



The Advisory Firm, LLC  
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[www.TheAdvisoryFirm.net](http://www.TheAdvisoryFirm.net)  
06/18/2018

This Brochure provides information about the qualifications and business practices of [The Advisory Firm, LLC](#). If you have any questions about the contents of this Brochure, please contact us at 678-566-3711 or [info@theadvisoryfirm.net](mailto:info@theadvisoryfirm.net). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

[The Advisory Firm, LLC](#) is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about [The Advisory Firm, LLC](#) also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated 06/18/2018 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting James Daniel at 678-566-3711 or james@theadvisoryfirm.net. Our Brochure is also available on our web site [www.theadvisoryfirm.net](http://www.theadvisoryfirm.net), also free of charge.

Additional information about The Advisory Firm, LLC is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with The Advisory Firm, LLC who are registered, or are required to be registered, as investment adviser representatives of [The Advisory Firm, LLC](#).

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## Item 4 – Advisory Business

The Advisory Firm, LLC is a Registered Investment Advisor with the State of Georgia and began operating in March of 2006.

The Advisory Firm, LLC is solely owned by James Daniel.

The Advisory Firm, LLC offers both Financial Planning Services and Investment Management Services to clients. The Advisory Firm offers Financial Planning and Investment Management as distinctly different services and clients can choose to use us for either service or both.

**Financial Planning Services:** involve working with clients to review their complete financial picture, set financial goals and develop specific strategies to achieve those goals. Our financial planning process encompasses the key areas as defined by the CFP Board of Standards: Net Worth, Cash Flow, Cash Reserve, Insurance, College, Retirement, Investments and Estate.

Our typical Financial Planning relationship is for a 12 month engagement and includes an initial meeting, strategy session and plan presentation meeting. Clients have full access to us for phone calls, emails or any follow up items throughout the 12 month engagement.

**Investment Management Services:** The Advisory Firm offers professional investment management services for clients as a separate service from Financial Planning. We presently use TD Ameritrade Institutional as the custodian to hold all client accounts in our Investment Management program. The Advisory Firm has no relationship or ties to TD Ameritrade other than as a third party custodian to hold client accounts.

Investment Management includes:

- Development of model portfolio for the client after careful consideration of the clients risk tolerance, time horizon, goals and income needs.
- Selecting investments that in the opinion of The Advisory Firm are best suited for that model portfolio
- Placing trades with custodian and ensuring that trades are executed per instruction
- Monitor portfolio on an ongoing basis and make changes as necessary per client's financial needs and market conditions.

The Advisory Firm, LLC presently manages \$48,500,000 (06/18/2018) of client assets on a discretionary basis. Our policy is to get all Investment strategies approved by the client

prior to investing the clients account. However, The Advisory Firm retains the discretionary right to make investment changes in a client's account without prior notification. Our policy is a long term asset allocation strategy and to notify clients in advance of changes to portfolio's. However, market conditions may precipitate the need to make modifications without sufficient time to notify clients in advance.

Investment Management clients of The Advisory Firm will receive monthly account statements and trade confirmations directly from TD Ameritrade either through regular mail or email notification. TD Ameritrade also offers online access for clients to view accounts at any time.

Privacy:

The Advisory Firm, LLC maintains a privacy policy to detail our approach to client privacy and confidentiality which can be found on our website or requested by calling our office. We understand that our clients put a great deal of trust in our ability to handle their financial data in a secure manner. Confidential client information is only available to the owner of The Advisory Firm, LLC: James Daniel.

### **Item 5 – Fees and Compensation**

The Advisory Firm, LLC charges separate fees for financial planning and investment management which are detailed below. The financial planning fee covers a 12 month engagement to develop a comprehensive financial plan. The investment management fee covers the professional management and implementation of a client's investment strategy. The two services are separated to allow clients the ability to choose the best service to meet their needs.

For clients that choose to use The Advisory Firm, LLC as both a financial planner and investment manager the standard fee schedule for both services apply. However, after the initial financial planning engagement any client that utilizes our Investment Management services and maintains an aggregate household minimum balance of \$500,000 will be offered ongoing annual financial planning updates at no additional charge.

#### ***Financial Planning Fees Schedule:***

The Prime Financial Plan is a comprehensive plan for client's mid-career up to pre-retirement and the fees are 1% of household income with a minimum of \$1250 and a maximum of \$3500.

The Retirement Plan is a comprehensive plan directed toward clients already in Retirement and the fees are .1% of Net Worth with a minimum of \$1500 and a maximum of \$5000.

*\*The Advisory Firm, LLC reserves the right to adjust planning fee structure if a client's situation is deemed more complex.*

**Investment Management Fee schedule:**

The Advisory Firm manages investments on a “fee for assets under management” arrangement. This means that we charge an annual fee for managing money. The fee is based on the value of the account and is billed in arrears on the value of the account at the end of each quarter. Billing is completed at the beginning of the following quarter.

Fee Schedule

First \$1,000,000 = 1% annual management fee (billed at .25% per quarter)

\$1,000,000 to \$2,000,000 = .8% annual management fee (billed at .20% per quarter)

\$2,000,000 + = .6% annual management fee (billed at .15% per quarter)

(tiered strategy ex. for \$1.5m account= (1% x \$1m) + (.8% x \$500k) = \$14k annual fee)

Clients can elect to be billed directly for fees or to authorize The Advisory Firm, LLC to directly debit fees from the clients account.

If the quarterly fees are deducted directly from clients accounts held at TD Ameritrade Institutional, they will appear as debits from The Advisory Firm on the monthly statements in March, June, September and December of each year.

The custodian holding client accounts (TD Ameritrade Institutional) acts as an independent third party and all fee/debit requests from The Advisory Firm have to be initiated through them. We submit our quarterly billing to TD Ameritrade and once approved they initiate the debit from each clients account.

All fees are subject to negotiation.

The specific manner in which fees are charged by **The Advisory Firm** is established in a client's written agreement with The Advisory Firm. The Advisory Firm will generally bill its fees on a quarterly basis. Clients may also elect to be billed directly for fees or to authorize The Advisory Firm to directly debit fees from client accounts. Management fees shall not be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a

prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

The Advisory Firm's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment managers and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to The Advisory Firm's fee, and The Advisory Firm shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that The Advisory Firm considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

The Advisory Firm does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

#### **Item 7 – Types of Clients**

The Advisory Firm provides portfolio management services to individuals, high net worth individuals, corporate retirement and profit-sharing plans.

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

The Advisory Firm, LLC uses an Asset Allocation approach to investing client's accounts. This means that we believe in a philosophy of mixing stocks, bonds, commodities and cash within a client's portfolio to achieve a better risk adjusted return. Our strategy is to review a client's risk tolerance, objectives and constraints to determine an appropriate allocation (percentage mix) of stocks, bonds, commodities and cash. Based on a model approved by the client we will implement using a selection of Mutual Funds and Exchange Traded Funds. The method of developing the various allocation models for each risk tolerance is through our financial planning software which uses historical market returns of each type of investment and blends them together to show backtested optimal mixes for each return/risk level. Our method for determining which investment vehicles to use are through research methods online and through financial publications. We also employ a technical perspective of the markets when determining allocation. This involves looking at market trends as to which asset classes should be overweighted or underweighted within a client's portfolio.

All portfolios can be customized based on client input or preferences.

**“Investing in securities involves risk of loss that clients should be prepared to bear.”**

## **Item 9 – 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 The Advisory Firm or the integrity of The Advisory Firm's management. The Advisory Firm nor James Daniel has any information applicable to this Item.



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

### **Item 11 – Code of Ethics**

The Advisory Firm does not engage in activities such as principal or broker in which it would sell or buy securities from its own account and place them in a client's account. Furthermore we do not maintain any financial interest in investment products that we recommend nor do we receive any commissions from those products.

The Advisory Firm, LLC has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at The Advisory Firm must acknowledge the terms of the Code of Ethics annually, or as amended.

The Advisory Firm, LLC anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which The Advisory Firm has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which The Advisory Firm, its affiliates and/or clients, directly or indirectly, have a position of interest. The Advisory Firm's employees and persons associated with The Advisory Firm are required to follow The Advisory Firm's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of The Advisory Firm and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for The Advisory Firm's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of The Advisory Firm will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of The Advisory Firm's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit

employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between The Advisory Firm and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with The Advisory Firm's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. The Advisory Firm will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

The Advisory Firm's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting James Daniel or by clicking the link on our website home page.

It is The Advisory Firm's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. The Advisory Firm will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Item 12 - Brokerage Practices**

The Advisory Firm, LLC may at its discretion utilize the services of a trade away broker or prime broker for purchasing/selling securities in a clients account. The factors we consider in using an outside broker to facilitate a transaction is their level of expertise in that security and their help in constructing client portfolios.

1. Soft Dollar Benefits: The Advisory Firm, LLC custodies all client assets with TD Ameritrade Institutional. By using TD Ameritrade as custodian and directing client trades

through them we receive benefits such direct billing, research services, materials and marketing and additional support services without a cost to us as the Advisor. This is a result of trading commissions and fees that TD Ameritrade charges each client for security transactions.

### **Item 13 – Review of Accounts**

The Advisory Firm will be the portfolio manager for clients using us for Investment Management Services. The portfolio manager is responsible for all account reviews and analysis. These reviews will be performed at least annually with analysis sent to the clients in one of the Quarterly letters or via a direct meeting to discuss. Accounts will be reviewed for portfolio mix, performance, allocation drift, risk assessment and how closely we are meeting the financial plan objectives. Portfolio reviews may be conducted more frequently should there be a material change in economic or market conditions.

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

The Advisory Firm receives no outside compensation by referring clients to other professionals.

### **Item 15 – Custody**

The Georgia Securities Division takes the position that an investment advisor who directly authorizes the deduction of fees from a client's custodial account is deemed to have custody of client assets solely as a consequence of the investment advisor's authority to make withdrawals from the client's account to pay its advisory fees.

Clients should receive at least monthly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. The Advisory Firm urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 – Investment Discretion**

The Advisory Firm usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, The Advisory Firm observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, The Advisory Firm's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to The Advisory Firm in writing.

## **Item 17 – Voting *Client* Securities**

As a matter of firm policy and practice, The Advisory Firm does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. The Advisory Firm may provide advice to clients regarding the clients' voting of proxies.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about The Advisory Firm's financial condition. The Advisory Firm has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

## Item 19 – Requirements for State-Registered Advisers

Principal Executive officers / management persons:

The owner of The Advisory Firm, LLC is:

James A. Daniel

DOB: 09/20/1969

Education: Georgia Southern University, 1992, BS of Electrical Engineering

Previous 5 years experience:

01/2006 to present: Managing Principal and Portfolio Manager, The Advisory Firm, LLC

09/2002 to 01/2006: Financial Advisor, Ameriprise Financial (formerly Amex Financial Advisors)

02/1999 to 08/2002: Independent Trader, Protrader Securities

The Advisory Firm, LLC (and/or James Daniel) maintains the following industry affiliations:

*NAPFA:*

NAPFA-Registered Financial Advisor® is the top level of membership in the National Association of Personal Financial Advisors (NAPFA). All NAPFA-Registered Financial Advisors® must have three years of comprehensive financial planning experience, have a sample comprehensive financial plan pass a peer review process. Since 2012 all NAPFA-Registered Financial Advisors® must possess a Bachelor's degree from an accredited institution. Currently new NAPFA-Registered Financial Advisors® must also possess either the Certified Financial Planner™ designation awarded by the Certified Financial Planner Board of Standards, Inc., or the American Institute of Certified Public Accountants' Personal Financial Specialist (CPA/PFS) credential. All NAPFA-Registered Financial Advisors® must also adhere to NAPFA's Fiduciary Oath, Standards of Membership and Affiliation, and Bylaws. NAPFA-Registered Financial Advisors must also comply with NAPFA's industry-leading strict continuing education requirements of sixty hours every two years. All NAPFA-Registered Financial Advisors® provide investment and/or financial advice on a strictly Fee-Only basis as defined by NAPFA, and continue to meet NAPFA's standards for strong character and adherence to the laws and regulation governing the profession.

*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 62,000 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, administered in 10 hours over a two-day period, 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.

**CFA Institute:**

The premier global association for investment management professionals. The mission of the CFA Institute is to lead the investment profession globally by promoting the highest standards of ethics, education, and professional excellence for the ultimate benefit of society.

The mission of CFA® Institute is served by generating value for core investment management professionals and engaging with the core investment management industry to advance ethics, market integrity, and professional standards of practice, which collectively contributes value to society.

Core investment management professionals are those individuals primarily involved in activities related to the investment decision-making process—generally portfolio managers, financial advisors, and research analysts on both the buy and sell side.

The core investment management industry is comprised of firms (or larger firm business lines) primarily engaged in asset management (mutual funds, hedge funds, private equity, real estate investment, investment research and ratings, and investment advisory services), wealth management, fiduciary asset ownership (such as pension funds, endowments, and sovereign wealth funds), and their related regulators and standard setters.

The Chartered Financial Analyst<sup>®</sup> (CFA) credential is held by over 150,000 professionals around the world. The charter gives a strong understanding of advanced investment analysis and real-world portfolio management skills.

The CFA Program is a self-study, graduate-level program divided into three levels of exams. Passing these exams is one step to becoming a CFA charterholder.