

# SCHOLAR FINANCIAL, LLC

WEALTH PLANNING  
FOR RETIREES, EXECUTIVES,  
AND OTHER INDIVIDUALS

INVESTMENT ADVISORY FOR  
FOUNDATIONS, ENDOWMENTS,  
AND IRREVOCABLE TRUSTS

CONSULTING SERVICES TO  
INVESTMENT ADVISORY FIRMS

## Item 1 – Cover Page

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## Form ADV Part 2A Brochure

March 23, 2023

This brochure provides information about the qualifications and business practices of Scholar Financial, LLC. If you have any questions about the contents of this Brochure, please contact Ron Rhoades, Chief Compliance Officer and Designated Principal of Scholar Financial, LLC, at (207) 904-2728, or email him at [ron@scholarfinancial.com](mailto:ron@scholarfinancial.com).

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Scholar Financial, LLC is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with the information to evaluate in deciding to hire or retain an adviser.

Additional information about Scholar Financial, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Clients and prospective clients are also able to download this brochure from the SEC's Website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Scholar Financial, LLC is 324640.

Clients and prospective clients may also contact our firm at (270) 904-2728 or by email at [advisorinfo@scholarfinancial.com](mailto:advisorinfo@scholarfinancial.com) to request a copy of our Form ADV Part 1, Form ADV Part 2A, Form ADV Part 2B, Privacy Policy, and/or Code of Ethics at any time.

**ITEM 2 – MATERIAL CHANGES**

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

This is the first Form ADV, Part 2A of Scholar Financial, LLC available publicly. Accordingly, there have not been any material changes.

For future filings, this section of the brochure may address only those material changes that have occurred since the firm's last annual update. The firm may at any time update this document and either send a copy of its updated brochure to its clients or may provide a summary of material changes to its brochure together with an offer to send an electronic or hard copy form of the updated brochure to its clients.

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## ITEM 4 – ADVISORY BUSINESS

### A. General Information About the Firm

Scholar Financial, LLC is a state-registered investment adviser offering customized financial advice to retirees, executives, other individuals and their families, irrevocable trusts, and non-profit organizations.

Scholar Financial, LLC acts as a fiduciary to its clients, always, during the course of the adviser-client relationship.

Scholar Financial, LLC is a fee-only investment adviser. As such, Scholar Financial, LLC accepts no commissions, 12b-1 fees, or other product-related compensation when recommending any investment or insurance product. To ensure complete transparency and to minimize conflicts of interest, investment advisory and financial planning fees are paid directly by its clients to Scholar Financial, LLC, usually by means of quarterly deduction of fees from clients' accounts, or quarterly or monthly or upon submission of a statement for professional services by check or credit card.

Scholar Financial, LLC was formed as a limited liability company on November 24, 2022 under the laws of the Commonwealth of Kentucky. Scholar Financial, LLC is controlled by Ron A. Rhoades and Catherine L. Rhoades, Trustees of The Ron A. Rhoades SF Trust, under trust agreement dated November 24, 2022, an *inter vivos* revocable grantor trust of which Ron A. Rhoades is the grantor. As such, Ron A. Rhoades is the beneficial owner of the units of ownership of Scholar Financial, LLC.

Ron A. Rhoades is the firm's only member and its sole investment adviser representative. Ron A. Rhoades and Catherine (Cathy) Rhoades are the firm's managers. Catherine ("Cathy") Rhoades also serves as the firm's Treasurer.

Scholar Financial, LLC provides investment supervisory services to individuals and couples, irrevocable trusts, and nonprofit clients. Scholar Financial, LLC also provides financial planning services to individual clients, which may include areas such as retirement planning, cash flow and budgeting, education funding, risk management, and estate planning.

As of March 23, 2023, Scholar Financial, LLC manages \$0 on a discretionary basis, and \$0 on a nondiscretionary basis.

The specific programs of Scholar Financial, LLC are set forth below.

### B. For Individuals - SF Wealth Advisory Program

Scholar Financial, LLC's *SF Wealth Advisory Program* is designed for clients who possess combined Assets Under Management ("AUM") and Assets Under Advisement ("AUA") of \$600,000 or greater.

Scholar Financial, LLC's *SF Wealth Advisory Program* is our core advice offering to individuals and couples on such subjects as lifetime goals identification and prioritization, cash flow analysis, retirement capital needs, education funding, risk management, estate planning, or other specific needs. Generally, all planning needs are prioritized, and topics are then covered in a series of conferences during the first year of any engagement. Thereafter, reviews are undertaken of specific topics as appropriate or needed. A single formal comprehensive financial plan document is not prepared. Instead, financial planning recommendations are provided through the series of

conferences during the first year, and thereafter during review conferences, with major financial planning recommendations set forth in correspondence to the client. Conferences might be conducted either in-person (often at clients' homes), video conferencing, or by telephone.

The specific topics addressed, and the order in which they are addressed, are set forth below, but may expanded or contracted based upon your situation and needs:

1. *Lifetime Goals Identification* – Discerning, recording and tracking clients' lifetime financial and other goals is an essential part of the planning process, and provides key information that often affects the financial planning and investment advice provided to a client.
2. *Retirement Planning* – Advice to answer the two major questions you may possess: (1) What is my “number” – i.e., the amount needed to achieve financial freedom and/or to retire upon, and how can I take advantage of various types of tax-preferred accounts to facilitate reaching this number; and (2) How can I better ensure I don't run out of money, during retirement years, before I run out of time, as well as pass along to my heirs the amounts I desire? Retirement planning can also include advice on the timing of Social Security retirement benefits, pension plan elections, Medicare and Medicare Supplemental Insurance advice, and other concerns of those approaching or in retirement.
3. *Estate Planning; Charitable Gift Planning* – This may include an analysis of your exposure to estate or inheritance taxes, and/or a review of your current estate plan, including wills, trusts, powers of attorney, advance health care directives, and other related documents, such as beneficiary designations. For clients with potentially taxable estates, this may also include planning for charitable gifts and bequests, multi-generational trusts, and family wealth management training. Scholar Financial, LLC is not a law firm and does not practice law; accordingly, Scholar Financial, LLC always recommends that you consult with a qualified attorney when you implement, complete, or revise estate planning documents.
4. *Employee Benefits; Executive Compensation* – This may include an analysis of employee benefits and/or executive compensation structures available to you, including but not limited to group health insurance, other forms of group insurance, employee stock purchase plans, stock options, qualified and nonqualified retirement plans, restricted stock grants, other incentive compensation structures, and/or other employee benefits.
5. *Cash Flow Analysis* – A review of your income and expenses to determine the current surplus or deficit along with advice on prioritizing how any surplus should be used or how to reduce expenses if they exceed your income. Advice may be provided on which debts to pay off first based on factors such as the interest rate of the debt and any income tax ramifications. Advice is also provided on the appropriate cash reserve that should be considered for emergencies and other financial goals, a review of accounts (such as money market funds) for such reserves, plus strategies to save the desired amounts.
6. *Education Funding* – Scholar Financial, LLC's education funding review may include projecting the amount that will be needed to achieve education funding goals, along with advice on ways for you to save the desired amount. Advice might also include the “pros-and-cons” of various savings vehicles, such as Section 529 college savings plans and any

advantages to you (*i.e.*, reduction of income taxes) of using a particular state's Section 529 plan or prepaid savings plan or another means of funding future education expenses.

7. *Asset Protection and Risk Management Analysis* – This includes an analysis of your exposure to major risks that could have a significant adverse impact on your financial picture, such as premature death, disability, or the need for long-term care. Advice is provided on ways to minimize such risks and about weighing the costs and benefits and, likewise, the potential costs of not purchasing insurance (*i.e.*, self-insuring or assuming higher deductibles). The identification of assets that possess full or limited protection from the claims of general creditors may also be undertaken.
8. *Other Tax Planning* – Advice may include ways to minimize current and future income taxes as a part of your overall financial planning picture. For example, Scholar Financial, LLC make recommendations on 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 affect your situation. Roth IRA conversion planning may also be undertaken.
9. *Investment Advice and Portfolio Management* – Scholar Financial, LLC's investment advice and portfolio management involves providing each client with greater insight about the financial markets, as well as designing and implementing personalized investment strategy. Each client receives a customized portfolio with a strategic asset allocation appropriate for her, his or their investment objectives, need to take on various forms of risk, investment time horizon, and liquidity needs.
  - Scholar Financial, LLC's recommended portfolios primarily use no-load, no 12b-1 fee stock and bond mutual funds and exchange-traded funds (“ETFs”), as well as mutual funds and ETFs containing publicly traded REITs.
    - Mutual funds or exchange-traded funds (ETFs) that follow a passive and/or evidence-based investment philosophy generally have low holdings turnover. Consequently, the total fund expenses (including both fees forming part of the fund's annual expense ratio, as well as certain portfolio transaction and opportunity costs) are generally lower than fees and expenses charged by other types of funds.
  - For some clients, portfolios may also include individual fixed income securities (such as municipal bonds, CDs, U.S. Treasury and U.S. government agency securities, and selected corporate bonds).
  - For select clients with greater than \$2,000,000 in Assets Under Management (as defined in Item Four, Part G below) with Scholar Financial, LLC, separately managed accounts (SMAs) may be utilized. SMAs are investment vehicles in which investors directly own the securities held in individual custody accounts (the SMAs). Because SMA investors have direct ownership of securities, SMAs allow investors to customize their individual portfolios with respect to tax management, environmental, social, and governance (ESG) values, human capital considerations, and other individual preferences.



- The recommended SMA is with Dimensional Funds Advisors, through its Dimensional SMAs platform, and using its SMA US All Cap Core Equity 2 strategy for exposure to individual U.S. stocks.
- Scholar Financial, LLC may recommend the Dimensional SMA platform when the client possesses a minimum exposure to U.S. equities of \$2,000,000 in the client's portfolio, when the client would utilize all or a significant portion of this strategy in a taxable account, when Scholar Financial, LLC believes the tax benefits resulting from this Dimensional SMA platform outweigh the higher fees of this platform (relative to the fees of similarly structured mutual funds and ETFs), and when the client's current investment holdings in his or her or their taxable account can be sold, in whole or in part, without major realization of capital gains, and without incurring significant surrender fees or other expenses relating to termination or sale of the holdings, so as to justify the use of this platform.
- Other investment vehicles may be utilized when appropriate, or when the client has legacy positions for which liquidation is not available or currently unwise.
- Scholar Financial, LLC does not attempt to time the market.
- Each client's investment strategy will be designed to accommodate special situations including but not limited to low basis stock, stock options, legacy holdings, expected inheritances, closely held businesses, collectibles, or special tax situations.
- An important part of Scholar Financial, LLC's investment process is preparing a strategic asset allocation. Scholar Financial, LLC will periodically review each client's portfolio to determine whether the strategic asset allocation needs revision.
- Scholar Financial, LLC's portfolio management process includes:
  - Periodic portfolio rebalancing and, if applicable, tax loss harvesting;
  - Annual client review conferences; and
  - Additional conferences with clients if changes in their financial circumstances require reassessment of financial planning concerns, risk and return objectives, and/or investment policies.

In the process of designing and managing a client's portfolio, Scholar Financial, LLC will obtain, but not necessarily verify, information from the client or from the client's other professionals. Scholar Financial, LLC is authorized to rely on the information provided.

Clients should be aware that there will be periods of time when the firm determines that changes to a client's portfolio are neither necessary nor prudent, but clients will still be subject to the fees described in their client agreement.

In conjunction with such investment services, Scholar Financial, LLC assists you in establishing client's own investment account(s) at the broker/dealer or custodian of your choosing. Scholar Financial, LLC recommends the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Member FINRA/SIPC/NFA) (hereafter, "Schwab") as a discount broker. We then assist you, to the extent possible, in implementing the investment strategies that we have recommended to you. For accounts held at Schwab, Scholar Financial, LLC may be granted a limited power of attorney by you to effect trades in those accounts.

Scholar Financial, LLC will, as part of its portfolio management services, review and report on client's portfolio holdings held away in the client's separate qualified retirement plan accounts, or other investment accounts. Scholar Financial, LLC will recommend specific investments (from the choices available) and rebalancing, when applicable. Scholar Financial, LLC provides advice and recommendations but does not execute this advice; clients will have the sole responsibility to implement any recommendations or reallocate securities through their retirement plan or other account transaction platforms.

Clients should be aware of certain conflicts of interest that exist when we provide advice regarding qualified retirement plans. Scholar Financial, LLC may recommend that the client withdraw the assets from their employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that Scholar Financial, LLC will manage. Regardless of whether the plan participant elects to roll the assets to an IRA managed by Scholar Financial, LLC, the client will be charged an asset-based fee on the qualified retirement plan account. This approach minimizes, but does not eliminate, the conflict of interest which may arise when Scholar Financial, LLC recommends a rollover to an IRA. Consequently, clients are never obligated to roll over their qualified retirement plan assets. For any potential IRA rollover recommendation, an analysis of the benefits of the rollover and what services or benefits you will lose, or the additional costs of a rollover, will be undertaken and provided to you.

Scholar Financial, LLC does not participate in any wrap fee investment advisory program.

### **C. For Individuals – SF Accumulator Program**

Scholar Financial, LLC also offers financial planning and investment advice to certain clients who do not meet the firm's \$600,000 minimum (subject to waiver, as set forth in Item Five, Part A below) relationship threshold for its *SF Wealth Advisory Program*.

To this end, Scholar Financial, LLC offers the *SF Accumulator Program*, designed to provide investment management layered with financial planning and consulting to clients who are in the process of accumulating wealth. The services offered under the *SF Accumulator Program* are similar to those offered under the *SF Wealth Advisory Program* (please refer to Item Four, Section B), but are focused more heavily on issues such as the identification of lifetime goals, debt reduction, employee benefits selection, the funding of various forms of retirement accounts, educational needs funding, career advice, cash flow management, and planning for major expenditures.

Financial planning services under the *SF Accumulator Program* are provided in a series of conferences, with identified issues and topics prioritized and then typically addressed over a two-year period, and as requested from time to time. Following the initial two-year consulting period, reviews are undertaken as appropriate or needed, and as requested from time to time. A single formal comprehensive financial plan document is not prepared. Instead, financial planning recommendations are provided through the series of conferences during the first two years, and during review conferences, with major financial planning recommendations set forth in correspondence to the client. Conferences are typically conducted via video conferencing or by telephone.

#### **D. SF Second Opinion Program**

Scholar Financial, LLC offers second opinions on the investment portfolios of both individual clients and institutional clients for a flat fee. In addition to providing you with education about the financial markets and, in particular, the drivers of investment returns, a written analysis of your current investment portfolio is provided, which includes: (1) fees and costs estimate; (2) tax drag estimate; and (3) asset allocation. In addition, you are provided with a recommended strategic asset allocation, noting how your current allocation varies from the recommended allocation (however, a formal Investment Policy Statement is not provided as part of these services). In addition, you are provided with specific mutual fund and/or ETF recommendations for your future acquisition, and specific action steps for implementation of such recommendations, and generally discussing the likely tax consequences of undertaking the portfolio changes recommended, and whether to spread such changes over more than one tax year.

The *SF Second Opinion Program* is primarily designed for clients who desire a second opinion on the management of their investment portfolios by their current financial advisor, as well as for clients who desire to self-manage their own investment portfolios. Financial planning advice is not provided as part of this Program. The *SF Second Opinion Program* terminates following the discussion with the client, which occurs after the delivery of the written analysis. Clients may, however, elect to join one of the other programs at such time.

#### **E. SF Irrevocable Trust Portfolio Management Program**

Scholar Financial, LLC provides investment advisory-only services to the trustees of irrevocable trusts. These services are set forth in Item Four, Part B, Paragraph 7 above (*Investment Advice and Portfolio Management*). Financial planning services are not provided under this Program.

All investment advisory and portfolio management services provided under the *SF Irrevocable Trust Portfolio Management Program* are done in adherence to the applicable prudent investor rule. Scholar Financial, LLC does not accept the portfolio management of assets under this Program that do not meet the requirements of the applicable prudent investor rule.

The centerpiece of the law of fiduciary investment under trust law is the prudent investor rule. The Uniform Prudent Investor Act (UPIA) (1994), which has been adopted in some form in 44 of the 50 states of the United States (per the Uniform Law Commission, as of January 2023), provides rules to govern the actions of trustees with respect to investment of trust property.

Modern Portfolio Theory teaches that prudent portfolio construction requires: (1) assessing the individual investor's risk tolerance and investment purposes; (2) choosing a portfolio with a

commensurate level of market risk and expected return; and (3) diversifying away, to the extent feasible, unnecessary idiosyncratic risk. Prudent portfolio management also requires ongoing monitoring and periodic rebalancing in light of changing circumstances.

Subject to modification by state statute or the terms of a trust, the UPIA codifies the learning from Modern Portfolio Theory about the distinction between market risk and idiosyncratic risk in two ways. First, “[a] trustee’s investment and management decisions respecting individual assets must be evaluated not in isolation, but in the context of the trust portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the trust.” [UPIA, §2(b); see also Restatement (Third) of Trusts §90(a).] Second, a trustee must “diversify the investments of the trust unless the trustee reasonably determines that, because of special circumstances, the purposes of the trust are better served without diversifying.” [UPIA, §3; see also Restatement (Third) of Trusts §90(b).]

In addition, the UPIA requires that, in “investing and managing trust assets, a trustee may only incur costs that are appropriate and reasonable in relation to the assets, the purposes of the trust, and the skills of the trustee.” [UPIA, §7; see also Restatement (Third) of Trusts §227.] Commentary to §7 of the UPIA notes that to waste a beneficiary’s money is imprudent, and that trustees are obligated to minimize costs when investing and managing trust investments.

However, the UPIA does not prohibit the hiring of investment advisers; in fact, where the trustee lacks substantial knowledge of investments and the capital markets, delegation may be required. The UPIA states: “A trustee may delegate investment and management functions... The trustee shall exercise reasonable care, skill, and caution in: (1) selecting an agent; (2) establishing the scope and terms of the delegation...; and (3) periodically reviewing the agent’s actions in order to monitor the agent’s performance and compliance with the terms of the delegation.” UPIA, §3(a). Furthermore, as stated in the Restatement (Third) of Trusts, §171, “A trustee has a duty personally to perform the responsibilities of trusteeship except as a prudent person might delegate those responsibilities to others.” As stated in the comments to that section, “If the trustee delegates effectively, the beneficiaries obtain the advantage of the agent’s specialized investment skills ....”

#### **F. SF Institutional Portfolio Management Program**

Scholar Financial, LLC provides investment advisory-only services to endowments, foundations, and other non-profit entities under its *SF Institutional Portfolio Management Program*. These services are set forth in Item Four, Part B, Paragraph 7 (*Investment Advice and Portfolio Management*). Financial planning services, other than planning for future cash flows, are not provided under this Program.

All investment advisory and portfolio management services provided under the *SF Institutional Portfolio Management Program* are done in adherence to the applicable prudent investor rule. Scholar Financial, LLC does not accept the portfolio management of assets under this Program that do not meet the requirements of the applicable prudent investor rule.

Guidance and education is provided to the institution’s managers and/or investment committee members on their fiduciary duties, as relating to the investment portfolio, and the prudent investor rule.

All of Scholar Financial, LLC’s institutional investors are provided an Investment Policy Statement as part of the services provided, which contains discussions of the investment strategies provided along

with a discussion of that particular institution's future projected cash flow needs. An annual conference (in-person or via video conferencing) with the institution's managers or investment committee is offered, along with other conferences as may be requested from time to time.

In 49 of the 50 states, the Uniform Prudent Management of Institutional Funds Act (UPMIFA) generally applies the prudent investor rule to the investment portfolios of non-profit institutions. For an explanation of the duties of institutional (non-profit) investors under the prudent investor rule, please refer to Item E, above, of this Item Four.

#### **G. Definition of Assets Under Management (AUM) and Assets Under Advisement (AUA)**

Assets Under Management (AUM) is defined to include investment accounts over which Scholar Financial, LLC possesses a limited power of attorney to effect trades as well as the discretion to execute such trades on the client's behalf.

Assets Under Advisement (AUA) is defined to include investment accounts for which Scholar Financial, LLC does not possess either the authority or the discretion to execute trades on the client's behalf.

#### **H. Working with Your Other Professionals**

Scholar Financial, LLC does not provide legal or public accounting services. With your consent, we may work with your other professional advisors to assist with coordination and implementation of recommended strategies. You should be aware that these other advisors will bill you separately for their services and these fees will be in addition to those of our firm.

#### **I. Limited Consulting Services for Individual Clients**

While rare, Scholar Financial, LLC may provide limited-scope consulting engagements, including a one-time financial planning engagement, investment portfolio review, facilitating family meetings, business succession planning, and consulting with personal representatives in estate matters related to financial assets.

#### **J. Consulting Services to Other Investment Advisory Firms**

Scholar Financial, LLC may provide services to other investment advisers, including but not limited to: (1) the preparation of monthly, quarterly, or annual newsletters and other investment advisory firm communications (blog posts, articles for distribution to clients, etc.) addressing economic, investment, and/or financial planning issues; (2) due diligence analysis and reports on investment strategies and/or on investment or insurance products; (3) analysis and opinions on a firm's compliance with its fiduciary duties; and (4) educational offerings to a firm's personal financial and investment advisers. Specific services include:

- Quarterly Economic and Capital Markets Update, consisting of 8 pages (which includes charts), delivered to your firm by the 25th day of March, June, September, and December of each year
- Monthly Client Investment Education Article, of 2 Pages, delivered to your firm by the 25th of each month (for use during the next month)
- Monthly Financial Planning Article, of 2 pages, delivered to your firm by the 25th of each month (for use during the next month)

- Due diligence review of the investment strategies utilized by the Client, including the extent to which such investment strategies are supported by academic research.
- Due diligence review of the investment securities and/or insurance products utilized by the Client, including: (A) the effectiveness of such investment securities/products and/or insurance products to implement to the firm's investment strategy(ies); (B) the estimated total fees and costs incurred by the client as a result of the utilization of such securities or products; and (C) the tax efficiencies (or lack thereof) resulting from the investment strategies/products and/or how the firm utilizes same for its typical clients.
- Analysis and written opinion provided on the firm's adherence to its fiduciary duties
- Education on evidence-based investing, provided via the Thinkific Learning Platform (online) via videos, written text, with quizzes and exams.
- Education on evidence-based investing, or another investment topic or financial planning topic, lasting for \_\_\_ 50-minute educational sessions, provided either in-person or via Zoom.

## ITEM 5 – FEES AND COMPENSATION

### A. Minimums and Fees for the *SF Wealth Advisory Program*

For the *SF Wealth Advisory Program* described in Item Four, Part B above, Scholar Financial, LLC requires a minimum combined "Assets Under Management" ("AUM") and "Assets Under Advisement" ("AUA") of \$600,000. This minimum is subject to negotiation and may be waived.

[The terms "AUM" and "AUA" are defined under Item Four, Part G above.]

The fee for the *SF Wealth Advisory Program* is determined by valuing, as of the last business day at the end of each quarter, the combined amount of AUM and AUA in the accounts on which advice is provided. Using these values, the annual fee is 0.50% on the first \$2,000,000 of combined AUM and AUA, plus 0.15% of the combined AUM and AUA exceeding \$2,000,000.]

The minimum annual fee for the SF Wealth Advisory Program is \$3,000. This minimum is subject to negotiation and may be waived.

Example: Client A possesses combined Assets Under Management and Assets Under Advisement of \$20,000,000. The quarterly fee is  $[(\$2m \times 0.50\%) + (\$18m \times 0.15\%)] / 4 = [\$10,000 + \$27,000] / 4 = \$37,000 / 4 = \$9,250$ .

Example: Client B possesses combined Assets Under Management and Assets Under Advisement of \$800,000. The quarterly fee is  $(\$800,000 \times 0.50\%) / 4 = \$4,000 / 4 = \$1,000$ .

Alternatively, an annual flat or fixed fee may be agreed to between Scholar Financial, LLC and the client, taking into consideration the scope and complexity of the services to be performed.

The annual fee is billed in quarterly installments and in arrears (*i.e.*, billing occurs at the end of the quarter during which services are rendered). Quarterly fees are typically deducted from clients' accounts, but may in the client's discretion be paid by check or credit card. Fees will generally be billed within 15 days following the end of each quarter.

The first billing cycle commences once the agreement between Scholar Financial, LLC and the client is executed. Partial periods will be assessed a pro-rated fee.

Scholar Financial, LLC's fees are negotiable and may be waived in whole or in part in certain circumstances in the sole discretion of Scholar Financial, LLC. When deviating from the general fee schedule above, we consider the circumstances of the client, the specific investment and planning needs of the client, the amount of assets we manage for the client, and the length of time that the client has been with us. Many of Scholar Financial, LLC's clients have been grandfathered to different fee schedules; and Scholar Financial, LLC may agree, in its discretion, to grandfather any clients to any fee arrangements that such clients may have had when being served by Ron A. Rhoades in prior firms in which he was an investment adviser representative.

Should Scholar Financial, LLC recommend that the client utilize the SMA platform from Dimensional Funds Advisors, which involves the use of a "third-party manager," then the client will incur additional fees for that portion of the portfolio devoted to that platform of 0.29% per year. In addition, if exchange-traded funds are utilized in the SMA platform from Dimensional Funds Advisors, Dimensional imposes an overlay fee of 0.10% on the ETF balances, which is in addition to the annual expense ratio of the ETFs themselves. These SMA platform fees, including overlay fees and ETF fees, are in addition to the fees charged by Scholar Financial, LLC. The fees of Dimensional Funds Advisors are not shared with Scholar Financial, LLC, and Scholar Financial, LLC receives no direct nor indirect compensation for referring clients to Dimensional Funds Advisors for the use of its SMA platform services. The following example illustrates the fees charged by Dimensional Fund Advisors and Scholar Financial, LLC for a \$5,000,000 investment portfolio which contains an allocation to U.S. equities (via Dimensional's SMA Direct Equities Sleeve) of \$2,000,000:

<b>Account sleeve</b>	<b>Value (\$)</b>	<b>Percent of Assets</b>
SMA Direct Equities Sleeve	2,000,000	40.00%
International Core Equity 2 ETF	1,000,000	20.00%
International Small Cap Value ETF	200,000	4.00%
Emerging Markets Core Equity 2 ETF	300,000	6.00%
US Real Estate ETF	500,000	10.00%
Inflation Protected Securities ETF	333,334	6.67%
Short-Duration Fixed Income ETF	333,333	6.67%
Core Fixed Income ETF	333,333	6.67%
<b>Total account assets (\$)</b>	<b>5,000,000</b>	
Direct security sleeve management fee	5,800	0.29%
Overlay fee for holistic management of ETFs + direct securities	5,000	0.10%
Total Dimensional SMA management fee (\$, percent of assets)	10,800	0.22%
Total Dimensional fees inclusive of ETF expense ratio(s) (\$, percent of assets)	17,527	0.35%
<b>Scholar Financial, LLC fees (0.50% on first \$2m; 0.15% on assets above \$2m) = (\$10,000 + \$4,500) =</b>	<b>\$14,500</b>	<b>0.29%</b>
<b>Total Fees of both Dimensional (inclusive of ETF expenses ratio, direct security sleeve management fee, and overlay fee) and of Scholar Financial, LLC (\$, percent of assets)</b>	<b>\$32,027*</b>	<b>0.64054%*</b>

\*The actual calculation of the fees is based on average asset value over time; this sample chart is presented as of a snapshot in time only. Dimensional's direct securities sleeve fee is 29 basis points (bps). Accounts that hold both direct securities and ETFs are subject to an overlay fee of 10 bps, which applies to all assets held in the

account. The Dimensional ETFs' net expense ratios are as of the most recent prospectus. Please see the prospectus for more information. Actual fees charged by Dimensional may vary due to fee waivers, additional expenses, or other account-specific items. Fees and expenses charged by Dimensional are subject to change, but are as set forth above as of the date of this Form ADV, Part 2A.

With the SMA platform from Dimensional Funds Advisors, the maximum percentage fee paid to Dimensional Funds Advisors and Scholar Financial, LLC, combined, is 0.65%, which includes the ETF's annual expense ratio, Dimensional's management fee, and Dimensional's overlay fee, and Scholar Financial, LLC's fees. Should the fees for Dimensional's SMA platform increase, or should the ETF fees be greater than anticipated, then Scholar Financial, LLC will reduce its annual fees in order that the total of the foregoing fees will not be greater than 0.65%.

#### **B. Minimums, Maximums, and Fees for the *SF Accumulator Program*.**

Monthly fees ranging from \$100 per month to \$250 per month are charged under the *SF Accumulator Program* (see Item Four, Part C above) for the financial planning and investment advisory services provided under that program.

The monthly fee is determined each year based upon the perceived complexity of the client's financial situation, as well as the level of combined Assets Under Management ("AUM") and Assets Under Advisement ("AUA"). The monthly fee is typically adjusted annually, but may be adjusted more frequently should the complexity of the client's situation change significantly.

The minimum combined Assets Under Management ("AUM") and Assets Under Advisement ("AUA") is \$250,000 to qualify for this Program. The maximum combined AUM and AUA under this Program is \$600,000; clients who exceed the combined AUM and AUA limit of \$600,000 will be requested to transition, within a reasonable time, to the *SF Wealth Advisory Program*.

Minimum fees and minimum combined AUM/AUA are subject to negotiation and may be waived in the discretion of Scholar Financial, LLC.

The monthly fees are billed in arrears and are typically paid by credit card or check, but may be deducted from client's accounts if agreed. Fees will generally be billed within 15 days following the end of each month.

#### **C. Fees for the *SF Second Opinion Program*.**

The flat fee for the *SF Second Opinion Program* (see Item Four, Part D above) is \$1,800, billed upon presentation of Scholar Financial, LLC's written second opinion (analyses) to you, payable by check or credit card. This flat or fixed fee is subject to negotiation and may be waived in the discretion of SCHOLAR FINANCIAL, LLC.

Should the client join one of the other Programs offered by Scholar Financial, LLC, the flat fee for the SF Second Opinion Program will be credited toward the fee charged in the other Program.

However, should – following receipt of Scholar Financial, LLC's written analysis – you believe that the analysis provided to you does not provide the value you anticipated, you may choose to pay a lower fee, or no fee at all, in full satisfaction of your payment obligation to Scholar Financial, LLC. You simply need to notify Scholar Financial, LLC of your decision either by email communication to Ron Rhoades ([ron@scholarfinancial.com](mailto:ron@scholarfinancial.com)) or by U.S. mail to Scholar Financial, LLC's mailing address.



Generally, a minimum combined Assets Under Management (“AUM”) and Assets Under Advisement (“AUA”) of \$500,000 is required to qualify for this Program. Minimum combined AUM/AUA are subject to negotiation and may be waived in the discretion of Scholar Financial, LLC.

**D. Fees for the SF Irrevocable Trust Portfolio Management Program and for the SF Institutional Portfolio Management Program.**

For the *SF Irrevocable Trust Portfolio Management Program* described in Item Four, Part E above, and for the *SF Institutional Portfolio Management Program* described in Item Four, Part F above, Scholar Financial, LLC requires a minimum combined “Assets Under Management” (“AUM”) and “Assets Under Advisement” (“AUA”) of \$1,000,000. [The terms “AUM” and “AUA” are defined under Item Four, Part G above.]

The fees for the *SF Irrevocable Trust Portfolio Management Program* and for the *SF Institutional Portfolio Management Program* are determined by valuing, on the last business day of each quarter, the combined amount of AUM and AUA in the accounts on which advice is provided. Using these values, the annual fee is 0.40% for combined AUM and AU of up to \$3,000,000 of combined AUM and AUA, plus an annual fee of 0.15% for combined AUM and AUA exceeding \$3,000,000. However, the minimum annual fee is \$4,000. Fees are billed quarterly. Fees will generally be billed within 15 days following the end of the quarter.

Example: An irrevocable trust has \$1,000,000 of combined AUM and AUA. The annual fee would be  $0.40\% \times \$1,000,000 = \$4,000$ . Such fee would be billed quarterly ( $\$4,000 / 4 = \$1,000$ ).

Example: An institutional investor has \$5,000,000 of combined AUM and AUA. The annual fee would be  $(0.40\% \times \$3,000,000) + (\$2,000,000 \times .015) = (\$12,000 + \$3,000) = \$15,000$ . Such fee would be billed quarterly ( $\$15,000 / 4 = \$3,750$ ).

Example: An institutional investor has \$23,000,000 of combined AUM and AUA. The annual fee is computed as  $(0.40\% \times \$3,000,000) + (\$20,000,000 \times 0.15) = (\$12,000 + \$30,000) = \$42,000$ . Such fee would be billed quarterly ( $\$42,000 / 4 = \$10,500$ ).

Minimum fees and minimum combined AUM/AUA are subject to negotiation and may be waived in the discretion of Scholar Financial, LLC. There is no maximum fee.

The annual fee is billed in quarterly installments and in arrears (*i.e.*, billing occurs at the end of a quarter during which services are rendered). Quarterly fees are typically deducted from clients’ accounts, but may in the client’s discretion be paid by check or credit card.

**E. Fees for Limited Consulting Services to Individuals**

The fees for the *Limited Consulting Services* set forth in Item Four, Part I above, are determined based upon the complexity of each engagement. Generally, a flat or fixed fee is quoted. There is no minimum nor maximum. The flat or fixed fee and the scope of services are subject to negotiation.

The fixed fee is billed upon termination of the project. When the time and/or complexity of the engagement cannot be reasonably estimated in advance, an hourly rate of \$500 per hour may be

charged for the time spent by Scholar Financial, LLC's manager, Ron A. Rhoades. Hourly fees are billed monthly, at the conclusion of each month. All fees are subject to negotiation.

Payment of the fees you have chosen are due upon receipt of the fee statement. Fees may be paid by check or credit card.

However, following receipt of the limited consulting services, you may choose to either pay the fee, lower the fee charged by Scholar Financial, LLC for such services, or reduce the fee to zero. You simply need to notify Scholar Financial, LLC of your decision either by email communication to Ron Rhoades ([ron@scholarfinancial.com](mailto:ron@scholarfinancial.com)) or by U.S. mail to Scholar Financial, LLC's mailing address.

#### F. Fees for Consulting Services to Other Investment Advisory Firms

The fees for the *Consulting Services to Other Investment Advisory Firms* set forth in Item Four, Part J above, are as follows:

SUMMARY DESCRIPTION OF SERVICES:	FEE
Quarterly Economic and Capital Markets Update	\$600 per quarter (all economic and capital markets updates are non-exclusive to all firms)
Monthly Client Investment Education Article	\$250 per article if non-exclusive to your firm; \$950 per article for content exclusive to your firm
Monthly Financial Planning Article	\$250 per article if non-exclusive to your firm; \$950 per article for content exclusive to your firm
Due diligence review of the investment strategies utilized	A flat fee of \$_____. (The range is typically \$2,500 to \$25,000, depending upon the number, type and complexity of the investment strategies reviewed.)
Due diligence review of the investment securities or insurance products utilized	A flat fee of \$_____. (The fee range is typically \$2,500 to \$25,000, depending upon the number, type and complexity of the investment securities and/or insurance products reviewed.)
Analysis and written opinion provided on the firm's adherence to its fiduciary duties	A flat fee of \$_____. (The fee range is typically \$5,000 to \$40,000, depending upon the scope of the review.)
Education on evidence-based investing, provided via the Thinkific Learning Platform (online) via videos, written text, with quizzes and exams	A fee per enrollee of \$225 per enrollee. If 5-15 enrollees per firm, the fee is reduced to \$200 per enrollee. If 16-50 enrollees per firm, the fee is reduced to \$175 per enrollee. If greater than 50 enrollees per firm, the fee is reduced to \$150 per enrollee. Includes certificate for award of up to six hours of CE credit for CFP Board and state IAR requirements.
Education on evidence-based investing, or another investment topic or financial planning topic, lasting for ___ 50-minute educational sessions, provided either in-person or via Zoom	Fee of \$1,250 for each 50-minute Zoom or in-person session, plus \$_____ for travel time and expenses (\$1,250 per travel day, plus actual travel costs).

For other consulting services, a flat or fixed fee is usually quoted. There is no minimum nor maximum.

For other consulting services, when the time and/or complexity of the engagement cannot be reasonably estimated in advance, an hourly rate of \$500 per hour may be charged for the time spent by Scholar Financial, LLC's manager, Ron A. Rhoades.

All fees are subject to negotiation.

Payment of the fees you have chosen are due upon receipt of the fee statement. Fees may be paid by check or credit card.

However, should – following receipt of Scholar Financial, LLC’s writings and/or written analysis – you believe that the writing(s) and/or analysis provided to you does not provide the value you anticipated, you may choose to pay a lower fee, or no fee at all, in full satisfaction of your payment obligation to Scholar Financial, LLC. All you are required to do is to notify Scholar Financial, LLC of the lower fee (or none at all) that you desire to pay, in writing (by correspondence or by email), and Scholar Financial, LLC will prepare and send to you a modified statement (invoice) showing the reduced fee (or no fee), which shall replace the prior statement (invoice) sent to you.

#### **G. Determining Account Values for Fee Purposes**

For fees upon which a percentage fee is assessed, accounts will be valued in accordance with the values disclosed on the statement the client receives from the custodian for the purpose of verifying the computation of the advisory fee. Cash balances are included in the determination of account values. However, the client’s separate “cash reserve” accounts are excluded from asset management or asset advisement fees.

The values used for the determination of quarterly fees are based upon the values as of the conclusion of the last business day of each quarter.

In the absence of a market value, we may seek an independent third-party opinion or we may undertake a good faith determination. Examples of assets for which a market value may not be readily available include assets purchased by a client prior to becoming a client of Scholar Financial, LLC, such as private equity investments or other non-publicly-traded securities.

#### **H. Additional Fees and Costs (Potentially Applicable to All Clients)**

Scholar Financial, LLC’s fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by the client. A client may also incur certain charges imposed by custodians, brokers, and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer, account termination fees, and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Item 12 further describes the factors that we consider in selecting or recommending broker-dealers for Client’s transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

Mutual fund, exchange-traded funds and REITs also charge internal management fees, which are disclosed in a fund's prospectus. In addition, pooled investment vehicles such as the foregoing possess internal transaction and opportunity costs relating to the trading of securities within the investment vehicle, which transaction and opportunity costs are not reflected in the annual expense ratio of the investment vehicle. Other investment and insurance products may also charge management or other fees. Fees charged by issuers are detailed in prospectuses, statements of additional information, and/or product descriptions and you are encouraged to read these documents before investing.

If an independent third-party advisor is utilized for the separate account management described

earlier in Item 4, that advisor can charge fees in addition to the fees charged by Scholar Financial, LLC. All fees and expenses charged by separate account manager(s) are separate and distinct from those Scholar Financial, LLC charges and are withdrawn from the client's account by the separate account manager. Scholar Financial, LLC does not receive any fees or payments from separate account manager(s). Scholar Financial, LLC will review the aggregate fee charged by both Scholar Financial, LLC and the selected separate account manager(s) to ensure it will be fair and reasonable and will be competitive with those fees customarily charged in the industry for similar services.

All such charges, management fees, transaction and opportunity costs, commissions and other fees are exclusive of and in addition to Scholar Financial, LLC's fees, and Scholar Financial, LLC shall not receive any portion of these commissions, fees, and costs.

Scholar Financial, LLC does not accept fees for the sale of securities or other investment or insurance products. Scholar Financial, LLC does not accept asset-based sales charges or service fees from the sale of mutual funds or other products. Scholar Financial, LLC does not receive "trailer" or SEC Rule 12b-1 fees from an investment company offering that we may recommend, and Scholar Financial, LLC seeks to avoid recommending any funds or other pooled investment vehicles that possess such "trailer" or 12b-1 fees.

You will always have the option to purchase recommended investments through your own selected service provider. However, the separate account manager recommended by Scholar Financial, LLC may not be available directly to all self-directed investors.

#### **I. Fees Upon Termination of Services**

Either you or we may terminate the agreement at any time, in writing. Should you verbally notify our firm of the termination and if, within two business days following this notification, we have not received your notice in writing, we will make a written notice of the termination in our records and send you our own termination notice as a substitute.

If our disclosure brochure was not delivered to you at least 48 hours prior to entering into the agreement with our firm, then you may terminate the engagement without penalty within five business days after entering into the agreement. Upon termination, you will be assessed fees on a prorated basis for services we have provided and/or work performed until the date of termination.

For those clients who we provide investment advisory services (either in conjunction with, or without, financial planning services), our firm will not be responsible for future allocations, transactional services, or investment advice upon receipt of a termination notice.

Further, upon termination, we will inform the account custodian that the account relationship between the firm and the client has been terminated.

As our fees are billed in arrears, a final statement for the services provided and/or the applicable time period will be presented to the client following the termination of services, and no refunds are applicable.

### **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Our fees will not be based upon a share of capital gains or capital appreciation (growth) of any portion of managed funds, also known as "performance-based fees." Performance-based

compensation creates an incentive for a firm or their representatives to recommend an investment that may carry a higher degree of risk to a client. We do not use a performance-based fee structure because of the conflict of interest this type of fee structure poses.

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. This type of arrangement, and the conflict of interest it may pose, does not conform to our firm's practices and philosophy.

## ITEM 7 – TYPES OF CLIENTS

Scholar Financial, LLC is available to provide its investment advisory and/or financial planning services to individuals and their families from all walks of life, as well as the trustees and managers of private trusts, foundations, endowment funds, and other charitable organizations.

The minimum combined AUM and AUA for certain programs are described in Item 5, above, and are summarized as follows:

SF Wealth Accumulator Program:	\$250,000 minimum, \$600,00 maximum, combined AUM and AUA
SF Wealth Advisory Program:	\$600,000 minimum combined AUM and AUA
SF Second Opinion Program:	\$500,000 minimum combined AUM and AUA
SF Irrevocable Trust Portfolio Management Program and SF Institutional Portfolio Management Program:	\$1,000,000 minimum combined AUM and AUA

Such minimums are subject to waiver in Scholar Financial, LLC's sole discretion.

Scholar Financial, LLC's ability to provide our services depends on access to important information. Accordingly, Scholar Financial, LLC encourages you to provide us with an adequate level of information and supporting documentation throughout the term of the engagement, including but not limited to sources of funds, income levels, your (or your legal agent's) authority to act on behalf of the account, among other information. We also encourage you to provide Scholar Financial, LLC with information that may call for an update to your financial and investment plans, such as job changes, retirement, a windfall, marriage or divorce, the purchase or sale of a home or business, or any other significant life event that can have a large impact on your circumstances and needs. Scholar Financial, LLC needs to be aware of such events, so we can make the adjustments needed to your plan or advice to keep you on track toward your goals. This also assists Scholar Financial, LLC to maintain an appropriate financial planning or investment strategy for you.

Scholar Financial, LLC reserves the right to waive or reduce certain fees based on unique individual circumstances, special arrangements, or pre-existing relationships. Fees for the close family members of Ron A. Rhoades and Cathy Rhoades are always waived.

Scholar Financial, LLC also reserves the right to decline services to any prospective client for any non-discriminatory reason.

**ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS****Methods of Analysis**

If Scholar Financial, LLC is engaged to provide investment advice, we will first gather and consider information regarding several factors, including your:

- Current financial situation;
- Current and long-term needs;
- Investment goals and objectives;
- Level of investment knowledge;
- Your perceived appetite for, as well as need to take on, risk;
- Social concerns involving your investments; and
- Restrictions, if any, on the management of your portfolio.

In providing investment advice, Scholar Financial, LLC may employ what is called fundamental analysis. This may involve, for example, evaluating economic factors including interest rates, demographic changes, or the anticipated future growth of an industry sector. It may also involve adopting projections of the long-term (10-15 years or longer) expected average annualized returns of various asset classes, including projections undertaken internally by Scholar Financial, LLC as well as projections from third-party sources.

In addition to our own research, Scholar Financial, LLC's recommendations may also be drawn from research sources that include academic research, economic analyses, financial publications, investment analysis and reporting software, materials from outside sources, annual reports, prospectuses and other regulatory filings, and company press releases.

Scholar Financial, LLC makes strategic asset allocation and investment policy decisions based on these and other factors. Scholar Financial, LLC will discuss with you how, in our best judgment, to meet your objectives while at the same time seeking a prudent level of risk exposure.

**Investment Strategies**

Generally, Scholar Financial, LLC's investment advice is based on a globally diversified strategy involving a long-term, disciplined approach that manages risk through appropriate strategic asset allocation together with portfolio rebalancing. Scholar Financial, LLC recognizes that each client's needs and goals are different; subsequently portfolio strategies and underlying investment vehicles may vary.

Scholar Financial, LLC applies Modern Portfolio Theory. This award-winning theory is based on the belief that proper diversification and risk management will provide an investor client with a more stable and consistent return over time. The practice of Modern Portfolio Theory does not employ market timing or stock selection methods of investing but rather a long term buy-and-hold strategy with periodic rebalancing of the account to maintain desired risk levels.

Scholar Financial, LLC generally applies the Fama-French 5-Factor Model in the design and management of investment portfolios. This involves tilting of stock allocations within a portfolio

toward “value,” “small-cap,” “profitability measure” and “low-investment” stocks and utilizing momentum as a trading strategy within select stock mutual funds and exchange-traded funds (ETFs), or when utilizing separate account management services. However, other investment “factors” may be considered by Scholar Financial, LLC when recommending other certain stock mutual funds and ETFs.

Scholar Financial, LLC will strive to create portfolios that are diversified, tax-efficient, and utilize low-cost investments whenever practical. Generally, “passive” (including evidenced-based investment strategies generally implemented passively) mutual funds and exchange-traded funds, and at times certain listed real estate investment trusts (REITs), are utilized to create as broad a diversification as necessary to meet demands of the portfolio. Scholar Financial, LLC's analyses includes a review of the fund's total operating expenses, portfolio turnover, investment objective, adherence to asset class performance, and investment restrictions and limitations.

Scholar Financial, LLC in limited circumstances to meet specific client needs may also recommend bonds or other types of securities.

Notwithstanding the foregoing, when new clients come to the firm with investments that are difficult or expensive to dispose of, or for which significant tax consequences during their disposition, such investment assets may be held for either a period of time, or an indefinite period of time.

### **Investment Strategy Risks**

Scholar Financial, LLC believes that its strategies and investment recommendations are designed to produce the appropriate potential return for the given level of risk. However, Scholar Financial, LLC cannot guarantee that an investment objective or planning goal will be achieved.

Investing in mutual funds, ETFs and other securities involves risk of loss that clients should be prepared to bear. Client's returns will fluctuate, and you may lose money by investing in mutual funds, ETFs and other securities. As an investor, you must be able to bear the risk of loss that is associated with your account, which may include the loss of some or all of your principal.

Other general risks regarding investment strategies include:

*Market Risk* – The prices of securities held by mutual funds, ETFs or other securities in which clients invest may decline in response to certain events taking place around the world, including those directly involving the companies whose securities are owned by the mutual funds; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate and commodity price fluctuations. This is also called systematic risk or idiosyncratic risk. Diversification does not eliminate market risk.

*Company Risk* – When investing in securities, there is always a certain level of company or industry-specific risk that is inherent in each company or issuer. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. 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.

Stated differently, investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, the company's ability to create shareholder

value (*i.e.*, increase the value of the company's stock price), exposure to government taxation, and domestic political risk.

*Management Risk* – The success of an investment with a mutual fund or other pooled investment vehicle varies with the success and failure of its investment strategies, research, analysis and determination of its portfolio. The success of a portfolio varies with the success or failure of Scholar Financial, LLC's investment approach, which may fail to produce the intended investment results. If Scholar Financial, LLC's perception of the expected returns of a specific asset class, fund, or security is not realized within the expected time frame, the overall performance of the client's portfolio may suffer.

*Firm Research* – When the firm's research and analyses are based on commercially available software, rating services, general market and financial information, academic research, or due diligence reviews, the 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. The firm makes every effort to determine the accuracy of the information received but it cannot predict the outcome of events or actions taken or not taken, or the validity of all information it has researched or provided, which may or may not affect the advice on or investment management of an account.

*Passive Investments* – A portfolio that employs a passive, efficient markets approach (representative of Modern Portfolio Theory) has the potential risk that at times the broader allocation may generate lower-than-expected returns than those from a specific, more narrowly focused asset, and that the return on each type of asset is a deviation from the average return for the asset class. We believe this variance from the "expected return" is generally low under normal market conditions when a portfolio is made up of diverse, low or non-correlated assets.

*Factor Investing* – In most significant market downturns of the past century (*i.e.*, when U.S. stocks fell in value by 10% or greater), "value stocks" and "small-cap stocks" experienced greater declines than that of the overall U.S. stock market. Other "factors" employed in the design and management of your portfolio may also expose your portfolio to greater downside risks. While your portfolio may be exposed to these greater downside risks, we may discuss with you whether to mitigate these risks through a lower overall allocation to equities (stocks, stock mutual funds) with a greater portfolio asset allocation to fixed income investments.

Specific to the "size factor," small- and mid-cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product lines, financial resources, and less management experience than larger companies. Smaller companies may also have a lower trading volume, which may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.

*Socially Conscious Investing* – If you require your portfolio to be invested according to socially conscious principles, you should note that returns on investments of this type may be limited and because of this limitation you may not be able to be as well diversified among various asset classes. The number of publicly traded companies that meet socially conscious investment parameters is also limited, and due to this limitation, there is a probability of similarity or overlap of holdings, especially among socially conscious mutual funds or ETFs. Therefore, there could be a more pronounced positive or negative impact on a socially conscious portfolio, which could be more volatile than a fully diversified portfolio.



## Security-Specific Material Risks

*Individual Stock (i.e., Specific Company) and Bond 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 the company who issued the stock. If an investor held common stock, or common stock equivalents, of any given company, they would generally be exposed to greater risk than if they held preferred stock and/or debt obligations of the company.

*Mutual Fund and Exchange-Traded Fund (ETF) Risk* – ETFs or mutual funds may carry additional expenses based on their share of operating expenses and certain brokerage fees, which may result in the potential duplication of certain fees. The risk of owning a mutual fund or ETF also generally reflects the risks of their underlying securities.

ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral, and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

*Equity Risk* - Equity securities tend to be more volatile than other investment choices. The value of an individual mutual fund can be more volatile than the market as a whole. This volatility affects the value of the client's overall portfolio.

*Fixed Income Risks* – Various forms of fixed income instruments, such as bonds, money market funds, and certificates of deposit, may be affected by various forms of risk, including:

Interest Rate Risk - The risk that the value of the fixed income holding will decrease because of an increase in interest rates.

Liquidity Risk - 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 (i.e., bonds), there are risks which may occur such as when an issue trading on 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.

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. This may result in a negative impact on all forms of debt instruments, as well as mutual fund or ETF share values that hold these issues. Bondholders are creditors of an issuer and have priority to assets before equity holders (i.e., 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.

Reinvestment Risk – With declining interest rates, investors may have to reinvest interest income or principal at a lower rate.

Duration Risk - Duration is a measure of a bond's volatility, expressed in years to be repaid by its internal cash flow (interest payments). Bonds with longer durations carry more risk and have higher price volatility than bonds with shorter durations.

*Municipal Securities* - Funds in which clients invest may invest in municipal securities, and individual municipal bonds may be recommended to clients. Municipal securities carry different risks than those of corporate government and bank-sponsored debt securities described above and below. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax-free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer are domiciled.

*Certificates of deposit* – Certificates of deposit which are within the applicable FDIC insurance limits (with respect to each owner) are generally considered safe instruments, although they are subject to the level of general interest rates, the credit quality of the issuing bank, and the length of maturity. With respect to certificates of deposit issued directly by banks to a client, depending on the length of maturity there can be prepayment penalties if the client needs to convert the certificate of deposit to cash prior to maturity. Certificates of deposit purchased through brokerage firms (custodians) may fluctuate in value due to changes in market interest rates or other factors, and often cannot be redeemed prior to maturity for only a prepayment penalty.

*REIT Risks* - Funds in which clients invest may invest in Real Estate Investment Trusts ("REITs"), they are subject to risks generally associated with investing in real estate, such as (i) possible declines in the value of real estate, (ii) adverse general and local economic conditions, (iii) possible lack of availability of mortgage funds, (iv) changes in interest rates, and (v) environmental problems. In addition, REITs are subject to certain other risks related specifically to their structure and focus such as: dependency upon management skills; limited diversification; the risks of locating and managing financing for projects; heavy cash flow dependency; possible default by borrowers; the costs and potential losses of self-liquidation of one or more holdings; the possibility of failing to maintain exemptions from securities registration; and, in many cases, relatively small market capitalization, which may result in less market liquidity and greater price volatility.

*Foreign Securities Risk* - Funds in which clients invest may invest in foreign securities. Foreign securities are subject to additional risks not typically associated with investments in domestic securities. These risks may include, among others, currency risk, country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability, currency devaluations and policies that have the effect of limiting or restricting foreign investment or the movement of assets), different trading practices, less government supervision, less publicly available information, limited trading markets and greater volatility. To the extent that underlying funds invest in issuers located in emerging markets, the risk may be heightened by political changes, changes in taxation, or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.

**Index Investing** – Index ETFs and index mutual funds have the potential to be affected by “tracking error risk.”

**QDI Ratios** – While many ETFs and index 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 within that may not benefit. Shorter holding periods, as well as commodities and currencies (that may be part of an ETF or mutual fund portfolio), may be considered “non-qualified” under certain tax code provisions. Scholar Financial, LLC considers a holding’s QDI when tax-efficiency is an important aspect of the client’s portfolio.

## ITEM 9 – DISCIPLINARY INFORMATION

Neither the firm nor Ron A. Rhoades has been involved in a material 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 firm’s advisory business or the integrity of our firm.

## ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Our policies require our firm and its employees to conduct business activities in a manner that avoid or appropriately mitigate conflicts of interest between the firm, its employees and our clients, or that may be contrary to law. We will provide disclosure to each client prior to and throughout the term of an engagement regarding any conflicts of interest that might reasonably compromise our impartiality or independence.

Neither our firm nor a member of its management is, or has a material relationship with any of the following types of entities:

- Broker/dealer, municipal securities dealer, or government securities dealer or broker;
- Futures commission merchant, commodity pool operator, or commodity trading advisor;
- Banking or thrift institution;
- Lawyer or law firm;\*
- Insurance company or agency;
- Pension consultant;
- Real estate broker or dealer;
- Sponsor or syndicator of limited partnerships; or
- An 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).

\* Upon your request and when appropriate to do so, we may provide referrals to various professionals in your area, such as an accountant or attorney. We do not have an agreement with or receive fees from these professionals for these informal referrals. Any fees charged by these other entities for their services are separate from advisory fees charged by our advisory firm.

\* Ron A. Rhoades is an attorney (member, The Florida Bar). He no longer accepts new clients to his law practice. He may provide legal services to some of the existing clients of Scholar Financial, LLC, but only as to clients who are Florida residents. There is no requirement that the client engage Ron A. Rhoades for such services. A separate, written engagement is required for such legal services to be provided.

Scholar Financial, LLC and Ron A. Rhoades are engaged for fee-only advisory services, as such neither the firm, its management or associates are registered or have an application pending to register as a Financial Industry Regulatory Authority (FINRA) or National Futures Association (NFA) introducing broker, or as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

Under certain engagements, we may provide a recommendation to third-party investment managers (who are also required to be registered as investment advisors) to service all or part of a client's portfolio and both firms may inevitably be paid an advisory fee (*i.e.*, a fixed annual fee and/or an asset-based fee).

## **ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

Scholar Financial, LLC has adopted a Code of Ethics that establishes policies for ethical conduct for all 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. Our policies include prohibitions against insider trading and circulation of industry rumors, among others.

We periodically review and amend our Code of Ethics to ensure that it remains current, and we require all firm access persons to attest to their understanding of and adherence to the Code of Ethics at least annually.

Our firm will provide a copy of its Code of Ethics to any client or prospective client upon request.

In addition, Ron A. Rhoades is a member of the National Association of Personal Financial Planners (NAPFA) and as such adheres to the NAPFA Fiduciary Oath, that states:

“The advisor shall exercise his/her best efforts to act in good faith and in the best interests of the client. The advisor shall provide written disclosure to the client prior to the engagement of the advisor, and thereafter throughout the term of the engagement, of any conflicts of interest, which will or reasonably may compromise the impartiality or independence of the advisor. The advisor, or any party in which the advisor has a financial interest, does not receive any compensation or other remuneration that is contingent on any client's purchase or sale of a financial product. The advisor does not receive a fee or other compensation from another party based on the referral of a client or the client's business.”

### **Privacy Policy Statement**

Scholar Financial, LLC respects the privacy of all our clients and prospective clients, both past and present. The firm and its employees recognize that you have entrusted us with non-public personal

information and it is important to us that all employees and clients of our firm know our policy concerning what we do with that information.

We collect personal information about our clients from the following sources:

- Information our clients provide to us to complete their financial plan or investment recommendation;
- Information our clients provide to us in agreements, account applications, and other documents completed in connection with the opening and maintenance of their accounts;
- Information our clients provide to us verbally; and
- Information we may receive from service providers, such as custodians, about client transactions.

We do not disclose non-public personal information about our clients to anyone, except in the following circumstances:

- When required to provide services our clients have requested;
- When our clients have specifically authorized us to do so;
- When required during the course of a firm assessment (i.e., independent audit); or
- When permitted or required by law (i.e., periodic regulatory examination).

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 offices are confidential and they are instructed to not discuss client information with someone else that may request information about an account unless they are specifically authorized in writing by the client to do so.

This includes, for example, providing information about a spouse's IRA account, or to adult children about parents' accounts, etc.

To ensure security and confidentiality, we maintain physical, electronic, and procedural safeguards to protect the privacy of client information.

We will provide you with our privacy policy on an annual basis per federal law and at any time, in advance, if our policy is expected to change.

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

Neither Scholar Financial, LLC, nor its employees or any related person, is authorized to recommend to a client, or effect a transaction for a client, involving any security in which our firm or a related person has a material financial interest, such as in the capacity as an underwriter, advisor to the issuer, etc.

Scholar Financial, LLC's employees and any related persons are prohibited from borrowing from or lending to a client.

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

Scholar Financial, LLC and its related persons (employees, their immediate family members, etc.) buy

and sell mutual funds that are often the same as 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, however, will our firm or any related party receive preferential treatment over our clients.

To reduce or eliminate certain conflicts of interest involving the firm or personal trading, our policy may require that we restrict or prohibit transactions in specific securities by such related persons.

Our Chief Compliance Officer, Ron A. Rhoades, in advance of the transaction in an account must approve any exceptions or trading pre-clearance when required, and Scholar Financial, LLC maintain the required personal securities transaction records per regulation.

## **ITEM 12 – BROKERAGE PRACTICES**

### **Recommended Service Providers**

Our firm does not maintain custody of any of your assets (see Item 15). Your assets must be maintained in an account at a “qualified custodian.” A qualified custodian is generally a broker/dealer or bank (we term “service providers”) that is frequently assessed for its capabilities to serve as custodian. We are not a custodian, nor do we have an affiliate that is a custodian.

When engaged to provide investment supervisory, we may recommend the service provider with whom your assets are currently maintained. Should you prefer a new service provider, our recommendation of another service provider would be based on your needs, overall cost, and ease of use.

If you have engaged our firm for its investment supervisory services, we recommend that our clients use the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Member FINRA/SIPC/NFA) for many of their accounts. Our firm is independently owned and operated; we are not legally affiliated with Schwab (termed “Custodian”). The Custodian will hold your assets in an account in your name and will buy and sell securities when we instruct them. While we recommend that you use the Custodian, you will decide whether to do so and will open your account with them by entering into an account agreement directly with them. We do not technically open the account for you, although we will assist you in doing so. If you utilize a different custodian, we will not be able to effect trades in your accounts for you, and we may not be able to access certain mutual funds or other investments that we may recommend to you.

You may learn more about SIPC and how it serves member firms and the investing public by going to their website at <http://www.sipc.org>.

The Custodian offers independent investment advisors various services that include custody of client assets, trade execution, clearance and settlement, etc. Scholar Financial, LLC may receive certain benefits from a Custodian through participation in their independent advisor support program (please refer to Item 14 for further details).

Scholar Financial, LLC conducts periodic assessments of any recommended service provider (including the Custodian), which generally involves a review of the range and quality of services, reasonableness of fees among other items, and 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 paragraph titled Factors Used to Select Broker-Dealers for Client Transactions and within Item 14. 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 a selected custodian’s transactions represent the best “qualitative execution” while taking into consideration the full range of services provided. Therefore, the firm will seek services involving competitive rates but it may not necessarily correlate into the lowest possible rate for each transaction.

Our firm has determined having client investment supervisory services accounts’ trades executed through a recommended Custodian is consistent with the firm’s policy to seek best execution of your trades. A review is regularly conducted with regard to recommending a Custodian to our clients in light of our duty to seek best execution.

Scholar Financial, LLC seeks custodians who are brokers (or affiliated with a broker) and who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. Scholar Financial, LLC considers a wide range of factors, including, among others, the following:

- trade execution services and custodial services (generally without a separate fee for custody);
- capability to execute, clear and settle trades;
- capabilities for transfers and payments to and from accounts (wire transfers, check requests, etc.);
- breadth of available investment products (generally, mutual funds and ETFs of the types we recommend for our portfolios etc.);
- availability of investment research and tools that assist Scholar Financial, LLC in making investment decisions;
- quality of services;
- competitiveness of prices for its services (commission rates, other fees, etc.) and willingness to negotiate them;
- reputation, financial strength and stability of the provider;
- availability of other products and services that benefit Scholar Financial, LLC and its clients, as discussed below.

Scholar Financial has evaluated the full range of brokerage services offered by Schwab and considers it to have sufficiently good execution capabilities and financial stability compared to comparable brokers that offer institutional advisory platforms for the types of securities and instruments that Scholar Financial, LLC uses in its strategies. While Scholar Financial, LLC believes the commissions and fees charged by each of the Custodians are competitive, transactions may not always be executed at the lowest available commission rate.

**Directed Brokerage**

We do not require or engage in directed brokerage involving our client’s accounts.

Clients may direct our firm to use another particular broker-dealer or custodian to execute some or

all transactions for their accounts. In these circumstances, each client will be responsible for negotiating, in advance, the terms and/or arrangements for your account with their selected service provider. Scholar Financial, LLC will not be obligated to seek better execution services or prices from these other service providers. As a result, clients may pay higher commissions or other transaction costs, experience greater spreads, or receive less favorable net prices, on transactions for in the client's accounts than would otherwise be the case.

Pursuant to our obligation of best execution, we may decline a request to direct brokerage if we believe any directed brokerage arrangement would result in additional operational difficulties or risk to Scholar Financial, LLC.

### **No Aggregation of Securities Transactions**

Transactions for each of our clients are affected independently. Scholar Financial, LLC does not "aggregate" or "batch" orders. Client accounts where trade aggregation is not allowed or infeasible may potentially be assessed higher transaction costs than those that would have been batched.

### **Trade Errors**

It is Scholar Financial, LLC's policy for clients to be made whole following a trade error. If a trade error results in a loss, we will make the client whole and absorb the loss. If a trade error results in a gain, the client shall generally keep the gain. On occasion, a custodian may have a policy where an adviser is not required to reimburse trade errors resulting in a loss below a de minimis amount (e.g., \$100). In such circumstances, the custodian will absorb the loss and there is no financial impact to the client. Likewise, if a trade error results in a gain less than a de minimis amount (e.g., \$100), the custodian will keep the gain or donate it to charity. In all other circumstances, trade errors will be corrected as described above.

## **ITEM 13 – REVIEW OF ACCOUNTS**

### **Recommended Reviews: Financial Planning and Investment Advisory Services**

You should contact Scholar Financial, LLC for additional reviews when making decisions about changes in your financial situation (*i.e.*, the loss of a job, retirement, receipt of a significant bonus, new expectation or receipt of an inheritance, the birth of a new child, change in cash flow needs, or other circumstances).

Periodic financial check-ups or reviews are recommended if you are receiving our financial planning and/or investment advisory services, and we recommend that they occur at least on an annual basis whenever practical.

Reviews will be conducted by Ron A. Rhoades.

### **Quarterly and Other Reviews for Investment Accounts**

Investment accounts are reviewed on a quarterly basis by Ron A. Rhoades.

Additional reviews by Ron A. Rhoades may be triggered by news or research related to a specific holding, a change in our view of the investment merits of a holding, news related to the macroeconomic climate affecting a sector or holding within that sector, or a significant short-term change in the valuations of a particular asset class.



Accounts may also be reviewed when cash is to be added to an account by a client, or to be withdrawn by a client.

### **Reports and Frequency**

If you have opened and maintained an investment account on your own or with our assistance, you will receive account statements sent directly from the mutual fund companies, insurance companies, transfer agents, custodians or brokerage companies where your investments are held. We urge you to carefully review these statements for accuracy and clarity, and to ask questions when something is not clear.

Scholar Financial, LLC may provide a portfolio report service when engaged for investment portfolio management services. Reports may be made available electronically (i.e., via email or via an online “data vault” to which the client is provided access) or may be printed and mailed to the client. However, Scholar Financial, LLC does not provide ongoing performance reporting, as the quality of data when integrating Assets Under Advisement often does not lend itself to accurate performance reports.

Clients are urged to carefully review and compare account statements that they have received directly from their service provider with any report received from our firm.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

### **Economic Benefit from External Sources and Potential Conflicts of Interest (Custodians)**

As disclosed in Item 12, our firm may receive economic benefit from the Custodian (the Schwab Advisor Services division of Charles Schwab & Co., Inc.) in the form of various products and services they make available to Scholar Financial, LLC and other independent investment advisors that typically may not be made available to a “retail investor.” These benefits may include the following products and services (provided usually without cost to Scholar Financial, LLC, or sometimes for discounted fees or via a Custodian’s payment of part of a third party’s fees):

- Receipt of duplicate client statements and trade confirmations;
- Research related products and tools;
- Access to trading desks serving our clients;
- The ability to have advisory fees deducted directly from a client’s accounts (per written agreement with each client);
- Resource information related to capital markets and various investments;
- Access to an electronic communications networks for client order entry and account information;
- Access to mutual funds with no transaction fees and/or select investment managers;
- Assistance with back-office functions, recordkeeping, and client and compliance reporting;
- Educational conferences and events;
- Technology, compliance, marketing, legal and business consulting services;
- Publications on practice management and business succession; and
- Discounts on marketing, research, technology, and practice management products or services provided to our firm by third-party providers, including but not limited to access to employee benefits providers, human capital consultants, and insurance providers.

In addition, a Custodian may provide regional periodic, or national annual conferences at which Scholar Financial, LLC's employees may attend, or other educational online programming. Scholar Financial, LLC pays its own transportation and hotel costs to attend such events, but the educational programming and occasional meals and/or entertainment at such events may be provided by the Custodian either free of charge or for a fee lower than that charged by similar industry conferences.

Therefore, there is a conflict of interest since our firm may have an incentive to select or recommend a Custodian based on our firm's interest in receiving these benefits rather than your interest in receiving favorable trade execution.

As a fiduciary, our firm endeavors at all times to put the interests of its clients first. It is important to mention that the benefit received by our firm through participation in a Custodian's independent advisor program does not depend on the amount of brokerage transactions directed to a Custodian, and the selection of a Custodian is in the best interests of our clients since the selection is primarily supported by the scope and quality of services as well as the financial strength of the custodian, and the cost of services provided as a whole – not just those services that benefit only our advisory firm.

Some of the noted products and services made available by a Custodian may benefit our advisory firm but may not directly benefit a client account, and certain research and other previously referenced services may qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934. The availability of these services from a Custodian benefits our firm because it does not have to produce or purchase them as long as firm clients maintain assets in accounts at the Custodian. [Section 28(e) of the Securities Exchange Act of 1934 provides that an advisor does not breach fiduciary duties under state or federal law solely by causing its clients' accounts to pay brokerage commissions in excess of the amount another broker-dealer would have charged if the adviser determines in good faith that the commissions are reasonable in relation to the value of brokerage and research services received. It is Scholar Financial, LLC's policy to operate within the safe harbor of Section 28(e).]

#### **Economic Benefit from External Sources and Potential Conflicts of Interest (Fund Providers)**

Scholar Financial, LLC most commonly recommends the no-load, passively managed, asset class based mutual funds and exchange-traded funds (ETFs) developed by Dimensional Fund Advisors ("DFA"), Avantis Investors® ("Avantis"), and Vanguard. We do not receive cash compensation for this recommendation, nor do we receive commissions on the sale of the mutual funds or ETFs. Scholar Financial, LLC is not contractually or otherwise committed to use any mutual fund or ETF and may use other mutual funds and ETFs as it deems appropriate for its clients.

DFA provides Scholar Financial, LLC with access to a software program that enables us to generate risk and return data relative to their indexes and funds. This program assists Scholar Financial, LLC in providing analyses and data to clients and potential clients. DFA also provides an on-going education program through webinars on advanced topics, educational conferences that provide analytics and current research data, and a proprietary website of articles, research, and analytical tools. While Scholar Financial, LLC pays its own hotel and transportation costs when attending such conferences, DFA provides the education and occasional meals to Scholar Financial, LLC's employees at no charge.

Avantis provides education and insights through publicly available information on its web site.

Vanguard provides education and insights through its web site for investment advisers.

We base our recommendations solely on our investment strategy, founded in Modern Portfolio Theory, which emphasizes a diversified portfolio allocated among various asset classes. DFA, Avantis, and Vanguard are just three providers Scholar Financial, LLC may recommend for client portfolios; other providers of investment vehicles may be recommended. Investment recommendations are determined by Ron A. Rhoades, who employs a due diligence process in selecting the investment securities we recommend to clients.

### **No Advisory Firm Payment for Client Referrals**

We do not engage in solicitation activities as defined by the Investment Advisers Act of 1940, as amended.

Ron A. Rhoades may hold individual membership and/or may serve on various boards or committees or task forces of professional industry associations, such as the *National Association of Personal Financial Advisors* or the *Financial Planning Association* or the *Certified Financial Planner Board of Standards, Inc.* Generally, participation in any of these entities require membership fees to be paid, adherence to ethical guidelines, as well as in meeting experiential and educational requirements.

A benefit these entities may provide to the investing public is the availability of online search tools that allow interested parties (prospective clients) to search for individual participants within a selected state or region. These passive websites may provide means for interested persons to contact a participant via electronic mail, telephone number, or other contact information, to interview the participating member. The public may also choose to telephone association staff to inquire about an individual within their area and would receive the same or similar information. A portion of these participant's membership fees may be used so that their name will be listed in some or all these entities' websites (or other listings).

The noted associations do not actively market to prospective clients locating Scholar Financial, LLC (or Ron A. Rhoades) via these methods. Clients who find Scholar Financial, LLC in this way do not pay more for their services than clients referred to us in another fashion, such as by another client. Scholar Financial, LLC does not pay these entities for prospective client referrals, nor is there a fee-sharing arrangement reflective of a solicitor engagement.

## **ITEM 15 – CUSTODY**

Your funds and securities will be maintained by an unaffiliated, qualified custodian, such as a bank, broker/dealer, mutual fund companies, or transfer agent. Your assets are not held by Scholar Financial, LLC, nor by Ron A. Rhoades.

Scholar Financial, LLC and its employees are prohibited from having authority to withdraw securities or cash assets from a client account, other than for payment of our advisory fees or transaction settlement. These actions will be accomplished through a qualified custodian maintaining your assets (*i.e.*, your custodian), pursuant to a written agreement, or an unaffiliated transaction service provider, and always following your approval. Scholar Financial, LLC will comply with custody safeguards by providing itemized fee invoices to clients when advisory fees are deducted from the client's account.

Also, neither Scholar Financial, LLC nor its employees will accept or forward client securities (*i.e.*,

stock or bond certificates) erroneously delivered to our firm.

Scholar Financial, LLC will not collect advance fees of \$500 or more for services that are to be performed six months or more into the future.

Scholar Financial, LLC will not authorize any associate to have knowledge of a client's account access information (*i.e.*, online 401(k), brokerage or bank accounts), even for the convenience or accommodation of the client or their legal agent.

Scholar Financial, LLC will be provided with transaction confirmations and summary account statements provided directly to you by your selected service provider. Typically, these statements are provided on a monthly or quarterly basis, or as transactions occur. We will not create a statement for you nor be the sole recipient of account statements.

You may receive occasional reports from our firm, or you may be granted access to online information that aggregates and/or organizes information regarding your investments. You are urged to carefully review and compare your account statements that you have received directly from your service provider with any reports you receive from our firm or online services.

## **ITEM 16 – INVESTMENT DISCRETION**

We provide our various forms of investment advisory services (as described in Item 4) utilizing discretionary account authority for “Assets Under Management” as set forth in the client's advisory agreement. In such cases, the client grants to Scholar Financial, LLC a limited power of attorney to act on the client's behalf for the limited purpose of buying, selling and trading securities and to periodically rebalance the client's account to the recommended allocation. Clients may impose reasonable restrictions or limitations on Scholar Financial, LLC's investment discretion. Scholar Financial, LLC will retain information about all client account directions, limitations, and rescissions.

For “Assets Under Advisement” [*i.e.*, for investments held in 401(k) or other accounts, not with the Custodian utilized by Scholar Financial, LLC (Schwab), but upon which Scholar Financial, LLC provides investment advice] Scholar Financial, LLC does not possess authority to undertake trades in those accounts, nor possess investment discretion regarding transactions in those accounts.

## **ITEM 17 – VOTING CLIENT SECURITIES**

### **Proxy Voting**

Our firm does not vote proxies on your behalf, nor do we offer guidance on how to vote proxies. You will maintain exclusive responsibility for directing the way proxies solicited by issuers of securities that are beneficially owned by you shall be voted, as well as making all other elections relative to mergers, acquisitions, tender offers or other events pertaining to your holdings.

### **Other Corporate Actions**

We will have no power, authority, responsibility, or obligation to take any action with regard to 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.

**Receipt of Materials**

You may receive proxies or other similar solicitations sent directly from your selected custodian or transfer agent. Should we receive a duplicate copy, note that we do not generally forward these or any correspondence relating to the voting of your securities, class action litigation, or other corporate actions.

**ITEM 18 - FINANCIAL INFORMATION****Balance Sheet**

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

**Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

The firm and its management do not have a financial condition likely to impair our ability to meet our commitment to our clients.

**Bankruptcy Petitions during the Past 10 Years**

Advisers who have been the subject of a bankruptcy petition during the past ten years must disclose certain information about the matter. Neither Scholar Financial, LLC nor Ron A. Rhoades have ever been the subject of a bankruptcy petition.

**ITEM 19 – REQUIREMENTS FOR STATE-REGISTERED ADVISORS**

As a state-registered investment adviser, Scholar Financial, LLC submits the following additional information.

**Identification of Principal Officers**

Ron A. Rhoades is the sole member and manager of Scholar Financial, LLC.

Ron is a graduate of Florida Southern College (Bachelor of Science in Business Administration, 1983) and the University of Florida College of Law (Juris Doctor, 1985). He is a Certified Financial Planner™.

Ron Rhoades has been an investment advisor representative since 2001 with predecessor firms Joseph Capital Management, LLC (including service as CCO and COO), ScholarFi, Inc. (including service as its President), Garrett Investment Advisers, LLC (including services as one of its financial advisors), Scholar Financial (operating as a sole proprietorship), and ARG1 Investment Services, LLC.

Ron has been an attorney-at-law (member, The Florida Bar) since 1986. From 1986 through 2001 the practice of law was his primary occupation; since 2001 he has practiced law (estate planning, tax) part-time.

Additional information on Ron A. Rhoades and his educational and business background can be found on Form ADV, Part 2B for Ron Rhoades, which is available upon request.

**Other Business Activities Engaged In**

Ron A. Rhoades currently serves as Associate Professor of Finance and as Director of the Personal

Financial Planning Program at Western Kentucky University, Bowling Green, Kentucky. Ron teaches approximately four courses during each of the Fall and Spring semesters. Recent and future anticipated courses taught includes Personal Finance, Applied Investments, Retirement Planning, Estate Planning, Financial Plan Development, and Legal and Regulatory Aspects of Personal Financial Planning. He also serves on various College and Departmental committees and undertakes occasional presentations to other faculty and staff on student learning techniques. This is a full-time, tenured faculty position for nine months of each calendar year and occupies approximately 40-50 hours per week during the teaching periods (late August to early May, excluding winter break). As Mr. Rhoades is available to return calls to clients during teaching days (other than during class times or various scheduled meeting times), and is available to clients evenings and on non-teaching days (including weekends); accordingly, these activities are not believed to pose a material conflict of interest with his advisory activities or to negatively affect his ability to serve advisory clients.

Ron A. Rhoades provides legal advice to select clients who are residents of Florida under the sole proprietorship Ron A. Rhoades, Esq. This activity is completely separate from his advisory activities; no referrals are made between his private law practice and his investment advisory practice. While Mr. Rhoades is admitted to the Florida Bar, any legal advice is provided under Ron A. Rhoades, Esq., a sole proprietorship, and not under Ron A. Rhoades d/b/a Scholar Financial. This activity is not believed to pose a material conflict of interest with his advisory activities or to negatively affect his ability to serve advisory clients.

Ron A. Rhoades, as a sole proprietor, also develops and provides, sometimes for a fee, educational webinars, blog posts, in-person and online courses, webinars, and in-person seminars to various industry organizations, financial planners, registered representatives, and investment adviser representatives, and undertakes occasional consulting engagements for broker-dealer, registered investment adviser, and compliance firms. These speaking and consulting engagements relate to investments, fiduciary law as applied to financial services, due diligence on mutual fund selection, and other topics relating to regulatory developments or financial planning. Ron also writes articles and columns for publication, and he also writes occasional white papers and books. This occupies approximately 30-60 days a year of Ron's time, mostly from mid-May to late July. These activities are not believed to pose a material conflict of interest with his advisory activities or to negatively affect his ability to serve advisory clients.

Ron A. Rhoades serves as a member of the Steering Group of The Committee for the Fiduciary Standard. Ron also services on the Advisory Board of The Institute for the Fiduciary Standard. In addition, Ron participates in occasional meetings or task forces of the Financial Planning Association, Certified Financial Planner Board of Standards, Inc., or other organizations. These activities, for which he is not compensated, consume approximately 5-10 days a year of Ron's time and at times involve travel to Washington, D.C. to attend meetings or provide presentations to various industry organizations or governmental bodies. These activities are not believed to pose a material conflict of interest with his advisory activities or to negatively affect his ability to serve advisory clients.

Additional information on Ron A. Rhoades and his other business activities can be found on Form ADV, Part 2B for Ron A. Rhoades, which is available upon request.

### **Performance-Based Fees**

Neither Scholar Financial, LLC nor Ron A. Rhoades charges performance-based fees.

**Disclosure of Material Facts Related to Disciplinary Actions Involving the Firm or Its Management Persons**

Neither Scholar Financial, LLC nor Ron A. Rhoades have been involved in any of the disclosure events listed in the instructions for this item.

**Relationships with Issuers of Securities**

Neither Scholar Financial, LLC nor Ron A. Rhoades possess any relationship or arrangement with any issuer of securities, other than the relationships with custodians and fund providers described in Item 14 above.

**Supervision**

Ron A. Rhoades supervises any other person working for Scholar Financial, LLC by requiring that all such persons adhere to our requirements and industry regulation as described in Scholar Financial, LLC's Code of Ethics and procedural guidelines. Ron A. Rhoades performs the following ongoing reviews:

- Account opening documentation when the relationship is established,
- Review of account transactions,
- Assessment of your financial situation, objectives, and investment needs,
- A review of correspondence on an as-needed basis.

Questions relative to our firm, its services, this ADV Part 2A, or one of our associates' ADV Part 2B may be made to the attention of Ron Rhoades at (270) 904-2728.

Additional information about our firm, other advisory firms, or associated investment advisor representatives of a firm, is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). A search of this site for firms or their associated personnel can be accomplished by name or a unique firm identifier. The IARD number for Scholar Financial, LLC is 324650. The business and disciplinary history, if any, of an investment advisory firm and its representatives may also be obtained by calling your state securities commissioner.

**Business Continuity Plan**

Our firm maintains a business continuity plan that is integrated with the entirety of our organization to ensure we appropriately respond to events that pose a significant disruption to its operations.

Generally, all of a client's information is scanned and stored on our computers, and certain information may be stored in online systems (such as our client relationship management software). We utilize a secure backup for all of our computer files.

In the event of a natural or other disaster, we can travel to access our client data anywhere we can find a computer and an online connection. In this manner, we can continue to provide services to clients.

Ron A. Rhoades possesses an arrangement with another investment adviser representative, whereby in the event of Ron's disability or death the other investment adviser representative will be notified, and the other investment adviser representative will then undertake registrations to become an adviser of the firm. In this manner, services to clients will be quickly restored. The other investment

adviser representative will then recommend to clients, as appropriate, a new financial planning and/or investment adviser to be engaged, for longer-term services. Of course, all clients can choose their own investment adviser in these circumstances.