



# FOUR PONDS FINANCIAL PLANNING

*Sound advice for a secure future*

Four Ponds Financial Planning LLC  
Registered Investment Adviser

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Form ADV Part 2  
Advisory Brochure  
January 21, 2021

This brochure provides clients and prospective clients with information about Four Ponds Financial Planning LLC and the qualifications, business practices, and nature of its services that should be carefully considered before becoming an advisory client.

The contents of this brochure have not been approved or verified by the Securities and Exchange Commission (SEC) or any other state or federal authority. Questions relative to the firm, its services, or this ADV Part 2 may be made to the attention of Mr. McPherson at (508) 403-0395. Additional information about the firm, other advisory firms, or associated investment adviser representatives is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Our Firm CRD Number is 142683.

While the firm is an investment adviser registered with the Commonwealth of Massachusetts or other jurisdictions, registration in itself does not imply a certain level of skill or training on the part of the firm or its associated personnel.

**Item 2 - Material Changes**

Four Ponds Financial Planning LLC has made the following material changes to this brochure since the last annual update (filed on March 11, 2020):

- The firm applied for and secured a loan through the Paycheck Protection Program (PPP). Item 18 has been updated with detailed information.
- The firm's sole Investment Advisor Representative is its Owner and CCO, David McPherson

The firm may at any time update this document and either send a copy of its updated brochure or provide a summary of material changes to its brochure and an offer to send an electronic or hard copy form of the updated brochure. Clients are also able to download this brochure from the SEC's Website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or you may contact our firm at (508) 403-0395.

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.

### **Item 3 – Table of Contents**

<b>Item 1 – Cover Page</b>	<b>1</b>
<b>Item 2 - Material Changes</b>	<b>1</b>
<b>Item 3 – Table of Contents</b>	<b>2</b>
<b>Item 4 - Advisory Business</b>	<b>4</b>
<b>Item 5 - Fees and Compensation</b>	<b>8</b>
<b>Item 6 - Performance-Based Fees and Side-By-Side Management</b>	<b>11</b>
<b>Item 7 - Types of Clients</b>	<b>11</b>
<b>Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss</b>	<b>12</b>
<b>Item 9 - Disciplinary Information</b>	<b>13</b>
<b>Item 10 - Other Financial Industry Activities and Affiliations</b>	<b>13</b>
<b>Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading</b>	<b>15</b>
<b>Item 12 - Brokerage Practices</b>	<b>17</b>
<b>Item 13 - Review of Accounts</b>	<b>22</b>
<b>Item 14 - Client Referrals and Other Compensation</b>	<b>23</b>
<b>Item 15 - Custody</b>	<b>24</b>
<b>Item 16 - Investment Discretion</b>	<b>24</b>
<b>Item 17 - Voting Client Securities</b>	<b>25</b>
<b>Item 18 - Financial Information</b>	<b>25</b>
<b>Item 19 - Requirements for State-Registered Advisers</b>	<b>26</b>
<b>Form ADV Part 2B – Brochure Supplement for David McPherson</b>	<b>28</b>

***Important Information:*** Throughout this document, Four Ponds Financial Planning, LLC shall also be referred to as the “firm,” “our,” “we” or “us.” These terms are utilized for the reader’s ease of use while reviewing the brochure and are not meant to imply the firm is larger than it actually may be at the time of publication. The client or prospective client may also be referred to as “you,” “your,” etc., and refers to a client engagement involving a single *person* as well as two or more *persons*.

***This brochure contains 30 pages and should not be considered complete without all pages.***

#### **Item 4 - Advisory Business**

Four Ponds Financial Planning LLC (“Four Ponds Financial Planning” or the “firm”) is a Massachusetts-domiciled registered investment adviser that provides fee-only financial planning, portfolio design and asset management services that, depending upon each client’s unique circumstances or specific request may be general in nature or focused on particular areas of interest or need. The firm holds itself to a *fiduciary standard*, which means Four Ponds Financial Planning and its associates will act in the utmost good faith and perform in a manner believed to be in the best interest of its clients.

In addition to the firm’s registration as an investment adviser within Massachusetts (2007) and Rhode Island (2010), the firm and its associated personnel may register or meet certain exemptions to registration in other states in which they conduct business. Mr. McPherson (noted in Item 19) is the firm’s managing member, maintains majority interest in the firm, and is its supervisory principal.

An estimated 50% of the firm’s activities involve providing continuous supervision and consultation with respect to the investment of client assets; 35% furnishing investment advice through consultations not included in either investment supervisory or investment management; the remaining 15% of the firm’s efforts are oriented toward “non-securities advice,” such as issues involving expense budgeting and savings, education, insurance, charitable and estate planning, real estate, among others. The firm does not sponsor or serve as portfolio manager for a wrap fee investment program. As of December 31, 2020, the firm provides asset management services to \$90 million in client assets (\$12.6 million<sup>1</sup> dollars in client assets on a non-discretionary basis and \$77.4 million on a discretionary basis). Investment discretion is defined in Item 16.

#### **Introductory Review**

A complimentary interview is conducted by a qualified representative of the firm to determine the scope of services to be provided. During the initial meeting or prior to it, a current ADV Part 2 advisory brochure<sup>2</sup> and privacy policy statement will be given to the client.

Should the client wish to engage Four Ponds Financial Planning for its services, parties must enter into a written agreement, with further discussion and analysis conducted thereafter to ascertain financial need, goals, holdings, etc., as provided by the client.

Financial advice or plans are based upon the information disclosed by the client or their legal agent and incorporate the client's financial situation at the time the plan is presented. In performing its services, the firm may, but is not required to, verify any information received from the client or from the client's agents.

#### **Financial Planning and Consultation Services**

Clients choosing financial planning service may engage Four Ponds Financial Planning on a limited, "as-needed" basis; a subscription basis that includes annual financial planning updates; or as a prelude for the firm's investment services. Limited engagements are generally project-based, meant for clients seeking specific advice or recommendations.

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<sup>1</sup>The term “assets under management” and rounding to the nearest \$100,000 are as defined by the SEC’s 2010 *General Instructions for Part 2 of Form ADV*.

<sup>2</sup> In consonance with the SEC’s 2010 *General Instructions for Part 2 of Form ADV* (page 22) the firm provides requisite principal executive information within Item 19 of this document that might otherwise be found in Form ADV Part 2B.

Advice may be provided on such subjects as cash flow management, risk management, education funding, investment planning, retirement strategies, estate planning, or other specific needs as indicated by the client.

### **Financial Planning & Investment Management**

- An ongoing service that combines an upfront financial plan with ongoing investment management service.
- Begins with a financial plan that measures your progress toward a financially secure retirement and reviews your overall financial health.
- Ensures implementation of investment recommendations and provides support during times of market volatility.
- Findings and recommendations from the planning review are outlined in a presentation meeting and provided in writing. Supporting reports include retirement planning projections, net-worth statement and portfolio comparisons.
- An Investment Policy Statement establishes written guidelines for how the portfolio is managed.

Includes financial plan updates for clients who have more than \$300,000 managed by Four Ponds.

### **Core Financial Plan**

- A detailed financial plan designed to measure your progress toward a financially secure retirement and other financial goals.
- Most appropriate for clients in mid 40s and above.
- Includes help with fund selection for workplace retirement savings plans.
- Seeks to ensure your investments are helping you reach that goal rather than hindering your efforts.
- Findings and recommendations from the planning review are outlined in a presentation meeting and provided in writing. Supporting reports include retirement planning projections, net-worth statement and portfolio comparisons.
- An overall review of your financial health with an emphasis on retirement planning and investments. Seeks to identify other issues that may require attention including insurance, estate planning and cash flow.
- Monthly subscription option available. Includes annual financial plan updates.

### **Financial Checkup**

- A single 90-minute meeting with a financial planner.
- Entry-level service focused on your most pressing financial issues.
- A short summary of recommendations and access to our financial planning program provided after the meeting.
- Most appropriate for clients with fairly simple circumstances such as those in their late 20s or early 30s.
- Not appropriate for clients with complex needs or those seeking detailed investment recommendations.
- Appropriate topics for discussion include budgeting strategies, basic retirement planning, college savings options and student loans.

## Customized Engagements

- We provide customized financial planning engagements for those with particularly unique or complex circumstances.

## Small Business Retirement Planning

- Assistance for small business owners seeking help setting up retirement plans appropriate for themselves and their employees. Options include SEP IRAs, SIMPLE IRAs and small business 401(k) plans. This service includes retirement planning and financial education seminars for employees.

When financial planning services focus only on certain areas of client interest or need, the client must understand that their overall financial situation or needs may not be fully addressed due to limitations they have established.

The client retains absolute judgement over all implementation decisions and is free to accept or reject any recommendation made by the firm. Further, it remains each client's responsibility to promptly notify Four Ponds Financial Planning if there is a material change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising the firm's recommendations or services.

## Workshop Presentations

Appropriately trained and registered firm personnel may provide educational workshops on an "as announced" basis for groups desiring general advice on investments and personal finance. Topics may include issues related to wealth management, financial planning, retirement strategies, or various other economic and investment topics.

Such workshops or programs are purely educational in nature and do not involve the sale of any investment products. Information presented will not be based on any one person's need, nor does the firm provide individualized investment advice to attendees during these sessions.

## Investment Management and Ongoing Advice

Four Ponds Financial Planning currently offers our various forms of investment advisory services (as described in Item 4) under *discretionary authority*. Clients who engaged us for investment advisory services prior to 2016 may be grandfathered under *discretionary* or *non-discretionary* account authority; in either case, investment discretion is stated in and determined by your written engagement agreement. Four Ponds Financial Planning also offers continuous financial planning services for those who seek ongoing assistance and wish to delegate investment oversight. We believe this service is appropriate for clients who have sufficient assets to make the service worthwhile and cost effective for them.

This engagement includes the creation of an investment policy statement, ongoing portfolio reviews, periodic rebalancing, as-needed financial planning updates and assistance with employer-sponsored retirement plans.

The IPS will be designed to be specific enough to provide guidance to the firm while concurrently allowing flexibility to respond to changing market conditions. Since the IPS will to a large extent be a product of information and data provided by the client, the client shall be responsible for review and final approval of the statement.

Each portfolio is customized based on the needs of the client. The firm generally employs Modern Portfolio Theory as part of its investment strategy, which is described in further detail in Item 8 of this brochure. Existing positions within a client account containing various holdings will be evaluated and maintained when deemed appropriate.

When required under the engagement agreement, the firm will provide regular and continuous monitoring of the client's account, which may include rebalancing portfolios to maintain an optimal allocation while minimizing tax exposures and transactional costs.

#### Use of Third Party Managers, Outside Managers, or Sub-Advisors (TAMPs)

We offer the use of Third Party Managers, Outside Managers, or Sub-Advisors (TAMPs) for portfolio management services. We assist Clients in selecting an appropriate allocation model, completing the Outside Manager's investor profile questionnaire, interacting with the Outside Manager and reviewing the Outside Manager. Our review process and analysis of outside managers is further discussed in Item 8 of this Form ADV Part 2A. Additionally, we will meet with the Client on a periodic basis to discuss changes in their personal or financial situation, suitability, and any new or revised restrictions to be applied to the account. Fees pertaining to this service are outlined in Item 5 of this brochure.

Asset Dedication: We have entered into a collaborative arrangement with Asset Dedication, LLC ("Asset Dedication"), an independent adviser not affiliated with Four Ponds Financial Planning, LLC. Through this arrangement we may recommend Asset Dedication's investment strategies and services to clients, when appropriate, based on each client's individual needs.

We will describe the investment programs and strategies available from Asset Dedication that may be most beneficial and appropriate for the client. We will recommend Asset Dedication strategies only in relation to the client's stated investment objectives and risk tolerance. The client may or may not enter into an agreement directly with Asset Dedication, who shall provide investment management services. We will serve as the communication conduit between the client and Asset Dedication. We shall be available to answer questions that the clients may have regarding their account. Prior to the introduction of a prospective client to Asset Dedication, we collect financial and demographic information, and will assist the client in identifying their financial objectives. We will also keep the client's financial plan current so as to meet the ongoing needs of the client. In the event that the client does not timely update their financial plan we may be required to resign the agreement. Asset Dedication periodically delivers up-to-date program descriptions for use by Four Ponds Financial Planning, LLC. Asset Dedication will generally have discretionary authority to determine the securities to be purchased and sold for the client's accounts managed by Asset Dedication. Asset Dedication also provides operational support to Four Ponds Financial Planning, LLC for the efficient delivery of and reporting of portfolio management services.

Clients are advised that there may be other third-party managed programs that may be suitable to the client that may be more or less costly. No guarantees can be made that client's financial goals or objectives will be achieved. Further, no guarantees of performance can be offered. Investments involve risk, including the possible loss of principal.

Client should obtain and read Asset Dedication's Disclosure Brochure (ADV Part 2) for a complete description of their service, fee schedules and account minimums. A Disclosure Brochure will be provided to clients at the time an agreement for services is executed and account is established.

Garrett Investment Advisors: We may engage Garrett Investment Advisors, LLC., an unaffiliated registered investment adviser firm, to provide investment management sub-advisory services for our clients. Through this

type of engagement, the sub-advisor will implement our investment strategy or strategies that we define together. Four Ponds Financial Planning, LLC will generally serve as the communication conduit between the client and the sub-advisor. We will be available to answer questions the client may have regarding their account and will provide account reviews on a schedule agreed upon with the client. The sub-advisor will generally have discretionary authority to determine the securities to be purchased and sold for the client's accounts consistent with our investment strategy and the client's investment policy statement or similar document. Discretionary authority is described in more detail in Item 16 of this brochure.

### Firm Services

The firm does not provide accounting, legal or property and casualty insurance services. With the client's consent, the firm may work with the client's other advisers (accountants, attorney, etc.) to assist with coordination and implementation of agreed upon strategies. The client should be aware that their other advisers will bill them separately for their services and these fees will be in addition to those of the firm.

The firm will use its best judgment and good faith effort in rendering its services to its clients. Four Ponds Financial Planning cannot warrant or guarantee any particular level of account performance, or that account will be profitable over time. Past performance is not necessarily indicative of future results.

Except as may otherwise be provided by law, the firm will not be liable to the client, heirs, or assignees for any loss an account may suffer by reason of an investment decision made or other action taken or omitted in good faith by the firm with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; any loss arising from the firm's adherence to the client or their legal agent's direction; or any act or failure to act by a service provider maintaining an account.

Federal and state securities laws impose liabilities under certain circumstances on persons who act in good faith and, therefore, nothing contained in this document shall constitute a waiver of any rights that a client may have under federal and state securities laws.

### Item 5 - Fees and Compensation<sup>3</sup>

#### Financial Planning and Consultation Services

Financial planning and consultation services fees are generally paid on a fixed fee or project-based rate and assessed based on the normal hourly rate and an estimate of the number of hours involved in the project. Monthly subscription payment options are available for the Core Financial Plan. An example\* of our schedule would be:

- Core Financial Plan - \$3,000.
  - Monthly payment option: \$750 upfront followed by monthly payments of \$200 - \$300. Includes annual plan updates.
  - Updates to Core Financial Plan: \$2,400 when initiated within 24 months of most recent planning engagement.
- Financial Planning & Investment Management: \$1,500 initial financial planning fee plus annual asset management fee starting at 0.80% per year.
- Financial Checkup: \$825 per session

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<sup>3</sup> Four Ponds Financial Planning LLC reserves the right (but is not obligated) to assess a lower fee to those clients who had engaged the firm prior to November 2, 2019, in addition to associates' and related persons' accounts maintained by the firm through its selected custodian.



- Customized Engagements - \$300/hour

\*The noted fees are a guideline and actual fee estimates may differ due to specific client circumstances.

The firm may require a deposit for initial engagements equal to half of the quoted fee. The balance of the fee is due upon presentation of the plan or advice to the client. Upon completion of the initial engagement, additional work may be billed at an agreed upon fixed or hourly rate. Projects that require spanning more than three months in duration will be billed at the client’s preferred frequency (either quarterly or monthly), in advance.

If the client elects to further engage the firm to provide asset management services, certain financial planning services fees during the initial engagement year may be waived at the discretion of the firm principal.

In limited situations, client fees may be paid by a third-party on behalf of the client. For example, FinancialPoint, a subsidiary of ComPsych Corp., will pay financial planning fees on behalf of clients receiving benefits under a Servicemembers' Group Life Insurance policy.

In all cases, fees for these services are negotiable at the discretion of the firm principal and services to be provided and the assessed fee will be detailed in the written engagement agreement.

Workshop Presentations

While most of the engagements are *pro bono* in nature, the firm may impose a fee for educational workshops. In the event there is a charge to workshop attendees, the fee will be published in the workshop announcement or invitation or may be paid by the engagement sponsor. Fees for these events are typically a fixed amount paid at the time of the presentation.

Investment Management and Ongoing Advice

Investment services fees may be determined by factors such as account size and other potentially unique advisory services required by the client. A tiered, annualized asset-based fee for those accounts that the firm provides its portfolio design that includes asset management services are calculated based on the reporting period end value for those assets under its management and as noted in the following table. The firm’s asset management services fees are negotiable at the discretion of the firm principal.

**Investment Management Fees**

<b>Account Asset Value</b>	<b>Annualized Fee</b>
First \$1,000,000	0.80%
Next \$4,000,000 (\$1,000,000 to \$5,000,000)	0.60%
Above \$5,000,000	0.40%

House-holding Accounts

At its discretion, the firm may aggregate or “household” asset management accounts (including multiple accounts) for the same individual or two or more accounts within the same family, or accounts where a family member has power of attorney over another family member or incompetent person’s account. However, should investment objectives be substantially different for any two or more household accounts requiring different investment approaches, the firm reserves the right to apply its fee schedule separately to each account.

### Use of Third Party Managers, Outside Managers, or Sub-Advisors (TAMPs)

When an Outside Manager is used, the Outside Manager will debit the Client's account for both the Outside Manager's fee, and Four Ponds' advisory fee, and will remit Four Ponds' fee to Four Ponds. Please note, the above fee table does include the Outside Manager's fee. No increase in the annual fee shall be effective without agreement from the Client by signing a new agreement or amendment to their current advisory agreement.

### Billing Cycle and Fee Assessments

For the convenience of the client, they may be billed by Four Ponds either quarterly or monthly (in arrears) during each advisory billing cycle. A new account's first billing cycle may occur once the agreement is executed and accounts are funded. For partial periods under our management, your account will be assessed a pro-rated fee. Accounts held at Asset Dedication are billed in advance.

Fee payments will generally be assessed within 10 business days following each calendar-billing period. For those accounts held by client's selected brokerage firm or custodian that the firm does not maintain an agreement, clients will be directly billed, and fees will be due in full within 15 days of receipt of the firm's invoice.

For purposes of determining account asset value, securities and other instruments traded on a market for which actual transaction prices are publicly reported will be valued at the last reported sale price on the principal market in which they are traded.

If there are no sales on such date, then they will be determined by the mean between the *closing bid* and *asked price* on such date. Other readily marketable securities will be valued using a pricing service or through quotations from one or more dealers. In the absence of a market value, Four Ponds Financial Planning may seek an independent third party opinion or through a good faith determination by a qualified firm associate.

The applicable asset management services fees referenced include all fees and charges for the services of the firm and its investment adviser representatives. The client will be required to authorize in writing a selected broker/dealer or custodian ("service provider") to deduct advisory fees, applicable transaction charges, etc., from client accounts. All fees will be clearly noted on your statements and we will send you written notice of the fees to be deducted from your account which will include the total fee assessed, covered time period, calculation formula utilized, and the assets under management on which the fee has been based. In all instances, the client bears responsibility for verifying the accuracy of fee calculations in their invoice/statement.

Fees for these services are negotiable at the discretion of the firm principal and services to be provided and the assessed fee will be detailed in the written engagement agreement. Lower fees for comparable services may be available from other sources.

### Potential Additional Fees

Specific product recommendations made by the firm will usually be for "no-load" (i.e., no commission) products, if available. In some cases, such as with insurance products, there may not be a suitable selection of no-load products available for recommendation, however, neither the firm nor its associates will be paid a commission on the purchase.

Any transactional or custodial fees assessed by the selected service provider and/or individual retirement account or qualified retirement plan account termination fees are borne by the client and are as provided in the current, separate fee schedule of the selected service provider. Fees paid to the firm for its services are separate from any charges the client may pay for mutual funds, ETFs/ETNs, or other investments of this type. The firm does not receive “trailer” or SEC Rule 12b-1 fees from any investment company.

Fees charged by these issuers are detailed in prospectuses or product descriptions and clients are encouraged to read these documents before investing. Four Ponds Financial Planning receives none of these described or similar fees or charges.

Further information about our fees in relationship to our business practices are noted in Item 12 of this document.

### Termination of Services

Either party may terminate the agreement at any time, which will typically be in writing. Should the client verbally notify Four Ponds Financial Planning of the termination and, if in two business days following this notification the firm has not received notice in writing; the firm will make written notice of such termination in its records and will send its own termination notice to the client as a substitute.

A new client may terminate an agreement with the firm within five business days after the signing of the services agreement without penalty or charge. Thereafter, any prepaid, unearned fees will be promptly returned.

For asset management services accounts, following termination notice, it will remain the client or their legal representative’s responsibility to ensure an immediate transfer is completed of any portfolio, account, or residual to the receiving service provider. The firm will not be responsible for future allocations, transactions, etc., upon receipt of a termination notice.

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

The firm’s investment management services fees will not be based upon a share of capital gains or capital appreciation of the funds or any portion of funds of an advisory contract, also known as performance-based fees.

Four Ponds Financial Planning prohibits any affiliated entity or employee to engage in or benefit from side-by-side investment management arrangements, often reflective of managing a hedge fund or other similarly pooled fund.

### Item 7 - Types of Clients

The firm provides its services to individual investors, trusts, estates, non-profit organizations and businesses of various scale. Clients are expected to provide an adequate level of information and supporting documentation to the firm throughout the engagement. This allows the firm to determine the appropriateness of its financial planning or investment strategy for the client or their account; source of funds, or income levels, client or legal agent’s authority to act on behalf of the account, among others.

Four Ponds Financial Planning does not require minimum income levels or dollar-value of assets for its services. The firm reserves the right to waive certain fees based on unique individual circumstances, special arrangements, pre-existing relationships or as otherwise may be determined by the firm principal. The firm also reserves the right to decline services to any prospective client for any reason.

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

### **Method of Analysis**

If the firm is engaged to provide investment consultation, supervisory or management services, the client's current financial situation, needs, goals, objectives and tolerance for risk are initially evaluated. Asset allocation and investment policy decisions are made and discussed with the client to, in the adviser's best judgment, meet the client's objectives while minimizing risk exposure.

The firm employs fundamental analysis that involves using data to evaluate a security's intrinsic value. For example, fundamental analysis of a bond's value could involve evaluating economic factors including interest rates, the current state of the economy, and information about the bond issuer's credit ratings. Fundamental analysis of a stock takes into account revenues, earnings, future growth, return on equity, profit margins and other data to evaluate a company's value and its potential for future growth.

Recommendations provided are based on publicly available reports, company press releases, analysis and research materials, computerized allocation modeling programs, and various subscription services.

### **Investment Strategies**

Four Ponds Financial Planning portfolios are generally constructed based on the principles of Modern Portfolio Theory. The result of this process is a portfolio allocation that potentially produces the highest possible return for a given level of risk. The firm will rebalance each portfolio in an attempt to maintain optimal allocation while minimizing tax exposures and trading costs. In limited circumstances and on client request, the firm may offer advice on shorter-term investment strategies.

Cost-efficient index mutual funds, ETFs, and ETNs are researched and selected for each asset class in the model allocation. Existing positions within a client account will also be evaluated and may be recommended to remain when deemed appropriate. Portfolios may also include a broader range of mutual funds and individual securities. Individual securities may include common or preferred stocks, bond debentures, U.S. Government issues, notes, commercial paper, etc. This is not an all-inclusive list.

**Use of Outside Managers:** We may refer Clients to third-party investment advisers ("outside managers"). Our analysis of outside managers involves the examination of the experience, expertise, investment philosophies, and past performance of the outside managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations, and leverage as part of our overall periodic risk assessment. Additionally, as part of our due diligence process, we survey the manager's compliance and business enterprise risks. A risk of investing with an outside manager who has been successful in the past is that he or she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in an outside manager's portfolio. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our Clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

### **Risk of Loss**

While Four Ponds Financial Planning believes its strategies and investment selection is designed to potentially produce the highest possible return for a given level of risk, it cannot warrant or guarantee that an investment objective or planning goal will be achieved. Some investment decisions made by the firm and/or client may result in loss, which may include the original principal invested. The client must be able to bear the various risks involved in the investment of account assets, which may include market; currency, interest rate, liquidity, operational or political risk, among others. The challenge involved in employing fundamental analysis is that information obtained may be incorrect; the analysis may not provide an accurate estimate of earnings, which may be the basis for a security's value. If a security's price adjusts rapidly to new information, a fundamental analysis may result in unfavorable performance.

When the firm's research and analyses is based upon commercially available software, rating services, general market and financial information, or due diligence reviews, the firm is relying upon the accuracy and validity of the information or capabilities being 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 foretell 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 to or investment management of a client account or financial plan.

When employing an efficient markets theory (such as Modern Portfolio Theory), an investor should consider the potential risk that their broader allocation may generate lower-than-expected returns than that from a specific asset, and that the risk on each type of asset is a deviation from the average return from the asset class. The firm believes this variance from the "expected return" is generally low if the portfolio is made up of diverse, low or non-correlated assets.

Investment vehicles such as ETFs have the potential to be affected by "active risk" or "tracking error risk," which might be defined as a deviation from their stated benchmark (index). Since the core of a portfolio may attempt to closely replicate a stated benchmark, the source of the tracking error or deviation may come from a "sample index" ETF that may not as closely align the stated benchmark. In these instances, the firm may choose to reduce the weighting of a holding or use a "replicate index" ETF as part of its core holdings to minimize the effects of the tracking error in relation to the overall portfolio.

Further, while many ETFs/ETNs are known for their potential tax-efficiency and higher "qualified dividend income" (QDI) percentages, there are certain asset classes or holding periods within an ETF/ ETN that may not benefit. Shorter holding periods as well as certain commodities and currencies (that may be part of an ETF/ETN portfolio) may be considered "non-qualified" under certain tax code provisions, therefore, the holding's QDI will be considered if tax-efficiency is an important aspect of the portfolio.

Although not a common practice of the firm; those accounts that require the employment of more frequent trading strategies may result in additional transactional costs or create taxable events that will be borne by the client, and potentially reducing or negating any benefit derived by shorter term investing.

#### **Item 9 - Disciplinary Information**

Neither the firm nor any member of its management 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**

Neither Four Ponds Financial Planning nor its associated persons are affiliated with or maintain a material relationship or arrangement with another financial industry entity. The firm's policies require it and its personnel to conduct business activities in a manner that avoid actual or potential conflicts of interest between the firm, employees and clients, or that

may otherwise be contrary to law. The firm will provide disclosure to its client prior to and throughout the term of an engagement of any conflicts of interest, which will or may reasonably compromise its impartiality or independence.

Our firm and its associates 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 adviser, or an associated person of the foregoing entities.

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 adviser;
- 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
- 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 other 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 completely separate from advisory fees charged by our advisory firm.

### Recommendations or Selections of Other Investment Advisers

As referenced in Item 4 of this brochure, Four Ponds Financial Planning recommends Clients to Outside Managers to manage their accounts. In the event that we recommend an Outside Manager, please note that we do not share in their advisory fee. Our fee is separate and in addition to their compensation (as noted in Item 5) and will be described to you prior to engagement. You are not obligated, contractually or otherwise, to use the services of any Outside Manager we recommend. Additionally, Four Ponds Financial Planning will only recommend an Outside Manager who is properly licensed or registered as an investment adviser. Should we ever provide you with a recommendation to an unaffiliated registered investment adviser to manage your portfolio, we will first ensure we have conducted what we believe is an appropriate level of due diligence on the recommended third-party investment adviser, to include ensuring their firm is appropriately registered or notice-filed within your jurisdiction. Please note that we are not paid for this referral nor do we share in any fees these firms may receive in managing your investment account.

Four Ponds Financial Planning is a member of the Garrett Planning Network, Inc., an organization that assists financial planners in fee-only, financial planning practices. The Garrett Planning Network is not, nor required to be, a registered financial industry participant. The firm pays an annual membership fee to the Garrett Planning Network for services that include a host of training, compliance and operational support to enhance its ability to provide quality service and advice to the investing public. Garrett Planning Network members must also adhere to ethical guidelines, and meet experiential and education requirements.

Investment adviser representatives of the firm may hold individual membership or serve on boards or committees of professional industry associations such as the National Association of Personal Financial Advisors (NAPFA), Financial Planning Association (FPA) 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.

As a fiduciary, Four Ponds Financial Planning has certain legal obligations, including the obligation to act in clients' best interest. Four Ponds Financial Planning maintains a Business Continuity and Succession Plan and seeks to avoid a disruption of service to clients in the event of an unforeseen loss of key personnel, due to disability or death.

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

### **Code of Ethics Description**

The firm has adopted a Code of Ethics that sets forth the policies of ethical conduct for all personnel and accepts the obligation not only to comply with the mandates and requirements of all applicable laws and regulation but also to take responsibility to act in an ethical and professionally responsible manner in all professional services and activities. The firm's policies include the prohibition against insider trading, circulation of rumors, certain political contribution activities, among others.

Firm personnel that are CFP® designees also adhere to the Certified Financial Planner Board of Standards and Code of Ethics. These principles include:

#### ***Principle 1 – Integrity***

An adviser will provide professional services with integrity. Integrity demands honesty and candor which must not be subordinated to personal gain and advantage. Advisers are placed by clients in positions of trust, and the ultimate source of that trust is the adviser's personal integrity. Allowance can be made for innocent error and legitimate differences of opinion; but integrity cannot co-exist with deceit or subordination of one's principles.

#### ***Principle 2 – Objectivity***

An adviser will provide professional services objectively. Objectivity requires intellectual honesty and impartiality. Regardless of the particular service rendered or the capacity in which an adviser functions, an adviser should protect the integrity of their work, maintain objectivity and avoid subordination of their judgment.

#### ***Principle 3 – Competence***

Advisers will maintain the necessary knowledge and skill to provide professional services competently. Competence means attaining and maintaining an adequate level of knowledge and skill and applies that knowledge effectively in providing services to clients. Competence also includes the wisdom to recognize the limitations of that knowledge and when consultation with other professionals is appropriate or referral to other professionals necessary. Advisers make a continuing commitment to learning and professional improvement.

#### ***Principle 4 – Fairness***

Advisers will be fair and reasonable in all professional relationships. Fairness requires impartiality, intellectual honesty and disclosure of material conflict(s) of interest. It involves a subordination of one's own feelings, prejudices and desires

so as to achieve a proper balance of conflicting interests. Fairness is treating others in the same fashion that you would want to be treated and is an essential trait of any professional.

#### ***Principle 5 – Confidentiality***

Advisers will protect the confidentiality of all client information. Confidentiality means ensuring that information is accessible only to those authorized to have access. A relationship of trust and confidence with the client can only be built upon the understanding that the client's information will remain confidential.

#### ***Principle 6 – Professionalism***

Advisers will act in a manner that demonstrates exemplary professional conduct. Professionalism requires behaving with dignity and courtesy to all who use their services, fellow professionals, and those in related professions. Advisers cooperate with fellow advisers to enhance and maintain the profession's public image and improve the quality of services.

#### ***Principle 7 – Diligence***

Advisers will provide professional services diligently. Diligence is the provision of services in a reasonably prompt and thorough manner, including the proper planning for, and supervision of, the rendering of professional services.

Not all organizational duties are segregated, however, the firm employs policies and procedures to ensure timely, accurate record keeping and supervision. Certain functions may be outsourced to assist in these efforts when/as necessary.

The firm periodically reviews and amends its Code of Ethics to ensure currency; all firm access persons are required no less than annually to attest to their understanding and adherence. Four Ponds Financial Planning will provide a copy of its Code of Ethics to any client or prospective client upon request.

#### **Privacy Policy**

Four Ponds Financial Planning LLC understands that you have entrusted our firm with your personal and financial information, and it is our mission to maintain that trust. Our Privacy Policy applies to "consumers" who are current or former clients of our firm.

We only collect information to help better understand your situation, provide an appropriate recommendation or level of service, or to assist in opening an account when called upon. The information we collect may include name, date of birth, income tax bracket, address, telephone number, email address, social security number, financial data, and information relative to your investment experience and goals.

We do not sell personal information to anyone. We protect the security and confidentiality of the data we collect, and do not disclose personal information to third parties except in the noted limited situations.

We may need to disclose information to companies such as financial institutions or firms that we engage as service providers to assist in managing a portfolio, execute a transaction, print or mail statements, provide audit services, act in a custodial capacity to your account, etc. We have written agreements with these firms that prohibit them from using your information for their own purpose, we limit their use of your information to the performance of the specific service requested, and we evaluate their services as necessary.



Our firm may be required to disclose or report personal information in certain circumstances where we believe in good faith that disclosure is required by law or regulation, such as during the normal course of an examination, authentication checks, and risk control measures or audits.

Outside of these exceptions, we will not share your personal information with third parties unless you have specifically asked us to do so.

We maintain physical, electronic, and procedural safeguards to protect your personal information. We conduct ongoing reviews to protect personal information, and make every effort to keep your information accurate and up to date. If you identify an inaccuracy in your personal information or need to make a change to the information we maintain, please contact us so that we may promptly update your records to better serve you.

We will provide notice on an annual basis per federal law and whenever there is a change in our information sharing practices. If at any time in the future it is necessary to disclose any of your personal information in a way that is inconsistent with this policy, we will provide advance notice of the change so that you will have the opportunity to opt out of such disclosure.

#### Participation or Interest in Client Transactions

Neither Four Ponds Financial Planning nor any related person are authorized to recommend to a client, or effect a transaction for a client, involving any security in which the firm or a related person has a material financial interest, such as in the capacity as an underwriter, adviser to the issuer, etc.

Additionally, employees are prohibited from taking or providing a loan from a client unless it is an approved financial institution.

Since the firm offers its clients financial planning and investment consulting services, in addition to investment supervisory services, a potential conflict of interest may exist. Therefore, the client is under no obligation to act upon a firm recommendation. If the client elects to act on any of the firm's recommendations, they are under no obligation to execute them through Four Ponds Financial Planning or its associates.

#### Personal Trading

The firm does not trade for its own account, however, its related persons may buy or sell securities similar to those recommended to clients for their accounts. The firm may also make recommendations or take action with respect to investments for its clients that may differ in nature or timing from recommendations made to or actions taken for other clients or its employees. However, at no time will Four Ponds Financial Planning or any related party receive preferential treatment over its clients.

In an effort to reduce or eliminate certain conflicts of interest involving personal trading (e.g. trading ahead of client's orders), firm policy may require the utilization of published lists that restrict or prohibit transactions in specific reportable securities transactions.

Any exceptions or trading pre-clearance must be approved by the firm principal in advance of the transaction in any related person's account. The firm maintains the required personal securities transaction records per regulation.

### **Item 12 - Brokerage Practices**

#### Factors Used to Select Broker-Dealers for Client Transactions

Four Ponds Financial Planning does not maintain custody of any of your account (see Item 15). Your assets must be maintained in an account at a “qualified custodian” (generally a broker/dealer or bank) that is frequently assessed for its capabilities to serve as a custodian by their respective industry regulatory authority. Our firm is not a custodian, nor do we have an affiliate that is a custodian.

Due to the fact that our firm is able to request the withdrawal of its advisory fees from a client account, it is deemed in many jurisdictions to have “constructive custody.” However, no advisory fees will be withdrawn from your account for the benefit of our firm without your prior written approval; fee withdrawals will follow our written notice (invoice) to you, and the withdrawal of such fees will be completed by a qualified intermediary (e.g., your custodian of record).

When engaged to provide investment consultation services, 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.

The Custodian and Brokers We Use (TD Ameritrade): If you have engaged our firm to provide investment supervisory services, we recommend that our clients use the institutional services division of TD Ameritrade, Inc. (“TD Ameritrade”), member FINRA/SIPC/NFA. As stated earlier, our firm is independently owned and operated and is not affiliated with TD Ameritrade, or any other firm we may recommend.

TD Ameritrade will hold your assets in an account in your name and will buy and sell securities when we instruct them to do so. While we recommend that you use TD Ameritrade as your service provider, you must decide whether to do so and your account with the custodian will be entered into via an account agreement directly with them. We technically do not open the account for you, although we will assist you in doing so.

This custodian offers independent investment advisors various services, which include custody of client assets, trade execution, clearance and settlement, etc. Our firm may receive certain benefits from TD Ameritrade through participation in its independent advisor support program (please refer to Item 14 for further details), however, there is no direct link between our firm’s participation in their programs and the investment advice we may provide to our clients.

This custodian also offers other services intended to help the firm manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, industry publications, access to educational conferences and webinars, access to other third-party service providers that provide a wide array of business-related services and technology with whom the firm may directly contract.

Many of these services are generally available on an unsolicited basis (we don’t have to request them) and at no charge to us as long as our clients maintain account assets with these custodians. While we are not required to maintain a collective minimum asset level, these custodians may charge account holders transaction-related fees for securities trades executed through their firm, which is noted in their respective fee schedules.

TD Ameritrade may provide our firm with certain brokerage and research products and services that may qualify as “brokerage or research services” under Section 28(e) of the Securities Exchange Act of 1934. The availability of these services benefits us because we do not have to separately produce or purchase them. We may not be required to pay for these services as long as our clients maintain assets in accounts with TD Ameritrade. Beyond that, these services are not contingent upon us committing any specific amount of business to TD Ameritrade in trading commissions or assets in custody. This remains a potential conflict of interest but we believe our selection

of these custodians is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of their services to our clients, and not on services that benefit only our firm.

We periodically conduct an assessment of any service provider we recommend, including TD Ameritrade, which typically includes a review of their range of services, reasonableness of fees, among other items, and in comparison to their industry peers.

The Custodian and Brokers We Use (Charles Schwab & Co., Inc.): Four Ponds Financial Planning LLC (“we”/“our”) does not maintain custody of your assets on which we advise, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15 – Custody, below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (“Schwab”), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we/you instruct them to. While we recommend that you use Schwab as custodian/ broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. If you do not wish to place your assets with Schwab, then we cannot manage your account. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see “Your brokerage and custody costs”)

#### How we select brokers/custodians

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are overall most advantageous when compared with other available providers and their services. We consider a wide range of factors, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades ( buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, security and stability
- Prior service to us and our clients
- Availability of other products and services that benefit us, as discussed below (see “Products and services available to us from Schwab”)

#### Your brokerage and custody costs

For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, many mutual funds and ETFs) may not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab’s Cash Features Program. In addition to commissions, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other

compensation you pay the executing broker- dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How we select brokers/custodians”).

#### Products and services available to us from Schwab

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

#### Services That Benefit You.

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

#### Services that may not directly benefit you.

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

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

#### Services that generally benefit only us.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

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

We recommend that you maintain your account with Schwab, based on our interest in receiving Schwab’s services that benefit our business and Schwab’s payment for services for which we would otherwise have to pay rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab’s services (see “How we select brokers/ custodians”) and not Schwab’s services that benefit only us.

### Client Referrals

All compensation paid to the firm is paid directly by the client and, therefore, the firm does not receive any additional compensation when its clients engage a recommended custodian or other service provider.

### Best Execution

Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed in the previous section. We recognize our obligation in seeking "best execution" for our clients; however, it is our belief that the determinative factor is not always the lowest possible cost but whether the selected service provider's transactions represent the best "qualitative" execution while taking into consideration the full range of services provided. Therefore, we will seek services involving competitive rates, but it may not necessarily result in the lowest possible rate for each transaction.

We have determined that having TD Ameritrade execute our trades is consistent with our duty to seek "best execution." We periodically review policies regarding our recommending service providers to our clients in light of our duty to seek "best execution."

### Directed Brokerage

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

You may direct our firm to use another particular broker-dealer or custodian to execute some or all transactions for your account. In these circumstances, you will be responsible for negotiating, in advance, the terms and/or arrangements for your account with your selected service provider.

We will not be obligated to seek better execution services or prices from these other service providers, or able to aggregate your transactions, should we choose to do so, for execution through other custodians with orders for other accounts managed by our firm. As a result, you may pay higher commissions or other transaction costs, experience greater spreads, or receive less favorable net prices, on transactions for your account 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 our firm.

### Trade Aggregation

Transactions for each client will generally be executed independently unless the firm decides to purchase or sell the same securities for several clients at approximately the same time often termed "aggregated" or "batched" orders. The firm does not receive any additional compensation or remuneration as a result of aggregated transactions.

The firm may (but is not obligated to) aggregate orders in an attempt to obtain better execution, negotiate favorable transaction rates, or to allocate equitably among client accounts should there be differences in prices and commissions or other transaction costs that might have been obtained had such orders been separately placed.

Within aggregated orders, transactions will generally be averaged as to price and allocated among the clients on a *pro rata* basis on any given day and the firm will attempt to do so in accordance with applicable industry rules. Client accounts where trade aggregation is disallowed or infeasible may be assessed higher transaction costs than those that are batched.

We review both our trade aggregation procedures and allocation processes on a periodic basis to ensure they remain within stated policies and regulation. We will inform you, in advance, should our trade aggregation and allocation practices change at any point in the future.

Outside Managers used by Four Ponds Financial Planning may block Client trades at their discretion. Their specific practices are further discussed in their ADV Part 2A, Item 12.

### Trade Errors

The firm corrects all trade errors through a separate account maintained by the firm's primary custodians, and the firm will be responsible for any trade error losses in accounts. Likewise, the firm may also receive any gains resulting from the correction of any trade errors and, therefore, may potentially receive a benefit from this arrangement.

## **Item 13 - Review of Accounts**

### Types of Reviews

Periodic financial check-ups or portfolio reviews are recommended for those clients receiving incidental financial planning and consultation, and it is the client's responsibility to initiate these reviews.

Asset management services accounts are periodically reviewed throughout the year by the firm principal. Additional reviews may be triggered by news or research related to a specific holding, a change in the firm's view of the investment merits of a holding, or news related to the macroeconomic climate affecting a sector or holding within that sector.

Accounts may also be reviewed when being considered for an additional holding or an increase in a current position. Account cash levels above that deemed appropriate for the investment environment, given the client's stated risk tolerance and objectives, may also trigger a review.

### Content of Client Provided 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 mutual fund 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.

We may provide portfolio reports if we are engaged to provide periodic asset allocation or investment advice, however, we do not provide ongoing performance reporting under our financial planning or investment consultation services engagements.

For our asset management services accounts, our firm may provide quarterly portfolio statement and position performance summary reports, and annual realized gains/loss reports for taxable accounts. Some of our clients may also receive additional reports depending on their specific requirements.

All firm performance reports will be prepared in accordance with appropriate jurisdictional guidance. 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 Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

TD Ameritrade: As disclosed in Item 12, we may receive economic benefit from TD Ameritrade in the form of the support products and services it makes available to us and other independent investment advisers whose clients maintain their accounts at this custodian. These benefits may not be made available to “retail investors” who do not work through a registered investment advisor firm such as ours. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12*). The availability to us of these products and services is not based on us giving particular investment advice, such as buying particular securities for our clients. As previously stated, there is no direct link between our firm’s participation in their program and the investment advice we may provide to our clients.

These benefits may include the following products and services (provided either without cost or at a discount):

- receipt of duplicate client statements and confirmations
- research related products and tools
- access to trading desks serving our clients
- access to block trading services
- the ability to have advisory fees deducted directly from a client’s accounts (per written agreement)
- resource information related to capital markets and various investments
- access to an electronic communications networks for client order entry and account information
- access to mutual funds with no transaction fees and/or select investment managers
- discounts on marketing, research, technology, and practice management products or services provided to our firm by third-party providers

Some of the noted products and services made available by TD Ameritrade 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 TD Ameritrade benefits our firm because it does not have to produce or purchase them as long as firm clients maintain assets in accounts at TD Ameritrade. Therefore, there is an appearance of a conflict of interest since our firm may have an incentive to select or recommend TD Ameritrade as its 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 the custodian’s independent advisor program does not depend on the amount of brokerage transactions directed to TD Ameritrade, and the selection of these firms as custodian of record is in the best interests of our clients since the selection is primarily supported by the scope, quality, and cost of services provided as a whole -- not just those services that benefit only our advisory firm.

### **Advisory Firm Payments for Client Referrals**

We do not engage in solicitation activities as defined by statute.

The firm and/or David McPherson may hold membership in various professional organizations. 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 participant firms or individual financial planners within a selected state or region. These passive websites may provide means for interested persons to contact a firm or planner via electronic mail, telephone number, or other contact information, in order to interview the participating firm or planner. Members of the public may also choose to telephone association staff to inquire about a firm or individual planner within their area and would receive the same or similar information.

A portion of our membership fees may be used so that our name will be listed in some or all of these entities' websites (or other listings). Prospective clients locating our firm or one of our associates via these methods are not actively marketed by the noted associations.

Clients who find us in this way do not pay more for their services than clients referred to us in another fashion, such as by another client. We do not pay these entities for prospective client referrals, nor is there a fee-sharing arrangement reflective of a solicitor engagement.<sup>4</sup>

#### **Item 15 - Custody**

Client funds and securities will be maintained by unaffiliated, qualified custodians (such as TD Ameritrade), banks, broker-dealers, mutual fund company, or transfer agent and not with or by Four Ponds Financial Planning or any of its associates.

The firm will not accept or forward client securities (i.e., stock certificates) erroneously delivered to the firm.

At no time will a firm employee be authorized to have knowledge of a client's account access information (i.e., online 401(k), personal brokerage, or bank accounts), even for the "accommodation" of the client or their legal agent when such access might result in physical control over client assets.

Firm policies restrict the firm and its associated persons from acting as trustee for or having full power of attorney over a client account.

Fees for any single account will not be collected for services to be performed more than six months in advance.

Clients will be provided transaction confirmations and summary account statements sent directly from their selected service provider; not through Four Ponds Financial Planning. Typically, these statements are provided on a monthly or quarterly basis, and as transactions occur. Clients are reminded to inform the firm, at its main office, if they do not receive these statements in a timely fashion. For those accounts that elect to receive electronic statements from the selected service provider, they must ensure they maintain a current electronic mail address with the service provider.

#### **Item 16 - Investment Discretion**

We currently offer our various forms of investment advisory services (as described in Item 4) under *discretionary authority*. Clients who engaged us for investment advisory services prior to 2016 may be grandfathered under *discretionary* or *non-discretionary* account authority; in either case, investment discretion is stated in and determined by your written engagement agreement.

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<sup>4</sup> Our firm believes this arrangement is in consonance with SEC No-Action Letter No. 1251421 in its response to the National Football League Players Association.



Similar to a limited power of attorney, *discretionary authority* allows our firm to implement investment decisions, such as the purchase or sale of a security on behalf of your account, without requiring your prior authorization for each transaction in order to meet your stated account objectives.

If your account is managed in a *non-discretionary* manner, your prior approval must be made for each transaction with regard to the investment and reinvestment of account assets or for the firm to give instructions to the service provider maintaining your account. The service provider will specifically limit the firm's authority in the account to the placement of trade orders and the deduction of advisory fees. In light of the requirement for your pre-approval, you must make yourself available and keep us updated on your contact information so that instructions can be efficiently affected on your behalf.

We will retain information about all client account directions, limitations and rescissions that are reviewed and approved by a supervisory principal with our firm.

### **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 manner in which 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**

With the exception of our having the ability to withdraw our advisory fees through the services of a qualified, unaffiliated custodian and per your prior written authorization, we will not have custody of your assets (as described in Item 15). This includes our policy of not collecting fees from you for services we will perform six months or more in advance.

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 applied for and secured a loan through the Paycheck Protection Program (PPP) established by the U.S. Small Business Administration in connection with COVID-19 to provide support for businesses to retain their employees and maintain operations. The loan was obtained to ensure that we can continue to meet our contractual obligations and maintain the operations of the firm. We believe this does not impair our ability to meet our commitment to our clients.

#### Bankruptcy Petitions during the Past 10 Years

The firm and its management have not been the subject of a bankruptcy petition at any time during the past 10 years.

#### **Item 19 - Requirements for State-Registered Advisers**

##### Principal Executive Officer and Management Person

##### **Managing Member/Firm Principal/Data Security Officer/Investment Adviser Representative**

David Joseph McPherson, CFP®

Born: 1965, CRD # 5266409

##### Educational Background and Business Experience

###### ***Educational Background***

BA - Political Science; Stonehill College (1987)

Certificate in Financial Planning; Boston University (2005)

Certified Financial Planner™ Practitioner (CFP®) <sup>5</sup> (2010)

NASAA State Investment Adviser Law (Series 65) Exam (2006)

###### ***Business Experience***

**Four Ponds Financial Planning, LLC**; Mashpee, MA

Managing Member/Principal

1/2007 to Present

**ABCNews.com Personal Finance Columnist**

10/2007 to 10/2010

**The Providence Journal**; Providence, RI

Deputy Business Editor - 7/2002 to 1/2007

Online Reporter/Producer – 11/2000 to 7/2002

##### Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item. There are no criminal or civil actions, administrative enforcement proceedings, self regulatory organization enforcement proceedings or any other proceedings applicable to the firm or Mr. McPherson.

##### Other Business Activities

Mr. McPherson is not registered and does not have applications pending to register as a registered representative of a broker/dealer or associated person of a futures commission merchant, commodity pool operator, or commodity trading

adviser. Therefore, Mr. McPherson does not receive commissions, bonuses or other compensation based on the sale of securities or other investment products, including that as a registered representative of a broker/dealer, and including distribution or service (“trail”) fees from the sale of mutual funds.

Mr. McPherson is an active member of NAPFA, FPA and the Certified Financial Planning Board of Standards, Inc.

#### Additional Compensation

Mr. McPherson is not compensated for advisory services involving performance-based fees, nor does he or the firm have a material relationship involving an issuer of a security. Our firm also prohibits employees from accepting or receiving additional economic benefit, such as sales awards or other prizes, for providing advisory services to its clients.

#### Supervision

Mr. McPherson serves in multiple capacities with the firm; such as Managing Member, Firm Principal, Data Security Officer, Investment Adviser Representative, and Chief Compliance Officer. The firm recognizes that not having all organizational duties segregated may potentially create a conflict of interest, however, the firm employs procedures to ensure timely, accurate record keeping and supervision. Certain functions may be outsourced to assist in these efforts when or as necessary.

Questions relative to the firm, staff, its services, or this ADV Part 2 may be made to the attention of Mr. McPherson at (508) 403-0395.

Additional information about the firm, other advisory firms, or associated investment adviser representatives 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, known as an IARD number. The IARD number for Four Ponds Financial Planning LLC is 142683.

The business and disciplinary history, if any, of an investment advisory firm and its representatives may also be obtained by calling the Massachusetts Securities Division at (617) 727-3548.

#### Requirements for State-Registered Advisers

There have been neither arbitration awards nor any awards where Four Ponds Financial Planning LLC, nor Mr. McPherson has been found liable in any civil, self-regulatory or administrative proceeding. Neither the firm, nor Mr. McPherson has been the subject of a bankruptcy petition.

## Four Ponds Financial Planning LLC

13 Steeple St., Suite 202  
Mashpee, MA 02649  
(508) 403-0395

Dated January 21, 2021

Form ADV Part 2B – Brochure Supplement for David McPherson

*For*

### **David Joseph McPherson - Individual CRD# 5266409**

Managing Member, Data Security Officer, Investment Advisor Representative, and CCO

This brochure supplement provides information about David McPherson that supplements the Four Ponds Financial Planning LLC (“Four Ponds Financial Planning”) brochure. A copy of that brochure precedes this supplement. Please contact David McPherson if the Four Ponds Financial Planning brochure is not included with this supplement or if you have any questions about the contents of this supplement.

Additional information about David Joseph McPherson is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) which can be found using the identification number 5266409.

# Item 2: Educational Background and Business Experience

## David Joseph McPherson

Born: 1965

### Educational Background

- 1987 – Bachelor of Arts in Political Science, Stonehill College

### Business Experience

- 01/2007– Present, Four Ponds Financial Planning LLC, Managing Member / Data Security Officer / Investment Advisor Representative, and CCO
- 10/2007 – 10/2010, ABCNews.com, Personal Finance Columnist
- 07/2002 – 01/2007, The Providence Journal, Deputy Business Editor
- 11/2000 – 07/2002, The Providence Journal, Online Reporter/Producer

### Professional Designations, Licensing & Exams

**CFP (Certified Financial Planner)®:** The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with Clients. Currently, more than 71,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination includes case studies and Client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real-world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and

- Ethics – Agree to be bound by CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their Clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

## Item 3: Disciplinary Information

No management person at Four Ponds Financial Planning LLC has ever been involved in an arbitration claim of any kind or been found liable in a civil, self-regulatory organization, or administrative proceeding.

## Item 4: Other Business Activities

David McPherson is not involved with outside business activities.

## Item 5: Additional Compensation

David McPherson does not receive any economic benefit from any person, company, or organization, in exchange for providing Clients advisory services through Four Ponds Financial Planning.

## Item 6: Supervision

David McPherson, as Managing Member, Data Security Officer, Investment Advisor Representative, and Chief Compliance Officer of Four Ponds Financial Planning, is responsible for supervision. He may be contacted at the phone number on this brochure supplement.

## Item 7: Requirements for State Registered Advisers

David Joseph McPherson has NOT been involved in an arbitration, civil proceeding, self-regulatory proceeding, administrative proceeding, or a bankruptcy petition.