



## Form ADV Part 2A – Firm Brochure

### Phillips and Company Advisors, LLC

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This brochure ("Brochure") provides information about the qualifications and business practices of Phillips and Company Advisors, LLC ("Phillips Advisors" or the "Firm"). If you have any questions about the contents of this Brochure, please contact us at 503-224-0858.

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Phillips Advisors is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Registration as an investment adviser does not imply a certain level of skill or training.

## Item 2 – Material Changes

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The Brochure was last updated on November 22, 2024. This section will note any material changes that may have been made since the last printed Brochure. Please note the following changes that have occurred:

- 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.

### Future Changes

From time to time, Phillips Advisors may amend this Disclosure Brochure to reflect changes in its business practices, changes in regulations, and routine annual updates, as required by the securities regulators. This complete Brochure or summary of material changes, shall be provided to Clients annually, or if a material change occurs.

At any time, Clients may view our current ADV Part 2A Disclosure and Wrap Fee Program Brochures online at the SEC's Investment Adviser Public Disclosure website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Firm's name, or by our CRD# 167214. Clients may also request a copy of the ADV Part 2A Disclosure and Wrap Fee Program Brochures, at any time, by contacting Phillips Advisors at: 503-224-0858.

We will further provide Clients with a new brochure or a summary of material changes, free of charge, as necessary.

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## Item 4 – Advisory Business

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### Introduction

Phillips Advisors is an investment adviser with its principal place of business in Portland, Oregon. The Firm is structured as a limited liability company (LLC) formed under the laws of the State of Delaware.

Timothy C. Phillips is the Chief Executive Officer (CEO) and the majority owner of Phillips Advisors.

Phillips Advisors has been registered with the SEC as an investment adviser since October 2011. Prior to that time, beginning in 2004, the investment advisory business was conducted through Phillips & Company Securities, Inc. ("Phillips Securities").

### Description of Advisory Services

Phillips Advisors provides investment advisory services to clients through the Firm's investment adviser representatives. The Firm's primary advisory services are described below.

**Investor Advantage Program** - Phillips Advisors has developed and sponsors the Investor Advantage Program (also referred to as "Program"), which is a customized and individualized investment program for clients. Members of the Phillips Advisors' investment committee are the Investor Advantage Program's portfolio managers and provide clients with ongoing investment advice based on their individual needs. The program's investment strategies may involve, but are not necessarily limited to, exchange traded funds (ETFs), no-load mutual funds, load or load waived mutual funds, equity positions, and fixed income positions.

The Investor Advantage Program is a discretionary wrap-fee program. A Discretionary investment advisory account is an account where buy and sell decisions are made by a portfolio manager, or the Financial Professional for the client's account. The term "discretionary" refers to the fact that investment decisions are made at the portfolio manager or Financial Professional's discretion. The Program's annual management fee is negotiable with each client but will not exceed 195 basis points (1.95%). The Program's annual management fee includes a "platform fee" of 0.10% (10 basis points) to 0.15% (15 basis points) for custody, trading, reporting and billing services. Phillips Advisors will provide the exact percentage-based fee to each client based on both the nature of services to be provided and total dollar asset value of the account(s). The fee will be stated in the fee schedule which included in a Wrap Program Investment Management Agreement entered into and executed by both Phillips Advisors and the client. Management fees for client accounts are calculated and billed in advance for each period (quarterly). The Program's fee covers Phillips Advisors' advisory services and trade execution fees charged by the broker/dealer. Specifically, the fee will cover commissions, prime broker fees, and any other transaction fees relating to the execution of securities transactions within client accounts. Because Phillips Advisors can retain a higher portion of the overall fee, Phillips Advisors has a financial incentive for recommending the Program over other advisory programs that are offered through third- party sponsors.

This section is intended as a brief summary of the Program. Clients contracting for the Program will receive a separate Investor Advantage Program Wrap Fee Brochure which provides detailed information regarding the Program.

**Other Wrap Fee Managed Portfolios** – Phillips Advisors will serve as the investment manager for other managed portfolios on a wrap fee basis charging a Program Fee. The Program Fee includes the advisory fee, trading and execution fee, commissions, prime broker fees, reporting costs, custodial charges and any other transaction fees relating to the transactions within clients' accounts. These accounts include a charge of 0.20% (20 basis points) for the firm's cost of operations and management of these portfolios. The fee does not cover costs such as taxes, regulatory charges, wiring/distribution fees or other costs passed through by the custodian as outlined in the account agreement materials.

**Advisor Directed Investment Management Accounts Services** - Phillips Advisors offers asset management services through our Advisor Directed Investment Management Accounts Services, where we provide clients with active management over specified accounts. Advisor Directed Investment Management Account Services are provided on a discretionary basis. The selected broker dealer for the account serves as qualified custodian and, as such, maintains physical custody of these accounts' funds and securities.

Phillips Advisors manages these accounts based on our clients' financial situations, investment objectives and risk tolerance. We monitor these accounts and provide advice regarding the buying, selling, reinvesting or the holding of securities, cash or other investments.

We will need to obtain certain information from you to determine your financial situation and investment objectives. You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objectives and whether you wish to impose or modify existing investment restrictions; however, we will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. We are always reasonably available to consult with you relative to the status of your Account. 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.

Phillips Advisors' fees for its Advisor Directed Investment Management Accounts Service are based on a percentage of assets under management, billed in advance (at the start of the billing period) on a quarterly calendar basis and calculated based on the fair market value of your account as of the last business day of the previous billing period.

Fees charged for our asset management services are negotiable based on the investment adviser representative providing the services, the type of client, the complexity of the client's situation, the relationship of the client with the investment adviser representative, and the total amount of assets under management for the client. Based upon the factors noted in this paragraph, our fees will adhere to the following schedule:

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)

Services can be terminated by either party by providing written notice to the other and termination is effective 30 days from the date notice is received. During that 30-day period, we will complete any activities that were in progress when notice of termination is received but will not begin any new services without express instruction from the client. If services are terminated within five business days of signing the client agreement, services are terminated without penalty. Any prepaid but unearned fees are promptly refunded to the client at the effective date of termination.

**Pension Consulting Services** – Phillips Advisors offers pension consulting services to retirement plan sponsors and to individual participants in retirement plans. For a corporate sponsor of a retirement plan, our pension consulting services can include, but are not limited to, qualified plan development, investment selection services, educational presentations, periodic due diligence reviews and creating investment policy statements.

For retirement plan sponsors, we normally charge an annual fee of 0.25% - 0.50% on the assets held in the plan, but other fee arrangements may be negotiated. This fee is negotiable based upon the size of the plan assets and the actual services requested to be provided, such as whether ongoing monitoring is required and the number of employee education meetings requested.

For retirement plan sponsors and participants, fees are billed in advance or in arrears (at the start of the billing period) on a quarterly calendar basis and calculated based on either the average daily balance of your account or the quarter end balance during the previous billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period. Retirement plan sponsors may also elect to pay all or a portion of the fees for the individualized services provided by us to the plan participants.

Invoices will be sent directly to the client and are due upon receipt of the billing notice. Alternatively, if the plan's recordkeeper is set up to calculate and deduct the fees, they will perform those tasks and remit payment of our fee to us.

Services can be terminated by either party by providing written notice to the other and termination is effective 30 days from the date notice is received. During that 30-day period, we will complete any activities that were in progress when notice of termination is received but will not begin any new services without express instruction from the client. If services are terminated within five business days of signing the client agreement, services are terminated without penalty. Any prepaid but unearned fees are promptly refunded to the client at the effective date of termination.

Pension consulting services are not management services, and Phillips Advisors does not serve as administrator or trustee of the plan. Phillips Advisors does not act as custodian for any client account or have access to client funds or securities (with the exception of, some accounts, having written authorization from the client to deduct our fees). In addition, we do not implement any transactions in a retirement plan or participant's account. For pension consulting services, the retirement plan or the plan participant who elects to implement any recommendations made by us is solely responsible for implementing all transactions.

**Account and Portfolio Consultations** - Phillips Advisors may provide financial and investment consultations on accounts not managed or maintained by us. This service involves consultations on a quarterly or more frequent basis. The typical fee charged for account and portfolio consultations will not exceed 1.75% annually on the total assets being reviewed. Fees are billed quarterly in advance. Initial fees are pro-rated based on the number of days services are remaining in the first quarter.

If you have a managed account through one of the other programs offered by Phillips Advisors, you may elect to have the fees for account and portfolio consultations billed from the managed account. Otherwise, fees will be due upon receipt of a billing statement from us. The exact fee charged each client is contingent upon the nature and complexity of the client's financial circumstances and will be stated in the agreement for services with the client.

Either party may terminate the agreement by providing notice to the other party. Termination will be effective upon receipt of notification. The final fee will be pro-rated and billed to the client. In the event a client terminates services, termination shall be effective from the time we receive notification or such other time as may be mutually agreed upon. There will be no penalty charge upon termination. In the event we terminate the relationship, the agreement will be terminated after written notification is delivered to the client or at such time as may be mutually agreed upon.

In addition to fees charged by Phillips Advisors, clients may incur certain charges imposed by third parties other than Phillips Advisors in connection with investments made through your account including, but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, variable annuity fees and surrender charges when liquidating such investments to be transferred to an account, IRA and qualified retirement plan fees, and charges imposed by the qualified custodian(s) of your account. Management fees charged by Phillips Advisors are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus. We do not share in or receive any portion of the other fees and expenses charged to your account. The only fee we receive for this service is our standard advisory fee described in the first paragraph of this section.

### **Advice to Certain Types of Investments**

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

- Mutual Funds
- Exchange Traded Funds (ETFs)
- Exchange-listed Securities
- Certificates of Deposit
- Municipal Securities
- US Government Securities
- Foreign Issues
- Warrants
- Corporate debt securities

- Commercial paper
- Options
- 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 involving, among other things, market conditions or special tax situations.

Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.

#### **Participation in Wrap Fee Programs**

Phillips Advisors offer services through both wrap fee programs and non-wrap fee programs. A wrap fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions. Phillips Advisors receives all or a portion of the fees charged to its clients whether the services are through a wrap fee or non-wrap fee arrangement.

#### **Tailoring Advisory Services to Individual Needs of Clients**

Phillips Advisors' advisory services are provided based on our clients' individual needs. Thus, you have the ability to impose investment guidelines or restrictions on the accounts that we manage for you, including specific investment selections and sectors.

#### **Client Assets Managed by Phillips Advisors**

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

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

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This section provides additional details regarding Phillips Advisors' services, fees, and compensation. Specific fee information is detailed above along with descriptions of the services provided.

Phillips Advisors' investment adviser representatives set fees for clients within ranges provided by the Firm. As a result, Phillips Advisors' investment adviser representatives may charge clients more or less for the same service than the Firm's other investment adviser representatives charge their clients. It should also be noted that lower fees for comparable service may be available from other sources. Client fees and other terms are outlined in the applicable services agreement between Phillips Advisors and its clients. You should review your account statements received from the qualified custodian(s) and verify that appropriate investment advisory fees are being deducted. The qualified custodian(s) will not verify the accuracy of the investment advisory fees deducted.

If you choose to pay the fees after receiving a statement, fees are due upon your receipt of a billing notice sent directly to you. The billing notice will detail the formula used to calculate the fee, the assets under management and the time period covered. Fees for the services of our firm will be due immediately after your receipt of the billing notice.

Any rebillable brokerage commissions and/or transaction ticket fees charged by brokers/custodians are billed directly to your account by the qualified custodian.

In addition, clients may incur certain charges imposed by third parties other than Phillips Advisors in connection with

investments made through their account including, but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges when liquidating such investments to be transferred to an account, IRA and qualified retirement plan fees, and charges imposed by the qualified custodian(s) of your account. Management fees charged by Phillips Advisors are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus.

## **Item 6 – Performance-Based Fees**

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- 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.

## **Item 7 – Types of Clients**

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Phillips Advisors generally provides investment advice to the following types of clients:

- Individuals
- High net worth individuals
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

Minimum Investment Amounts Required: Phillips Advisors does not have minimum investment amounts or conditions required for establishing an account managed by Phillips Advisors.

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

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### **Methods of Analysis**

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

Cyclical – 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. 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.



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** – 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** – 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.

### **Investment Strategies**

Phillips Advisors uses the following investment strategies when managing client assets and/or providing investment advice:

**Long term purchases.** Investments held at least a year.

**Short term purchases.** Investments sold within a year.

**Frequent trading.** This strategy refers to the practice of selling investments within 30 days of purchase.

**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. In addition, pricing risk if not held to maturity and interest rate move.
- 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. Options can expire causing the entire amount to be invested in the option lost.
- 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.
- Cybersecurity Risk - With the increased use of technologies such as the Internet to conduct business, Phillips Advisors and its clients are susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber incidents affecting Phillips Advisor and its service providers (including, but not limited to, accountants, law firms, custodians, and financial intermediaries) have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, impediments to trading and the inability of clients and/or investors to transact business. Similar adverse consequences could result from cyber incidents affecting issuers of securities in which a client invests, counterparties with which a client engages in transactions, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and other service providers for clients) and other parties. Furthermore, the Adviser cannot control the cyber security plans and systems put in place by its service providers or any other third parties whose operations may affect a client. As a result, clients could be negatively impacted.

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## Item 9 – Disciplinary Information

There are no legal or disciplinary events to disclose in this section.

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## Item 10 – Other Financial Industry Activities and Affiliations

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 adviser 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.

Phillips Advisors is an independent registered investment adviser and only provides investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this 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 adviser representatives with us.

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## Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading

### **Code of Ethics Summary**

According to the *Investment Advisers Act of 1940*, an investment adviser 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 adviser representatives are classified as supervised persons. Phillips Advisors requires its supervised persons to consistently act in their clients 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 its clients. 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. Clients or prospective clients may obtain a copy of the Firm’s Code of Ethics upon written request.

### **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.

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.
- Associated persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted by the Phillips Advisors' Chief Compliance Officer.

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

## **Item 12 – Brokerage Practices**

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### **The custodians and brokers we use**

#### **Charles Schwab & Co., Inc. (Schwab):**

Phillips Advisors does not maintain custody of your assets on which we advise, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15-Custody, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc., ("Schwab") an independent SEC-registered broker-dealer and Member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). We are not affiliated with Schwab and Schwab does not monitor or control the activities of Phillips Advisors or its personnel. We may require clients to engage different custodians and executing brokers in the future. Schwab will act solely as a custodian and/or broker-dealer to your account, and not as your investment advisor. They will hold your assets in a brokerage account or accounts and buy and sell securities and execute other transactions when instructed to do so by you or Phillips Advisors. We do not have the discretion to determine the commission rates at which transactions are to be affected for your account. These rates are determined based upon the contractual agreement you will independently enter with Schwab.

We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to do so. While we recommend that you use Schwab as custodian/ broker, you will decide whether to do so and will open your account with Schwab by entering into an account Agreement directly with them. Conflicts of interest associated with this arrangement are described below as well as in Item 14 (Client referrals and other compensation). You should consider these conflicts of interest when selecting your custodian.

We do not open the account for you, although we may assist you in doing so. Even though your account is maintained at Schwab, and we anticipate that most trades will be executed through Schwab, we can still use other brokers to execute trades for your account as described below (see "Your brokerage and custody costs").

#### **How we select brokers/custodians Best Execution**

In recommending broker-dealers, we have an obligation to seek the "best execution" of transactions for client accounts.

This duty requires us to seek to execute securities transactions for clients such that the total costs or proceeds in each transaction are the most favorable under the circumstances. The determinative factor in the analysis of best execution is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of the recommended broker-dealer's services, including:

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

#### **Your brokerage and custody costs**

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, most mutual funds and ETFs) do not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab's Cash Features Program. This benefits you because the overall commission rates you pay are lower than they would be otherwise. In addition to commissions, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

We 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. As noted above, best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above). By using another broker or dealer you may pay lower transaction costs.

**Soft Dollars.** Schwab and other broker-dealers may provide us with certain brokerage and research products and services that qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act"). This is commonly referred to as a "soft dollar" arrangement. These research products and/or services will assist us in our investment decision making process. Such research generally will be used to service all of our client accounts, but brokerage charges paid by the client may be used to pay for research that is not used in managing that specific client's account. Your account may pay Schwab a charge greater than another qualified broker-dealer might charge to affect the same transaction where we determine in good faith that the charge is reasonable in relation to the value of the brokerage and research services received.

**Benefits Received from Schwab.** 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 as long as our clients collectively maintain a minimum value of assets with Schwab. Below is a more detailed description of Schwab's support services.



**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 WFI 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.

Except as described above in this Item 12, we do not receive any compensation or incentive for recommending that you engage any custodian or broker-dealer for trade execution or custodial services. Schwab does not make client brokerage commissions generated by client transactions available for our firm's use. Phillips Advisors does not receive client referrals in exchange for directing client transactions to any custodian or broker-dealer.

#### **Aggregation of Client Orders**

For Investor Advantage, transactions implemented are generally traded on an aggregated basis. This means the same securities for several clients are purchased or sold at approximately the same time. This process is also referred to as batch trading or block trading. When trades are aggregated, 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 for each client account on any given day. When it is determined to aggregate client orders for the purchase or sale of securities, including securities in which an associated person of Phillips Advisors may invest, orders are processed 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.

For our Advisor Directed Management Accounts, our trading policy is to implement all client orders on an individual basis. Therefore, we do not aggregate or "block" client transactions in Concentrated Management accounts. Considering the types of investments we hold in those client accounts, we do not believe clients are hindered in any way because we trade accounts individually. This is because we develop individualized investment strategies for clients and holdings will vary. Further, the investments we are responsible for trading in client accounts are typically limited to broadly traded positions and minor differences in price execution are not material to our overall investment strategy.

### **Trade Error Policy**

Phillips has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. It is the policy of Phillips Advisors 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 Advisors incurs from trading errors.

## **Item 13 – Review of Accounts**

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### **Account Reviews and Reviewers**

Account reviews are made on a regular basis during a calendar year. Account reviews will include investment strategies and investment objectives. Adjustments to strategies are made if client objectives have changed.

The Firm's investment advisor representatives are primarily responsible for conducting reviews of their client accounts.

### **Statements and Reports**

For our asset management services, clients are provided with transaction confirmation notices and regular quarterly account statements directly from the qualified custodian. Additionally, Phillips Advisors may provide position or performance reports to clients on a quarterly basis and upon request.

Clients are encouraged to always compare any reports or statements provided by Phillips Advisors, a sub-adviser or third-party money manager against the account statements delivered from the qualified custodian. Clients should contact our Firm or the qualified custodian with any questions about their account statement.

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

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

As referenced in Item 12 above, we receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. In addition, Schwab has also agreed to pay for certain products and services, during the period of December 1, 2024, through November 30<sup>th</sup>, 2026, for which we would otherwise have to pay. You do not pay more for assets maintained at Schwab as a result of these arrangements. However, we benefit from the arrangement because the cost of these services would otherwise be borne directly by us. You should consider these conflicts of interest when selecting a custodian. The products and services provided by Schwab, how they benefit us, and the related conflicts of interest are described above (see Item 12 - Brokerage Practices).

The only compensation received from advisory services is the fees charged for providing investment advisory services as described in *Item 5* of this Brochure and the portions of the Program Fee described in *Item 4* of this Brochure. Phillips Advisors receives no other forms of compensation in connection with providing investment advice. Please see *Item 5, Fees and Compensation*, *Item 10, Other Financial Industry Activities and Affiliations* and *Item 12, Brokerage Practices*, 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 a potential 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.

## Item 15 – Custody

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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 to 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.

## Item 16 – Investment Discretion

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When providing asset management services, Phillips Advisors maintains trading authorization over your account and can provide management services on a **discretionary** basis. When discretionary authority is granted, the Firm has the authority to determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction. However, it is the policy of Phillips Advisors to consult with you prior to making significant changes in your account even when discretionary trading authority is granted.

Clients have the ability to place reasonable restrictions on the types of investments that may be purchased in their account. Clients may also place reasonable limitations on the discretionary power granted to the Firm.



## Item 17 – Voting Client Securities

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Phillips Advisors does not vote proxies on behalf of clients. The Firm has 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 the Firm's clients' responsibility to vote all proxies for securities held in their accounts.

### **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 them. Phillips Advisors will not initiate such legal proceedings on behalf of any of its clients and the Firm does 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.

## Item 18 – Financial Information

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Financial Condition. As an advisory firm that maintains discretionary authority for client accounts, Phillips Advisors 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 Advisors has not been the subject of a bankruptcy petition at any time in the past.