment markets.

Item 9 - Disciplinary Information

Neither the firm nor its management has been involved in any criminal or civil action in a domestic, foreign, or military jurisdiction, an administrative enforcement action, or self-regulatory organization proceeding that would reflect poorly upon our offering advisory business or its integrity.

Item 10 - Other Financial Industry Activities and Affiliations

Our advisory firm and its management are not registered nor have an application pending to register as a Financial Industry Regulatory Authority (FINRA) or National Futures Association (NFA) member firm or associated person of such a firm. We are not required to be registered with such entities, nor do they supervise our firm, its activities, or our associates. Neither our firm nor its management is or has a material relationship with any of the following types of entities:

- accounting firm or accountant
- another financial planning firm, to include financial "planning only" firms, municipal advisers, sub-advisers or third-party investment managers; nor do we recommend, select or utilize their services
- bank, credit union or thrift institution, or their separately identifiable departments or divisions
- lawyer or law firm

- pension consultant
- real estate broker, dealer or adviser
- sponsor or syndicator of limited partnerships
- trust company, or
- issuer of a security, to include investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund).

To assist our firm with some of its “back-office” operations and technology solutions, such as access to a trading platform, and account rebalancing, performance reports, client portal/account access, etc., our firm uses the services of Altruist LLC, an SEC-registered investment adviser (CRD #299398/SEC #801-117757) and its affiliated FINRA-member broker/dealer Altruist Financial LLC (CRD #299274/SEC #8-70244); collectively, “Altruist.” Additional information involving Altruist is described in Item 12 of this firm brochure. While Altruist is a key operational partner, our firm and Altruist are not affiliated entities; nor do they supervise our advisory firm and its associates (nor are they required to supervise our firm).

As noted in Items 4 and 5, Mr. Gardener is an IRS Enrolled Agent and offers his tax return preparation services to advisory firm clients. He is also a licensed insurance agent, is appointed with various unaffiliated insurance carriers, and earns commissions and renewal income if a client purchases an insurance or fixed annuity contract. His insurance agent activity accounts for approximately five percent of his time each month during traditional business hours. Further information regarding this activity may be found in his accompanying Form ADV Part 2B brochure supplement. Whether Mr. Gardener is serving a client in one or more capacities, he will disclose in advance how he is being compensated and if there is a conflict of interest involving any advice or service he may provide. At no time will there be *tying* between business practices and/or services; a condition where a client or prospective client would be required to accept one product or service which is conditional upon the selection of a second, distinctively tied product or service.

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

Encourage Financial LLC is a fiduciary. We will act in the utmost good faith, performing in a manner believed to be in the best interest of our clients. Our firm believes that business methodologies, ethics rules, and adopted policies are designed to eliminate or at least minimize material conflicts of interest and to appropriately manage any material conflicts of interest that may remain. There is no set of rules that can possibly anticipate or relieve all material conflicts of interest. Our firm will disclose to its advisory clients any material conflict of interest relating to the firm, its representatives, or any of its employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

Code of Ethics

We have adopted a Code of Ethics that establishes policies for ethical conduct for our personnel. Our firm accepts the obligation not only to comply with all applicable laws and regulations but also to act in an ethical and professionally responsible manner in all professional services and activities. Firm policies include prohibitions against insider trading, circulation of industry rumors, and certain political contributions, among others. We periodically review and amend our Code of Ethics to ensure that they remain current, and we require firm personnel to annually attest to their understanding of and adherence to the firm’s Code of Ethics. A copy of the firm’s Code of Ethics is made available to any client or prospective client upon request.

CFP® Principles

Firm associates that are CERTIFIED FINANCIAL PLANNER® Practitioners also adhere to the Certified Financial Planner Board of Standards, Inc.'s Code of Ethics & Professional Responsibility which you may find at www.cfp.net.

Internal Policies Involving Client Privacy

We respect the privacy of all clients and prospective clients (collectively termed “customers” per federal guidelines), both past and present. It is recognized that clients have entrusted our firm with non-public personal information, and it is important that both access persons and customers are aware of our firm policy concerning what may be done with that information. Details may be further reviewed at the end of this document. Encourage Financial LLC collects personal information about customers from the following sources:

- information provided to us to complete their plan or investment recommendation
- information provided via engagement agreements and other documents completed in connection with the opening and maintenance of an account
- information customers provide verbally, and
- information received from service providers, such as custodians, about client transactions.

Our firm does not disclose non-public personal information about our customers to anyone, except in the following circumstances:

- when required to provide services our customers have requested
- when our customers have specifically authorized us to do so
- when required during a firm assessment (i.e., independent audit), or
- when permitted or required by law (i.e., regulatory examination, lawful subpoena, etc.).

If it is necessary to share client non-public personal information with an unaffiliated third party, we will inform affected clients and ask permission granted via a signed statement. Unless this “opt-in” statement is signed, we will not share client non-public information with an unaffiliated third party.

To ensure security and confidentiality, we maintain physical, electronic, and procedural safeguards to protect the privacy of client information. Within our firm, we restrict access to client information to staff that need to know that information. All personnel and our service providers understand that everything handled in our office is confidential and they are instructed to not discuss a client’s information or situation with someone else unless they are specifically authorized in writing by the client to do so. This includes, for example, providing information to a family member.

The firm will provide its privacy policy at or prior to the initial meeting. Thereafter, it will be provided on an annual basis, and, at any time, if firm privacy policies are expected to change.

Firm Recommendations and Conflicts of Interest

Neither our firm nor its associates are authorized to recommend to a client, or effect a transaction for a client, involving any security in which our firm or a “related person” (associates, their immediate family members, etc.) has a material financial interest, such as in the capacity as an underwriter, adviser to the issuer, etc.

Our associates are prohibited from borrowing from or lending to a client unless the client is a financial lending institution (e.g., bank, broker/dealer, etc.).

Encourage Financial LLC does not trade in its own account (aka. proprietary trading). Our firm's related persons may buy or sell securities that are the same as, similar to, or different from, those we recommend to clients for their accounts. A recommendation made to one client may be different in nature or in timing from a recommendation made to a different client. Clients often have different objectives and risk tolerances. At no time will our firm or any related party receive preferential treatment over our clients. We mitigate this conflict by ensuring that we have policies and procedures in place to ensure that the firm or a related person will not receive preferential treatment over a client. In order to reduce or eliminate certain conflicts of interest involving personal trading (e.g., trading ahead of client recommendations or trades, "cherry picking," trading on insider information, etc.), firm policy requires that we restrict or prohibit certain related parties' transactions. Any exceptions must be approved in writing by our Chief Compliance Officer, and personal trading accounts are reviewed on a quarterly or more frequent basis. Please refer to Item 6 of accompanying Form ADV Part 2B brochure supplements for further details.

Item 12 - Brokerage Practices

Factors Used to Select Broker/Dealers for Client Transactions

Our clients' accounts must be separately maintained by a qualified custodian (generally a broker/dealer, futures commission merchant, national bank, or trust company) that is frequently reviewed for its capabilities to serve in that capacity by their respective industry regulatory authorities. Encourage Financial LLC is not a custodian or broker/dealer, there is not an affiliate that is a custodian or broker/dealer, nor does a custodian or broker/dealer supervise our firm, its activities, or our associates. We do not receive referrals from a custodian or broker/dealer, nor would client referrals be a factor in our recommendation of a custodian or broker/dealer.

We recognize that clients may have assets at other custodians (aka. "held away" accounts) where we provide periodic investment consultation and advice via our wealth management or planning components. Clients have the right to keep their assets with their present custodian/service provider. If the client prefers a new service provider, a recommendation may be made by our firm that is based on client need, overall costs, ease of use, and following our review of the recommended provider.

We prefer that our wealth management and stand-alone portfolio management clients use the brokerage/trade execution services provided through Altruist's broker/dealer; a FINRA and SIPC⁹ member firm. Altruist also serves as custodian of record for our clients. Our firm is independently owned and operated and is not legally affiliated with a custodian. While we recommend our clients use our preferred custodian, the client must decide whether to do so and will open their account with the custodian by entering into an account agreement directly with them. We do not technically open an account for a client, although we will assist them in doing so.

If a client does not wish to place their assets with our custodian, on a limited basis we may serve as the investment adviser with another custodian of the client's choice for the held away account if the other custodian's policies allow us to do so; requiring the execution of a third-party trading agreement.

⁹ Our firm is not, nor required to be, a FINRA or SIPC member. Information about the Financial Industry Regulatory Authority (FINRA) may be found at www.finra.org. You may learn more about the Securities Investor Protection Corporation (SIPC) and how it serves member firms and the investing public by going to their website at <http://www.sipc.org>.

Altruist offers independent investment advisers like our firm various services which may include custody of securities, trade execution, clearance,¹⁰ and settlement of transactions, and in which our firm receives benefits from the custodian through our participation in their services offerings which will be described in further detail below. These benefits may include the following products and services (provided either without cost or at a discount):

- receipt of duplicate client statements and confirmations
- research related products and tools
- access to trading desks serving our clients
- ability to have advisory fees deducted directly from a client's accounts (per written agreement)
- resource information related to capital markets and various investments
- access to electronic communications networks for client order entry and account information, and
- discounts on marketing, research, technology, and practice management products or services provided to our firm by third-party providers.

Altruist may provide some of these services themselves. In other cases, they may arrange for third-party vendors to provide the services to us. They may discount or waive fees for some of these services or pay all or a part of a third party's fees. Certain tools, services or discounts made available to our firm by our custodian benefit our firm but may not directly benefit each client's account. While our firm does not think these services are considered "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934, certain jurisdictions where we serve clients believe they fall under this definition. The availability of these services benefits our firm because we do not have to produce or purchase them as long as clients maintain their assets with our preferred custodian. There is an inherent conflict of interest since our firm has an incentive to select or recommend a specific custodian based on our firm's interest in receiving these benefits rather than a client's interest in receiving favorable trade execution. It is important to mention that the benefit received by our firm through participation in any custodian's program does not depend on the amount of brokerage transactions directed to that custodian, and our selection of a custodian is primarily supported by the scope, quality, and cost of services provided as a whole, not just those services that benefit only our advisory firm. We will act in the best interests of our clients regardless of the custodian we may select. Our firm conducts periodic assessments of any recommended service provider which generally involves a review of the range and quality of services, reasonableness of fees, among other items, in comparison to industry peers.

Best Execution

"Best execution" means the most favorable terms for a transaction based on all relevant factors, including those listed in the earlier paragraphs. We recognize our obligation in seeking best execution for our clients; however, it is our belief that the determinative factor is not always the lowest possible cost but whether the selected custodian's transactions represent the best "qualitative execution" while taking into consideration the full range of services provided. Our firm will seek services involving competitive rates, but it may not necessarily correlate with the lowest possible rate for each transaction. We have determined having our investment management clients' accounts trades completed through our recommended custodian is consistent with our obligation to seek best execution of client trades. A review is regularly conducted regarding our recommendation of a custodian to clients and considering our duty to seek best execution.

¹⁰ Altruist maintains a clearing arrangement for certain accounts via Apex Clearing Corporation (CRD #13071/SEC #8-23522).

While our firm has access to a broad range of securities through our preferred custodian, it is a finite number. In addition, not all investment managers (mutual funds), share classes, etc., are represented at each custodian. Due to these normal and customary limitations, not all portfolio holdings will be readily available, the least expensive, best performing, etc. It is an unrealistic expectation for an investor to maintain a premise otherwise.

Directed Brokerage

Not all investment advisers require their clients to direct brokerage, nor do we think our operational relationship with our custodian is defined as “directed brokerage” per common industry practices. While our internal policy and operational relationship with our custodian necessitates client accounts custodied with them to have trades executed per their order routing requirements, we do not direct our custodian as to which executing broker should be selected for our clients’ trades, whether that is an affiliate of our custodian or another executing broker of our custodian’s choice. As a result of our preferred custodian’s own trade execution policies, however, a client may pay higher commissions or other transaction costs, experience greater spreads, or receive less favorable net prices on transactions than might otherwise be the case. Since we routinely recommend a particular custodian to our clients, and that custodian may choose to use the execution services of its broker affiliate for some or all account transactions, there is an inherent conflict of interest involving our recommendation since our advisory firm receives various products or services earlier described. Note that we are not compensated for trade routing/order flow, nor are we paid commissions on such trades. Our firm does not receive interest on an account’s cash balance.

Client accounts maintained by our preferred custodian under our account master are unable to direct brokerage. As a result, they may pay higher commissions or other transaction costs, potentially experience greater spreads, or receive less favorable net prices on transactions for their account than would otherwise be the case if they had the opportunity to direct brokerage.

For client accounts maintained on a held away basis, the client may choose to request that a particular broker is used to execute some or all account transactions. Under these circumstances the client will be responsible for negotiating, in advance of each trade, the terms and/or arrangements involving their account with that broker, and whether the selected broker is affiliated with their custodian of record or not. We will not be obligated to seek better execution services or prices from these other executing brokers, and we will be unable to aggregate transactions for execution via our custodian with other orders for accounts managed by our firm. As a result, the client may pay higher commissions or other transaction costs, potentially experience greater spreads, or receive less favorable net prices on transactions for their account than would otherwise be the case.

Aggregating Securities Transactions

Trade aggregation involves the purchase or sale of the same security for several clients/accounts at approximately the same time. This may also be termed “blocked” or “batched” orders. Aggregated orders are affected to obtain better execution, negotiate favorable transaction rates, or to allocate equitably among multiple client accounts should there be differences in prices, brokerage commissions or other transactional costs that might otherwise be unobtainable through separately placed orders. Since our firm manages accounts on a nondiscretionary basis, trade aggregation is infeasible and necessitates individual transactions; therefore, the account may potentially be assessed higher fees or receive less favorable prices than those where aggregation occurred.

Item 13 - Review of Accounts

Scheduled Reviews

We encourage periodic reviews of our clients' plans, and we recommend that they occur at least once a year. Reviews will be conducted by Alex Gardener (President and Chief Compliance Officer) and typically involve analysis and possible revision of the previous financial plan or investment allocation.

Portfolios are reviewed on a quarterly or more frequent basis by Mr. Gardener. Client-level portfolio reviews are also completed by Mr. Gardener, and we recommend that they occur on at least an annual basis.

Copies of revised written plans or asset allocation reports generated from these review sessions are provided in printed or digital format upon client request.

Interim Reviews

Clients should contact our firm for additional reviews when they anticipate or have experienced changes in their financial situation (i.e., changes in employment, inheritance, the birth of a new child, selling their business, etc.), or if there is a need to change requirements involving a previous plan or investment allocation. Interim reviews are conducted by Mr. Gardener and a copy of revised plans or asset allocation reports in printed or digital format will be provided to the client upon request.

Additional portfolio reviews by Mr. Gardener may be triggered by news or research related to a specific holding, a change in our view of the merits of a holding, or news related to the macroeconomic climate affecting a sector or holding within that sector. A portfolio may be reviewed for an additional holding or when an increase in a current position is under consideration. Account cash levels above or below what we deem appropriate for the investment environment, given the client's stated tolerance for risk and investment objectives, may also trigger a review.

Client Reports

Whether a client has opened and maintained an investment account on their own or with our assistance, the client receives account statements sent directly from their custodian of record where investments are held. We encourage our clients to regularly review these account statements for accuracy and clarity, and to ask questions when something is not clear.

Our clients may receive quarterly written performance reports from our firm that have been generated from our custodians' data systems; however, we do not create our own performance reports. Clients are urged to carefully review and compare account statements that they have received directly from their custodian of record with any report they may receive from any source that contains investment performance information.

Item 14 - Client Referrals and Other Compensation

Please refer to Item 12 for information with respect to our relationship with our preferred custodian and the conflicts of interest they can present. If we receive or offer an introduction to a client, we do not pay or earn a referral fee, nor are there established *quid pro quo* arrangements. Each client retains the right to accept or deny such a referral or subsequent services.

Item 15 - Custody

Client assets will be maintained by an unaffiliated, qualified custodian. Assets are not held by our firm or any associate of our firm. In keeping with this policy involving our client funds or securities, our firm:

- restricts the firm or an associate from serving as trustee or having general power of attorney over a client account
- cannot accept or forward client securities (e.g., stock or bond certificates) delivered to our firm
- prohibits an associate from having a client's bank or investment account user identification, password, or other similar log-in information
- does not retain client credit card or debit card data
- prohibits the use of standing letters of authorization or similar documents involving a client account
- will never create an account statement for a client, nor serve as the sole recipient of a client account statement
- will not collect advance fees of \$500 or more for services that are to be performed six months or more into the future, and
- prohibits associates from having authority to withdraw securities or cash assets from a client account.

The client's custodian of record will provide them with their account transaction confirmations and account statements, which include debits and credits, as well as our firm's advisory fee for that period. Statements are provided on at least a quarterly basis or as transactions occur within the account. We urge clients to inform us if they are not receiving their custodian account statements.

Clients are reminded that if they receive a report from any source that includes investment performance information, they should review and compare the report with their account statements that they have received directly from their custodian of record.

Item 16 - Investment Discretion

We only provide our portfolio management services on a nondiscretionary basis. This type of account authority requires the client's ongoing prior approval involving the investment and reinvestment of account assets, as well as portfolio rebalancing. The client will be required to execute our firm's client services agreement that describes our limited account authority, as well as the custodian of record's account documents that include their limited power of attorney form or clause. In light of the requirement for client pre-approval, the client must make themselves available and keep our firm updated on their contact information so that instructions can be efficiently and timely effected on their behalf. Note that non-discretionary accounts are generally unable to be aggregated (see Item 12) and may therefore be assessed higher trading fees or receive less favorable prices than those accounts where trade aggregation has occurred.

Item 17 - Voting Client Securities

Clients periodically receive proxies or other similar solicitations sent directly from the custodian of record or transfer agent. If our firm receives a duplicate copy, we do not forward these or any similar correspondence relating to the voting of clients' securities, class action litigation, or other corporate actions.

Our firm does not vote proxies on behalf of its clients. We do not offer guidance on how to vote on specific proxies, nor will we offer guidance involving any claim or potential claim in any bankruptcy proceeding, class action securities litigation, or other litigation or proceeding relating to securities held at any time in a client

account, including, without limitation, to file proofs of claim or other documents related to such proceeding, or to investigate, initiate, supervise, or monitor class action or other litigation involving client assets. We will answer limited questions during a scheduled meeting with respect to what a proxy voting request or other corporate matter may be and how to reach the issuer or the issuer's legal representative.

Each account holder will maintain responsibility for directing the manner in which proxies solicited by issuers of securities that are beneficially owned by them shall be voted, as well as making all other elections relative to mergers, acquisitions, tender offers or other legal matters or events pertaining to their holdings. Clients should consider contacting the issuer or their legal counsel involving specific questions they may have with respect to a particular proxy solicitation or corporate action.

Item 18 - Financial Information

Our advisory firm will not take physical custody of client assets, nor do we have the type of account authority to have such control. Fee withdrawals must be completed through a qualified intermediary (e.g., custodian of record), per the client's prior written agreement (see Items 5 and 15 for details).

Engagements with our firm do not require that we collect fees from a client of \$500 or more for our advisory services that we have agreed to perform six months or more into the future.

Neither our firm nor its management serve as general partner for a partnership or trustee for a trust in which the firm's advisory clients are either partners of the partnership or beneficiaries of the trust.

The firm and its management do not have a financial condition likely to impair its ability to meet commitments to clients, nor has the firm and its management been the subject of a bankruptcy petition.

Due to the nature of our firm's advisory services and operational practices, an audited balance sheet is not required nor included in this brochure.

Item 19 - Requirements for State-Registered Advisers

Principal Executives and Management Persons – Alex C. Gardener. Please see Items 2 and 4 of Mr. Gardener's accompanying Form ADV Part 2B brochure supplement which provides details his education, background and experience.

Other Business Activities – Refer to Items 5 and 10 of this firm brochure, as well as Items 2 and 4 of Mr. Gardener's Form ADV Part 2B brochure supplement. In addition to being a licensed insurance agent (involving five percent of his time), Alex Gardener is the Creative Director of Smart Aleck Films LLC; an activity that involves up to 15% of his time each month, including during business hours. Mr. Gardener also earns royalties from an investment-related book; an activity that involves one percent of his time each month.

Performance-Based Fees - Please see Item 6 of this firm brochure and Item 5 of the accompanying Form ADV Part 2B brochure supplement for Mr. Gardener. Neither the firm nor its management is compensated based on performance-based fees. It is perceived that performance-based compensation may create an incentive for an adviser to recommend an investment that may carry a higher degree of risk to a client, an activity contrary to the firm's business practices.

Material Disclosure Matters involving Firm Management - Please refer to Item 9 of this firm brochure and Items 3 and 7 of the accompanying Form ADV Part 2B brochure supplement for Mr. Gardener. The firm's management has not been the subject of an award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:

- (a) an investment or an investment-related business or activity
- (b) fraud, false statement(s), or omissions
- (c) theft, embezzlement, or other wrongful taking of property
- (d) bribery, forgery, counterfeiting, or extortion, or
- (e) dishonest, unfair, or unethical practices.

Firm management has not been the subject of an award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceedings involving any of the following:

- (a) an investment or an investment-related business or activity
- (b) fraud, false statement(s), or omissions
- (c) theft, embezzlement, or other wrongful taking of property
- (d) bribery, forgery, counterfeiting, or extortion, or
- (e) dishonest, unfair, or unethical practices.

Material Relationship with an Issuer of a Security - Please refer to Item 10 of this firm brochure and Item 4 of the accompanying Form ADV Part 2B brochure supplement for Mr. Gardener. Firm management does not have a disclosable relationship with the issuer of a security.