



Form ADV Part 2A – Appendix 1 Wrap Fee Brochure

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Date of Disclosure Brochure: May 1, 2025

This Wrap Fee Program Brochure ("wrap fee brochure") provides information about the Investor Advantage Program sponsored by Phillips and Company Advisors, LLC. If you have any questions about the contents of this wrap fee brochure, please contact us at (503) 224-0858. The information in this wrap fee brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Please note that the use of the term "registered investment advisor" and description of our firm and/or our associates as "registered" does not imply a certain level of skill or training. Clients are encouraged to review this wrap fee brochure and any brochure supplements ("brochure supplements") for more information on the qualifications of our firm and our associates.

Additional information about Phillips and Company Advisors, LLC is available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for the firm is 167214.

Item 2 – Material Changes

Since our last annual updating amendment filed on December 2, 2024, we have made the following material changes to this wrap fee brochure:

- The Firm only offers investment advisory services and no longer provides brokerage services through an affiliate Phillips & Company Securities, Inc.
- The Firm no longer recommends the custodial services of Pershing.
- The Firm no longer offers the Lockwood Wrap Programs available through Pershing.

We will ensure that all current clients receive a Summary of Material Changes to this and subsequent wrap fee brochures within 120 days of the close of our business' fiscal year. A Summary of Material Changes is also included within our wrap fee brochure available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for the firm is set forth on the cover page of this wrap fee brochure. Clients will further be provided with disclosure about material changes affecting our firm or a brochure as may become necessary or appropriate at any time, without charge.

Copies will be provided to you free of charge by contacting us at the telephone number reflected on the cover page of this wrap fee brochure.

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Item 4 – Services, Fees, and Compensation

Phillips and Company Advisors, LLC ("Phillips Advisors," "firm," "we," "us," and "our") is a Delaware limited liability company registered as an investment advisor with the United States Securities and Exchange Commission ("SEC") since October 2011. Prior to that time, beginning in 2004, the personnel of Phillips Advisors conducted investment advisory business through Phillips & Company Securities, Inc. ("Phillips & Company") in its former capacity as a registered investment advisor. In October 2011, we formed Phillips Advisors and registered the new company as an investment advisor with the SEC.

Timothy C. Phillips is the Chief Executive Officer and majority owner of the firm. None of the minority owners of the firm holds more than a five percent (5.00%) ownership interest in the firm. Our principal offices are located in Portland, Oregon.

The information contained in this wrap fee brochure describes the ongoing and continuous investment supervisory services provided to clients under the Investor Advantage Program ("Program") sponsored by Phillips Advisors and for other Wrap Fee Managed Portfolios where Phillips Advisors provides ongoing and continuous investment supervisory services. Only investment advisor representatives of Phillips Advisors

may serve as portfolio managers in the Program. Therefore, participants in the Program must be advisory clients of Phillips Advisors. A description of how we tailor Program services to the needs of our clients is below. As used throughout this wrap fee brochure, the words “you,” “your,” and “client” refer to you as either a client or prospective client of our firm.

We act in a fiduciary capacity and will only recommend investments to you when we believe them to be in your best interests and in line with your unique financial needs, objectives, and limitations.

The investment advisory services of Phillips Advisors under the Program will be provided to you through an appropriately licensed and qualified individual who is an investment advisor representative of Phillips Advisors (referred to as your investment advisor representative throughout this wrap fee brochure). Your investment advisor representative is limited to providing the services and charging investment advisory fees in accordance with the descriptions detailed in this wrap fee brochure. However, the exact services you receive and the fees you will be charged will be specified in your advisory services agreement.

As the Program sponsor, we offer an extensive range of investment advisory services through the Program. These services may include:

- assessment of the client's investment needs and objectives;
- development of an asset allocation strategy designed to meet the client's objectives;
- recommendations on suitable style allocations;
- identification of appropriate investments and investment vehicles suitable given the client's goals;
- evaluation of investments meeting style and allocation criteria;
- review of client accounts to ensure adherence to policy guidelines and asset allocation;
- recommendations for account rebalancing, if necessary;
- online and paper reporting of client account(s) performance and progress; and
- fully integrated back office support systems to advisors, including custody, trade execution, and confirmation and statement generation, through Schwab.

We provide some or all of the above referenced investment advisory services. Though all of the above referenced services may be offered, services offered are based on the type of account and your individual situation.

We will meet with you and gather information necessary for us to obtain an understanding of your unique financial situation and investment objectives and manage your Program account(s) accordingly. At least quarterly, you will be instructed to notify us whether your financial situation or investment objectives have changed or if you want to impose and/or modify any restrictions on our management of your Program account(s). At least annually, your investment advisor representative will contact you to determine whether your financial situation or investment objectives have changed or if you want to impose and/or modify any restrictions on the management of your accounts. Your investment advisor representative shall remain reasonably available to consult with you relative to the status of your Program account(s) at any time. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities. A separate account is maintained for you at an independent qualified custodian (e.g., a broker-dealer, bank, or trust company) and you will retain right of ownership of the account (e.g., the right to withdraw securities or cash, exercise or delegate proxy voting, and to receive transaction confirmations).

Upon establishment of a Program account, your investment advisor representative will be granted trading authorization over your account. Program accounts are typically managed on a discretionary basis. However, at your request, we will manage Program accounts on a non-discretionary basis. You must opt-in to provide us with the ability to manage accounts on a discretionary basis. The opt-in of such authority will be memorialized in the Investor Advantage Client Agreement. This authority allows us to determine the type of securities and the amount of securities that can be bought or sold for the client portfolio without obtaining the client's consent for each transaction. For non-discretionary accounts, we will only implement transactions in your Program account(s) after having obtained your prior approval.

Suitability and Investment Strategy

Your investment advisor representative will work with you to determine your objective(s), investment strategy, and investment suitability, prior and subsequent to opening a Program account. You must promptly contact your investment advisor representative to advise us of any changes to your investment objective(s) and/or financial situation.

Client portfolios developed through the Program may be constructed by your investment advisor representative or may be developed by the Phillips Investment Committee. We will agree, in writing, to a particular investment portfolio. Numerous model portfolios are developed by the Phillips Investment Committee at any one time, but generally speaking, portfolios will be designed based on the following objectives: Current Income, Growth & Income, Conservative Growth, Moderate Growth, and Growth.

Depending on your individual needs, investment recommendations will be made in, but not necessarily limited to, no-load mutual funds, funds at NAV, equity positions, fixed income positions, municipal securities and U.S. government securities.

Our advisory services are always provided based on your individual needs. This means, for example, that when we provide asset management services, you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information.

We will not enter into an investment advisor relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

Brokerage, Clearing, and Custody

Custodial and trade execution arrangements available under the Program are described below. In general, Program accounts engage the custodial and trade execution services of one or more of the broker-dealer firms discussed below.

Charles Schwab and Company, Inc.

Program accounts utilize the custodial and trade execution services of Charles Schwab & Company, Inc. ("Schwab"). Schwab is an SEC registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investors Protection Corporation ("SIPC"). We are not affiliated with Schwab and Schwab does not monitor or control the activities of our firm or its personnel. Schwab will act solely as a custodian and/or broker-dealer and not as your investment advisor. They will hold your assets in your name in a brokerage account or accounts and buy and sell securities and execute other transactions when instructed to do so by you or the firm.

We are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. Although we are not required to execute all trades through Schwab, 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 a broker's execution capability; commission rates; financial responsibility; responsiveness and customer service; custodial capabilities; research services/ancillary brokerage services provided; and other factors that we consider relevant.

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like Phillips Advisors. They provide us and our clients with access to institutional brokerage – trading, custody, reporting, and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available to Phillips Advisors 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 generally are available on an unsolicited basis (we do not have to request them) and at no charge to us. Below is a more detailed description of the support services made available to us by Schwab.

Services That Benefit Clients. 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 Phillips Advisors 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 clients and their accounts.

Services That May Not Directly Benefit Clients. Schwab also makes available to Phillips Advisors other products and services that benefit us but may not directly benefit our clients. 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 provides access to client account data (such as duplicate trade confirmations and account statements); facilitates trade execution; provides pricing and other market data; facilitates payment of our advisory fees from our clients' accounts; and assists us 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 access to educational conferences and events; consulting on technology, compliance, legal, and business needs; access to publications and conferences on practice management and business succession; and access to employee benefits providers, human capital consultants, and insurance providers.

Schwab may provide some of the above services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may discount or waive its fees for some or all of these services. The research and brokerage services provided to Phillips Advisors by Schwab qualify for the safe harbor exemption defined in Section 28(e) of the Exchange Act.

The aforementioned research and brokerage services are generally used by Phillips Advisors to manage accounts for which Phillips Advisors has trading authority at Schwab. Without these arrangements, Phillips Advisors might be compelled to purchase the same or similar services at its own expense. As part of our fiduciary duty to clients, Phillips Advisors endeavors at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm and/or our associated persons creates a conflict of interest and indirectly influences our recommendation of Schwab to clients. Phillips Advisors examined this potential conflict of interest in choosing to recommend Schwab and has determined that the recommendation of Schwab is in the best interests of our clients and satisfies our fiduciary obligations, including our duty to seek best execution.

If the client selects a custodian other than those we recommend (i.e., Schwab) for execution of transactions (i.e., client directed brokerage), you are advised that we may be unable to seek best execution of your transactions and the costs you will incur may be higher than those charged by the firms we recommend. For example, in a directed brokerage account, you may pay higher brokerage commissions and/or receive less favorable prices on the underlying securities purchased or sold for your account because we may not be able to aggregate your order with the orders of other clients. In addition, where you direct brokerage, we may place orders for your transactions after we place transactions for clients using Schwab. We reserve the right to reject your request to use a particular custodian if such selection would frustrate our management of your account, or for any other reason.

A full description of our brokerage practices, including a description of certain benefits we receive from Schwab in connection with our recommendation of their services to clients and the conflict of interest this creates with clients can be found at Item 12 and Item 14 of our firm brochure. Our firm examined the above

conflicts of interest when we chose to enter into our relationships with Schwab and we have determined that this relationship is in the best interest of our clients and satisfies our client obligations, including our duty to seek best execution. Clients should carefully consider this information when selecting a custodian for their account.

Aggregation of Client Orders

Transactions implemented for Program accounts are generally effected on an aggregated basis. This means we purchase or sell the same securities for several clients at approximately the same time.

This process is also referred to as batch trading or block trading. When Phillips Advisors aggregates client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among Phillips Advisors clients in proportion to the purchase and sale orders placed by Phillips Advisors for each client account on any given day. When Phillips Advisors determines to aggregate client orders for the purchase or sale of securities, including securities in which an associated person of Phillips Advisors may invest, Phillips Advisors will do so in accordance with the parameters set forth in the SEC No-Action Letter, SMC Capital, Inc. It should be noted that Phillips Advisors does not receive any additional compensation or remuneration as a result of aggregation.

Trade Error Policy

Phillips Advisors has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. It is the policy of the firm to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction but will not receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by Phillips Advisors. However, Phillips Advisors will maintain gains that may result from correcting a trade error and in some instances may use such gains to offset overall losses Phillips incurs from trading errors.

Custody

All client funds and securities on which we advise are held in accounts titled in the client's name maintained by an independent qualified custodian or transfer agent (typically, Schwab). For wealth management clients, the custodian will be authorized to execute trades within the client's account upon our instructions, acting within the scope of the authority granted to us in our written advisory agreement with the client and the custodian's account opening documentation.

Where we directly debit our advisory fees from your account held at the custodian or transfer agent, the custodian or transfer agent will independently send you an account statement at least quarterly identifying the amount of funds and each security in your account at the end of the period and setting forth all transactions in your account during the period, including the amount of any fees paid to us. Your custodian/transfer agent is not responsible for verifying the accuracy of our fee calculations. *Therefore, we encourage you to review the custodian's/transfer agent's account statements carefully upon receipt.* If you believe our fees have been miscalculated or if you have any other questions related to your account, you should contact us immediately at the phone number listed on the cover page of this brochure.

As a matter of administrative convenience and at the firm's discretion, advisory clients may be offered the option to execute standing letters of authorization ("SLOAs") which authorize Phillips Advisors to disburse

client funds to a specific third-party payees designated in writing by the client. In these circumstances, our protocol to assure the proper handling of client funds is to require that:

1. The client provides a written, signed instruction to the qualified custodian that includes the third-party payee's name and address or account number at a custodian;
2. The client authorizes Phillips Advisors in writing to direct transfers to the named third-party payee or payees either on a specified schedule or from time-to-time;
3. The client's qualified custodian verifies the client's authorization and provides a transfer of funds notice to the client promptly after each transfer;
4. The client can terminate or change the instruction at any time on notice to the custodian;
5. Phillips Advisors has no authority or ability to designate or change the identity, address, or other information of the designates third-party payee or payees in the instruction;
6. Phillips Advisors maintains records showing that the designated third-party payee or payees is/are not a related party of the firm or located at the same address as the firm; and
7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Program Fees

As a participant in the Program, you will pay an annualized asset-based fee ("Program Fee") which includes all fees and charges for the advisory services, selected Managers, and all applicable brokerage charges. Therefore, you are not charged transaction fees separately from the Program Fee. Specifically, the Program Fee will cover all commissions, prime broker fees, and any other transaction fees relating to the execution of securities transactions within Program accounts.

The Program Fee will be payable quarterly in advance. The first payment is due upon the later of opening an account or executing a client agreement and will be assessed on a pro rata basis in the event an agreement is executed at any time other than the first day of the billing cycle. All subsequent payments will be assessed accordingly.

Fees are negotiable and will depend on factors such as, but not limited to, the amount of assets under management, the number of accounts established, the complexity of the client's financial situation, and the investment advisor representative.

The following is a sample fee schedule provided for illustrative purposes. The exact fee charged to a client will be detailed in the Phillips Advisors – Wrap Fee Program Agreement.

Assets Under Management	Annual Fee Not to Exceed
<\$2,000,000	1.95% (195 basis points)
\$2,000,000 - \$3,000,000	1.40% (140 basis points)
\$3,000,000 - \$5,000,000	1.25% (125 basis points)
>\$5,000,000	1.05% (105 basis points)

The maximum annual fee charged a Program account shall not exceed 1.95%. For Wrap Fee accounts custodied with Charles Schwab as the broker dealer, Phillips Advisors will retain for portfolio management and other wrap program costs, 10 basis points for Investor Advantage portfolios and 20 basis points for other wrap fee portfolios it manages.

Fees are generally deducted directly from your brokerage account. Clients must provide written authorization to have fees deducted from the account. At our discretion, you may pay fees directly via invoice. For clients that pay directly, payment is due upon receipt of the billing invoice. The custodian selected for your account will send client brokerage account statements, at least quarterly, showing all disbursements for the account including the amount of the advisory fee, when deducted directly from the account.

Our wrap fee is not based directly on the number of transactions in your account. Various factors influence the relative cost of the Program to you, including the cost of our investment advice, custody, and brokerage services if you purchased them separately, the types of investments held in your account, and the frequency, type, and size of trades in your account. The Program may cost more or less than purchasing such advisory and execution services separately. As disclosed in this section, we receive compensation as a result of a client's participation in Program. Therefore, we have a financial incentive to recommend the Program over other programs or services. The amount of our compensation may be more than what you would receive if you participated in programs sponsored by other financial firms or paid separately for investment advice, brokerage, and other services.

Conflicts of Interest Related to Wrap Fees

The benefits a client may experience under our wrap fee program depend, in part, upon the size of the account, the costs associated with managing your account, and the frequency and/or type of securities transactions executed in the account. For example, a wrap fee program may not be suitable for all accounts, including but not limited to accounts holding primarily, and for any substantial period of time, cash or cash equivalent investments, fixed income securities, or no-transaction-fee mutual funds, or any other type of security that can be traded without commissions or other transaction fees. In order to evaluate whether the Program is appropriate for you, you should compare our wrap fee and any other costs associated with participating in the program with the amounts that would be charged to you for a similar suite of services by other investment advisors, broker-dealers, and custodians if advisory fees, brokerage and execution costs, and custodial services were to be charged to you separately.

When managing a client's account on a wrap fee basis, we are compensated for our investment advisory services with the balance of the wrap fee paid by you after certain custodial, trade execution, and other management costs incurred in your account are paid. This arrangement creates a conflict of interest, insofar as we have a financial incentive to maximize our compensation by seeking to reduce or minimize the total costs incurred in your account(s) subject to our wrap fee. For example, this arrangement creates an incentive for Phillips Advisors to trade your account less frequently and to select investments which reduce our costs. To address the foregoing conflict of interest, we manage your account in strict accordance with your investment policy statement and our ongoing fiduciary duty to you.

Clients should further note that certain custodians, including those we recommend to clients, may not charge trading commissions or transaction fees in connection with the purchase of certain investments, which may include U.S. exchange listed equities, mutual funds, and exchange traded funds. We are always available to discuss the trade execution costs of the brokers we recommend so that our clients can better compare the total costs of participating in the Program. Ultimately, participation in the Program could cost you more or less than purchasing our investment advice and custody/brokerage services separately. Phillips Advisors offers ongoing investment supervisory services for an unbundled fee (i.e., where the costs of investment advice are paid separate from brokerage and custodial fees) under its Concentrated Investment Management Account Services. Please see our firm brochure for more information on that program.

Other Fees

You may incur certain charges imposed by third parties other than Phillips Advisors in connection with investments made through the account, including but not limited to, mutual fund sales loads, surrender charges, and IRA and qualified retirement plan fees charged by Schwab, a product sponsor or other third party. Our Program fees are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus.

Additional Compensation, Economic and Non-Economic Benefits

Through our relationships with Schwab, we receive economic and non-economic benefits. These benefits include, but are not necessarily limited to, the following: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk; access to block trading which provides the ability to aggregate securities transactions and allocate the appropriate the shares to client accounts; the ability to have investment advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information.

Termination of Services

You or Phillips Advisors may terminate Program services at any time, for any reason upon receipt of written notice to the other party. Services will be terminated without penalty and you will receive a pro-rated refund based on the amount of time remaining in the period. We will cooperate fully in any requests to deliver funds and securities held in Program accounts to another custodian. Schwab may charge an Account Transfer fee, which is detailed in the Phillips Advisors Fee Schedule and/or their account opening documents. Transactions in a closed account are subject to normal brokerage rates applied by Schwab. Termination of services will not affect the liabilities or obligations of the parties arising out of transactions initiated prior to termination.

Item 5 – Account Requirements and Types of Clients

We typically provide investment advice to individuals, high net worth individuals, trusts, estates, charitable organizations, and corporations and other business entities. To become a Program participant, you must execute a written program agreement (the Phillips Advisors Wrap Fee Program Agreement). In addition, you will be required to establish a brokerage account through Schwab by completing their account opening documentation.

We do not require the client maintain any minimum account size or pay any minimum annual fee to participate in the Program.

Item 6 – Portfolio Manager Selection and Evaluation

The Investor Advantage Program and other Wrap Fee Portfolios where Phillips Advisors serves as the investment manager, and therefore does not allow investment advisor representatives or clients to utilize portfolio managers that are not associated with Phillips Advisors for those portfolios. In other words, the only portfolio managers selected for managing client assets within those strategies in the Program are investment advisor representatives or employees of Phillips Advisors. Therefore, conflicts of interest present in other wrap-fee programs that make available both affiliated and unaffiliated portfolio managers are not present in these Program portfolios.

For other portfolios offered through Phillips Advisors Wrap Fee Program, our firm conducts a rigorous due diligence process to select portfolio managers, considering factors such as their investment track record, team expertise, risk management practices, and alignment with our client's investment objectives. We regularly review and monitor the performance of these managers to ensure they continue to meet our standards.

General Description of Other Advisory Services

Detailed descriptions of our services other than the Program are provided in our Form ADV Part 2A - Firm Brochure.

Concentrated Investment Management Account Services

We offer another asset management program outside of the Investor Advantage Program. Through our Concentrated Investment Management Account Services, we provide clients with continuous and on-going supervision over client accounts. This program is setup on a non-wrap fee basis and is described in our firm brochure. Please contact us at the telephone number found on the cover page of this wrap fee brochure if you would like to receive a copy of our firm brochure free of charge.

Pension Consulting Services

We provide several advisory services for corporate retirement plans, separately or in combination. While the primary clients for these services will be pension, profit sharing, and 401(k) plans, Phillips Advisors will also offer these services, where appropriate, to individual participants. This program is described in our firm brochure. Please contact us at the telephone number found on the cover page of this wrap fee brochure if you would like to receive a copy of our firm brochure free of charge.

Account and Portfolio Consultations

We offer financial and investment consultations on accounts not managed or maintained by us. Only accounts in which we are not "Investment Advisor" of record on the account are eligible for this service. Accounts are reviewed based upon your specific needs and desires for future financial goals and/or objectives. General or specific recommendations are provided to the client by Phillips Advisors. The service provides continuous and regular consultations provided on a quarterly or more frequent basis. Through this service, we will not have any authority or responsibility to implement our recommendations. All final decisions to accept our advice and implement our advice are the responsibility of the client. If you have accounts reviewed by our firm and are unable to implement our investment recommendations, it is important to notify us so that we can properly adjust future recommendations. This program is described in our firm brochure. Please contact us at the telephone number found on the cover page of this wrap fee brochure if you would like to receive a copy of our firm brochure free of charge.

Advice on Certain Types of Investments

Phillips Advisors provides investment advice on the following types of investments:

- mutual funds;
- exchange traded funds ("ETFs");
- exchange-listed securities;
- certificates of deposit;
- municipal securities;
- U.S. government securities;
- foreign issues;
- warrants;
- corporate debt securities;
- commercial paper;
- options; and
- Interests in partnerships investing in real estate, partnerships investing in oil and gas interests, securities properly exempted from registration, and hedge funds. Such investments are often illiquid, which means that the investments can be difficult to trade and consequently limits a client's ability to dispose of such investments in a timely manner and at an advantageous price. Additionally, such investments may not have registered pursuant to the Securities Act of 1933, and

therefore the client will need to complete a subscription agreement showing the client is an "accredited" investor (as defined by applicable law and rules and regulations) and acknowledge that he or she has read and understands the private placement memorandum and is aware of the various risk factors associated with such an investment.

It is not our typical investment strategy to attempt to time the market, but we may increase cash holdings modestly as deemed appropriate based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

Participation in Wrap Fee Programs

As thoroughly discussed in this wrap fee brochure, Phillips Advisors provides ongoing and continuous asset management services through our Investor Advantage Program which is a wrap-fee program. Under a wrap fee program, advisory services and transaction services are provided for one fee. This is different from non-wrap fee management programs whereby an investment advisory firm's services are provided for a fee, but transaction costs are billed separately on a per-transaction basis. Our Concentrated Investment Management Services program is an example of such a "non-wrap" fee program.

Performance-Based Fees and Side-By-Side Management

Select investors, meeting eligibility requirements, and electing to participate in specific strategies offered will also have a Performance-Based Fee included in their investment management agreement. The conditions relating to such performance fees are:

- Performance Fee: In addition to the Advisory Fee, some accounts will be charged ten percent (10%) of the growth in the account balance.
- The initial quarter end Performance Fee will be based upon the growth from the initial amount deposited.
- Any subsequent Performance Fee will be measured from and paid only on the growth from the highest historical quarter-end balance (the value upon which the prior performance fee was based (high-water mark)).
- If any quarter end balance is less than the highest historical quarter-end balance (high-water mark), there will be no performance fee assessed for that period.
- If the quarter end balance exceeds the existing high-water mark, the performance fee is 10% of the gain over the existing high-water mark. This will also establish a new high-water mark.
- In performing the calculation to determine the growth in the account, the high-water mark balance will be adjusted for any Client contributions or withdrawals but will not be adjusted down by any advisory or performance fees charged.

Unless the Client instructs otherwise, the custodian debits the Client's account for the fees and costs, including the fees to the Advisor, and remits the fees to the respective parties accordingly. In addition to the aforementioned, there may be other costs assessed which are not included in the advisory fee arrangement, such as dealer management and operating expenses of ETF's and mutual funds, costs associated with the purchase and sale of certain mutual funds, electronic fund and wire transfers, fees imposed on cash management accounts, trust services charges, and other charges mandated by law. Further, interest will normally be charged on a debit balance in a Client account. the custodian will credit any dividends or interest to the account.

As we are responsible for managing portfolios that are both subject and not subject to performance fees, there is an inherent conflict of interest to favor accounts that pay performance-based fees. We mitigate these risks through portfolio design, (i.e., the performance-based portfolios have different objectives, and therefore different investments, versus the non-performance-based portfolios). Also, we utilize

aggregation of orders with average price executions across accounts to avoid favoring certain accounts versus others.

Client Assets Managed by Phillips Advisors

The amount of clients' assets managed by Phillips Advisors totaled \$2,276,351,775 on September 30, 2024. Of that amount, \$1,073,652,383 is managed on a discretionary basis and \$1,202,699,392 is managed on a non-discretionary basis.

Methods of Analysis

Phillips Advisors uses the following methods of analysis in formulating investment advice:

Cyclical Analysis – This method analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and in higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins. While most economists and investors agree that there are cycles in the economy that need to be respected, the duration of such cycles is generally unknown. An investment decision to buy at the bottom of a business cycle may actually turn out to be a trade that occurs before or after the bottom of the cycle. If done before the bottom, then downside price action can result prior to any gains. If done after the bottom, then some upside price action may be missed. Similarly, a sell decision meant to occur at the top of a cycle may result in missed opportunity or unrealized losses.

Fundamental Analysis – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong and could therefore lead to an unfavorable investment decision.

Technical Analysis – This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When

most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

Investment Strategies

We use the following investment strategies when managing client assets and/or providing investment advice:

Long-Term Purchases – We may recommend a long term, passive, “buy and hold” approach to investing client assets. In this type of investment strategy, we suggest the purchase of securities with the idea of holding them in a portfolio for a year or longer. Typically, we employ this strategy when (1) we believe the securities to be currently undervalued, and/or (2) we want the portfolio to have exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the recommendation to sell.

Short-Term Purchases – When utilizing this strategy, we may suggest the purchase of securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we recommend for purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Trading – A trading program rather than an investment program may not be suitable for all clients. “Trading” refers to purchasing and selling securities on a short-term basis with the intention of achieving quick profits. Trading is, by definition, a form of speculating as distinguished from investing.

A trading strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains. For these reasons, we will use trading strategies only in client accounts we believe will benefit from the strategy and which can assume the increased risk of loss.

Margin Transactions – When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest of the purchase price from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from Phillips Advisors.

Risk of Loss

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different

types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.

Equity (stock) Market Risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

Company Risk – When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

Fixed Income Risk – When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

Options Risk – Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.

ETF and Mutual Fund Risk – When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.

Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

Margin Risk - When you purchase securities, you may pay for the securities in full or borrow part of the purchase price from your account custodian or clearing firm. If you intended to borrow funds in connection with your Account, you will be required to open a margin account, which will be carried by the clearing firm. The securities purchased in such an account are the clearing firm's collateral for its loan to you.

If those securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and as a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in your account. The brokerage firm may issue a margin call and/or sell other assets in your account.

It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you may maintain, including any margin account that may be

established as part of the agreement established between you and Phillips Advisors and held by the account custodian or clearing firm.

These risks include the following:

- You can lose more funds than you deposit in your margin account.
- The account custodian or clearing firm can force the sale of securities or other assets in your account.
- The account custodian or clearing firm can sell your securities or other assets without contacting you.
- You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call.
- The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities.
- The account custodian or clearing firm can increase its “house” maintenance margin requirements at any time and they are not required to provide you advance written notice.
- You are not entitled to an extension of time on a margin call.

Voting Client Securities

Phillips Advisors does not vote proxies on behalf of clients. We have determined that taking on the responsibilities for voting client securities does not add enough value to the services provided to you to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in Account.

You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided. Although we do not vote client proxies, if you have a question about a particular proxy feel free to contact us. However, you will have the ultimate responsibility for making all proxy-voting decisions.

Legal Actions

Clients retain the right under the applicable securities laws to initiate individually a lawsuit or join a class-action lawsuit against the issuer of a security that was held, purchased or sold by or for a client in the Program. We will not initiate such a legal proceeding on behalf of any client and do not provide legal advice to clients regarding potential causes of action against such a security issuer and whether its clients should join a class-action lawsuit. We recommend clients seek legal counsel prior to making a decision regarding whether to participate in such a class-action lawsuit. Our services do not include monitoring or informing its clients of any potential or actual class-action lawsuits against the issuers of the securities that were held, purchased or sold by or for any of its clients. However, upon a client's specific instruction, we may provide factual information related to the individual client's investment history in the security underlying the individual or class-action lawsuit and provide assistance with the completion of a portion of certain class-action paperwork. At no time should such assistance by our firm or our investment advisor representatives be deemed as a substitute for consulting with legal counsel.

Item 7 – Client Information Provided to Portfolio Managers

We are required to describe the information about you that we communicate to your portfolio manager(s), and how often or under what circumstances we provide updated information. Because only our investment advisor representatives serve as portfolio managers, investment advisor representatives or their assistants are responsible for gathering all information provided by clients. Investment advisor representatives will interview and work with clients to gather all information needed relative to their investment objectives and needs in order to provide management services through the Program. Clients need to contact their investment advisor representative whenever there are changes to their financial situation that will impact or materially influence the way Phillips Advisors manages accounts.

Item 8 – Client Contact With Portfolio Managers

There are no limitations on the client's ability to contact our firm and speak with the in-house portfolio manager of their account. It is your continuing and exclusive responsibility to give us complete information and to notify us of any changes in your financial circumstances, income level, investment goals or employment status. It is the policy of Phillips Advisors to provide an "open channel" of communication between investment advisor representatives and their clients. Clients are encouraged to contact their investment advisor representative whenever they have questions about the management of their account.

Item 9 – Additional Information

Disciplinary Information

This item is not applicable to our brochure because there are no legal or disciplinary events listed at Item 9 of the Form ADV Part 2A instructions that are material to a client's or prospective client's evaluation of our business or the integrity of our firm's management personnel.

Phillips Advisors is not and does not have a related person that is an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), another investment advisor or financial planner, a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, a lawyer or law firm, an insurance company or agency, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

We are an independent registered investment advisor and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this wrap fee brochure. However, while we do not sell products or services other than investment advice, our representatives may sell other products or provide services outside of their role as investment advisor representatives with us.

Code of Ethics Summary

According to the Investment Advisers Act of 1940, an investment advisor is considered a fiduciary and has a fiduciary duty to all clients. Phillips Advisors has established a Code of Ethics to comply with the requirements of Section 204(A)-1 of the Investment Advisers Act of 1940 that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. The Code of Ethics covers all individuals that are classified as "supervised persons". All employees, officers, directors and investment advisor representatives are classified as supervised persons. Phillips Advisors requires its supervised persons to consistently act in your best interest in all advisory activities. Phillips Advisors imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm's fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of the Code of Ethics of Phillips Advisors. If you wish to review the Code of Ethics in its entirety, you should send us a written request and upon receipt of your request, we will promptly provide a copy of the Code of Ethics to you, without charge.

Affiliate and Employee Personal Securities Transactions Disclosure

Phillips Advisors or associated persons of the firm may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a potential conflict of interest. It is the express policy of Phillips Advisors that all persons associated in any manner with our firm must place clients' interests ahead of their own when implementing personal investments. Phillips Advisors and its associated persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole

or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry.

We are now and will continue to be in compliance with applicable state and federal rules and regulations. To prevent conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members (collectively, associated persons):

- associated persons cannot prefer their own interests to that of the client;
- associated persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts;
- associated persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry;
- associated persons are prohibited from purchasing or selling securities of companies in which any client is deemed an “insider”;
- associated persons are discouraged from conducting frequent personal trading; and
- associated persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted to the Chief Compliance Officer of Phillips Advisors.

Any associated person not observing our policies is subject to sanctions up to and including termination.

Account Reviews and Reviewers

Account reviews are made on a regular basis during each calendar year. Account reviews will include investment strategy and objectives review and making a change if your strategy and objectives have changed. Your investment advisor representative is primarily responsible for conducting reviews of your accounts.

Statements and Reports

You are provided with transaction confirmation notices and regular quarterly account statements directly from the custodian selected for your Program account(S). Additionally, Phillips Advisors may provide position or performance reports to you quarterly and upon request. You are encouraged to always compare any reports or statements provided by us against the account statements delivered from your custodian. When you have questions about your account statement, you should contact your investment advisor representative.

Client Referrals and Other Compensation

Client Referrals

Phillips Advisors does not directly or indirectly compensate any person for client referrals.

Other Compensation

The only compensation received from advisory services is the fees charged for providing investment advisory services as described in Item 4 of this brochure. Phillips Advisors receives no other forms of compensation in connection with providing investment advice. However, please refer to preceding sections of this brochure for additional discussion concerning other compensation.

We may from time to time receive expense reimbursement for travel and/or marketing expenses from distributors of investment products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense

reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as client appreciation events, advertising, publishing, and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for which sales have been made or for which it is anticipated sales will be made. This creates a conflict of interest in that there is an incentive to recommend certain products and investments based on the receipt of this compensation instead of what is in the best interest of our clients. We attempt to control for this conflict by always basing investment decisions on the individual needs of our clients.

Financial Information

Financial Condition. As an advisory firm that maintains discretionary authority for client accounts, Phillips & Co is required to disclose any financial condition that is reasonably likely to impair its ability to meet its contractual obligations. We have no such financial circumstances to report.

Balance Sheet. We do not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance. Therefore, we are not required to provide a balance sheet with this brochure.

Bankruptcy. Phillips & Co has not been the subject of a bankruptcy petition at any time in the past.