

**Item 1 – Cover Page**

**Part 2A of Form ADV: *Firm Brochure***



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March 31, 2023

**This brochure provides information about the qualifications and business practices of Francis Financial. If you have any questions about the contents of this brochure, please contact us at (212) 374-9008 or [stacy@francisfinancial.com](mailto:stacy@francisfinancial.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

Registration with the SEC does not imply a certain level of skill or training.

**Additional information about Francis Financial also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 128067.**

## **Item 2 – Material Change**

The purpose of this page is to inform you of any material changes since the last annual update to this brochure. If you are receiving this brochure for the first time, this section may not be relevant to you.

Francis Financial, Inc. reviews and updates this brochure at least annually to ensure it remains current.

There have been no material changes since the last annual update to this brochure, dated March 2022.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Currently, our Brochure may be requested by contacting (212) 374-9008 or [stacy@francisfinancial.com](mailto:stacy@francisfinancial.com). Brochures are provided free of charge and are also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search for "Francis Financial" or using our CRD # **128067**.

### **Item 3 – Table of Contents**

Item 1 – Cover Page	i
Item 2 – Material Change	ii
Item 3 – Table of Contents	iii
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation	5
Item 6 – Performance-Based Fees and Side-By-Side Management	8
Item 7 – Types of Clients	8
Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss	8
Item 9 – Disciplinary Information	12
Item 10 – Other Financial Industry Activities and Affiliations	12
Item 11 – Code of Ethics, Participation, or Interest in Client Transactions and Personal Trading	13
Item 12 – Brokerage Practices	14
Item 13 – Review of Accounts	16
Item 14 – Client Referrals and Other Compensation	17
Item 15 – Custody	17
Item 16 – Investment Discretion	18
Item 17 – Voting Client Securities	18
Item 18 – Financial Information	19

## **Item 4 – Advisory Business**

Francis Financial, Inc. (“Francis Financial” or “us” or “we”) is an SEC-registered investment adviser with its principal place of business located in New York. Francis Financial began conducting business in 2003. SEC registration does not imply a certain level of skill or training.

Stacy A. Francis, President, is the firm’s principal shareholder (i.e., those individuals and/or entities controlling 25% or more of this company).

Francis Financial offers the following advisory services to our clients:

### **INVESTMENT SUPERVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides continuous advice to our clients regarding the investment of client funds based on each client’s individual needs. Through personal discussions in which goals and objectives based on a client’s particular circumstances are established, we develop a client’s personal investment policy statement and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client’s individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client’s prior investment history, as well as family composition and background.

**Selection of Other Advisers or Managers** We have discretion to choose individual third-party investment advisers, in addition to our full-time employees, to provide advice to our clients. Such third-party advisers, who may be independent contractors or consultants to our firm, will always act in the best interests of our client, and follow the policies and procedures of Francis Financial, including our Code of Ethics. Francis Financial will ensure that such advisers are properly licensed in connection with managing any accounts for our clients. Such advisers may also be dual registered with other unaffiliated Registered Investment Adviser firms.

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client’s stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Once the client’s portfolio has been established, we review the portfolio quarterly, and if necessary, rebalance the portfolio based on the client’s individual needs.

Our investment recommendations are not limited to any specific investment type or product and will generally include advice regarding the following classes of securities:

- Exchange-listed securities
- Securities traded over-the-counter

- Foreign issuers
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities
- International debt securities
- Privately placed securities
- Other investments managed by third parties

Because certain types of investments involve additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity needs, and suitability.

In certain situations, and based upon a client's stated investment objectives, we may recommend that they use third party discretionary independent managers for a portion (or all) of their assets. We may recommend investment managers who employ traditional and/or alternative investment strategies if they meet our criteria. To the extent that third party managers are used, the client will pay additional fees to such managers and may be asked to sign a separate investment management agreement with such managers.

We also provide advice to our clients regarding their employee benefit plans, if requested. We may advise clients on their investment options within the plans; or we may advise clients regarding rolling over benefit plan assets to an IRA or another plan or redeeming their benefit plan assets for cash. Benefit plan assets are treated as assets under management, and we will charge our standard fees whether we are managing IRA accounts with discretion or providing non-discretionary advice to our clients on what investment options they should choose in their plans.

Francis Financial may recommend an investor roll over plan assets to an IRA managed by Francis Financial. As a result, Francis Financial may earn an asset-based fee. Francis Financial could have an economic incentive to encourage an investor to roll plan assets into an IRA that Francis Financial will manage. However, such recommendations will be accompanied by appropriate and relevant disclosures regarding conflicts and duties, and will be made in accordance with our policies, which are designed to comply with applicable regulations.

A minimum of \$2,000,000 of assets under management is generally required for our investment

supervisory services. This minimum may be negotiable under certain circumstances. Francis Financial may group certain related client accounts for the purposes of achieving the minimum account size.

### **ROBO-ADVICE THROUGH SWIA**

**Asset Management via Institutional Intelligent Portfolios™:** For a group of Francis Financial's clients, Francis Financial provides automated portfolio management services ("Robo-Advice") through Institutional Intelligent Portfolios™, an automated, online investment management platform for use by independent investment advisors and sponsored by Schwab Wealth Investment Advisory, Inc. (the "Program" and "SWIA," respectively). Through the Program, Francis Financial offers clients a range of investment strategies, each consisting of a portfolio of exchange traded funds ("ETFs") and cash. The client's portfolio is held in a brokerage account opened by the client with Charles Schwab & Co., Inc. ("CS&Co"). Francis Financial is independent of and not owned by, affiliated with, or sponsored or supervised by SWIA, CS&Co or their affiliates (together, "Schwab"). The Program is described in the Schwab Wealth Investment Advisory, Inc. Institutional Intelligent Portfolios™ Disclosure Brochure (the "Program Disclosure Brochure"), which is delivered to clients by SWIA during the online enrollment process.

Francis Financial, and not Schwab, is the client's investment adviser and primary point of contact with respect to the Program. We are solely responsible, and Schwab is not responsible, for determining the appropriateness of the Program for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis.

Francis Financial has contracted with SWIA to provide us with the technology platform and related trading and account management services for the Program. This platform enables us to make the Program available to clients online and includes a system (the "System") which includes an online questionnaire used to determine the client's investment objectives and risk tolerance. Clients should note that the System will recommend a portfolio in response to the Client's answers to the online questionnaire. The System also includes an automated investment engine through which we manage the client's portfolio on an ongoing basis through automatic rebalancing.

Clients do not pay fees to SWIA in connection with the Program, but we charge clients a fee for our services. Our fees are not set or supervised by Schwab. Clients that utilize the Program do not pay brokerage commissions to CS&Co as part of the Program.

### **FINANCIAL PLANNING & DIVORCE FINANCIAL PLANNING**

We provide financial planning services, typically as part of our Investment Supervisory Service. Financial planning is a personalized evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information, and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current, and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- **COLLEGE FUNDING:** We analyze the client's income and develop a strategy of saving and investing to plan for college expenses and loan repayments.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home, and automobile.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid, and elder law. We do not draft legal documents as we are not attorneys.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

Typically, the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature but customized to each client's situation.

Stacy Francis and others in the firm have earned the designation of Certified Divorce Financial Analyst ®(CDFA). The role of a CDFA includes knowledge of tax law, asset distribution, and short-

and long-term financial planning to achieve an equitable settlement. Francis Financial helps clients determine the short term and long term financial impact of any proposed divorce settlement. We will also provide valuable information on financial issues that are related to divorce, such as tax consequences, dividing pension plans, continued health care coverage, and stock option elections.

**PUBLICATION OF PERIODICALS**

We publish a monthly newsletter providing general information on various financial topics including, but not limited to, estate and retirement planning, and market trends. No specific investment recommendations are provided in this newsletter and the information provided does not purport to meet the objectives or needs of any individual. This newsletter is distributed free of charge to our advisory clients, potential clients, and other trusted colleagues. Our website offers a blog with articles written by our associates about a range of topics relevant to women’s financial well-being.

**SEMINARS, WORKSHOPS AND SPEAKING ENGAGEMENTS**

Occasionally we provide educational workshops and/or seminars upon request. We do not charge for such speaking engagements and if a third party compensates Francis Financial, we will donate any compensation to Savvy Ladies, a non-profit organization that provides free financial education to women.

**AMOUNT OF MANAGED ASSETS**

As of December 31, 2022, we were actively managing \$375,943,010 of client assets on a discretionary basis plus \$43,440,914 of client assets on a non-discretionary basis. The total assets under management were \$419,383,924.

**Item 5 – Fees and Compensation**

**INVESTMENT SUPERVISORY SERVICES  
INDIVIDUAL PORTFOLIO MANAGEMENT FEES**

The annualized fee for Investment Supervisory Services and Portfolio Management will be charged as a percentage of assets under management, according to the below schedule.

<b><u>Asset Range</u></b>	<b><u>Percent of Total Market Value</u></b>
Up to \$3,000,000	1.25%
\$3,000,001 to \$5,000,000	1.00%
\$5,000,001 to \$10,000,000	0.90%
\$10,000,001 to \$15,000,000	0.80%



Above \$15,000,001	0.70%
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Fees are calculated on a next plus basis. For example, a Client with \$6,000,000 under management would pay 1.25% on the first 3,000,000 and 1.0% on the next \$2,000,000 and 0.9% on the next \$1,000,000.

Our fees are billed quarterly, in advance, at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the client’s account at the end of the previous quarter. Fees are directly debited from client accounts by the applicable custodian as authorized by the client.

A minimum of \$1,000,000 of assets under management is usually required for this service. However, this account size may be negotiable under certain circumstances. Francis Financial may group certain related client accounts for the purposes of determining the annualized fee.

**Asset Management via Institutional Intelligent Portfolios™:** The fee for this service is a minimum of \$3,000 per annum. Client facts, circumstances and needs will be considered in determining the fee schedule. Fees are charged on a quarterly basis, in advance. If either party cancels the agreement, fees would be pro-rated through the date of cancellation and any excess advance payment would be refunded to the client.

**Limited Negotiability of Advisory Fees:** Although Francis Financial has established the fee schedule above, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include the complexity of the client’s situation, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, and reports, among other factors. The specific annual fee schedule will be identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to associated persons of our firm, their family members and friends.

### **DIVORCE FINANCIAL PLANNING FEES (“DFP”)**

For clients that engage us for divorce financial planning, our DFP services will be covered by a fee of \$7,500 for up to an aggregate total of 30 hours of DFP Services performed by all Francis Financial personnel collectively. In the event Francis Financial renders any DFP Services to you in excess of the Flat Fee DFP Services (i.e., in excess of an aggregate total of 30 hours), the cost will be \$350 per hour. Clients are expected to pay their fees for DFP no later than thirty (30) days following receipt of our invoice.

If Francis Financial, Inc. is contacted or subpoenaed for deposition either as a fact witness or as a financial expert (“Witness Services”), clients will be responsible for paying for preparation time, expenses, and time for actual deposition and witness services at the hourly rate of \$500. These Witness Services are separate from the DFP Services, and the fees are not included in the flat fee of \$7,500. Clients also pay for out-of-pocket expenses such as, but not limited to, Federal Express or other overnight delivery charges, reasonable travel/transport expenses, photocopy expenses, and other out-of-pocket costs in connection with all Witness Services rendered.

### **ADDITIONAL FEES AND EXPENSES; OTHER INFORMATION**

***Termination of the Advisory Relationship:*** An advisory client will have a period of five (5) business days from the date of signing the investment advisory agreement to unconditionally rescind the agreement without penalty and receive a full refund of all fees. Thereafter, a client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client’s reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period for an investment supervisory engagement. For divorce planning clients, the time spent since the last invoice will be applied to any remaining amount of the retainer. Any portion of the retainer fee remaining at the time of termination will be refunded to the client. Any fee owing at the time of termination of the divorce planning engagement will become due and payable upon Francis Financial’s invoice.

***Mutual Fund and ETF Fees:*** All fees paid to Francis Financial for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund’s prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund of funds are most appropriate to each client’s financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided. Francis Financial endeavors to minimize the amount of mutual fund fees to the greatest extent possible.

***Transaction Charges and Custody Fees:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker-dealers, including, but not limited to, any transaction charges imposed by a broker-dealer on transactions in your account(s). Please refer to the “Brokerage Practices” section (Item 12) of this Form ADV for additional information.

***Grandfathering of Minimum Account Requirements:*** Pre-existing advisory clients are subject to Francis Financial’s minimum account requirements and advisory fees in effect at the time the client enters into the advisory relationship. Therefore, minimum account requirements and fees will differ among clients.

**Retirement Accounts:** Francis Financial is deemed to be a fiduciary pursuant to the Employee Retirement Income and Securities Act (“ERISA”) with respect to advice provided to clients’ employee benefit plan accounts, and pursuant to regulations under the Internal Revenue Code of 1986 (the “Code”) with respect to IRA accounts. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include, among other things, restrictions concerning certain forms of compensation.

**Third Party Manager Fees:** Clients should note that if Francis Financial engages a third party manager on the client’s behalf, the client will be responsible for any management fees charged by such third party manager, which will be disclosed to the client prior to any engagement of such manager and pursuant to the applicable investment advisory agreement.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

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

Francis Financial does not charge performance-based fees. Accordingly, we do not engage in side-by-side management of accounts that have performance based fees and accounts that do not.

## **Item 7 – Types of Clients**

Francis Financial provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals

As previously disclosed in Items 4 and 5, our firm has established certain initial minimum account requirements, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided with regard to each applicable service.

For Asset Management via Institutional Intelligent Portfolios,<sup>TM</sup> clients eligible to enroll include individuals, IRAs, and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and clients that are subject to the Employee Retirement Income Security Act of 1974, are not eligible for the Program. The minimum investment required to open an account in the Program is \$5,000.

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

### **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment advice and/or managing

client assets:

**Asset Allocation.** We attempt to identify an appropriate mix of different types of investments including, among others, equities, fixed income, and cash or cash equivalents suitable to the client's investment goals and risk tolerance. We create an asset allocation strategy to define the client's time horizon, benchmarks to be measured against and a rebalancing policy. Our asset allocation decisions assume a minimum three-year timeframe to establish that underlying investment fundamentals, rather than short-term market sentiment, will drive returns. We evaluate the overall portfolio risk compared to the appropriate benchmark. Occasionally this will result in changes in portfolio allocations based on a long-term decision horizon.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry, or market sector. Another risk is that the asset mix will change over time due to market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Mutual Fund and/or ETF Analysis.** We look at the experience and track record of the manager of the mutual fund or ETF to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF to determine if there is significant overlap in the underlying investments held in other fund(s) in the client's portfolio. On an ongoing basis, we monitor the funds or ETFs to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information. Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal.

## INVESTMENT STRATEGIES

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases.** We purchase securities with the idea of holding them in the client's account for the long term. Typically, we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want 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 sell.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this to take advantage of conditions that we believe will soon result in a price swing in the securities we 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.

For Asset Management via Institutional Intelligent Portfolios™ the Program Disclosure Brochure includes a discussion of various risks associated with the Program, including the risks of investing in ETFs, as well as risks related to the underlying securities in which ETFs invest. In addition, the Program Disclosure Brochure also discusses market/systemic risks, asset allocation/strategy/diversification risks, investment strategy risks, trading/liquidity risks, and large investment risks.

**Risk of Loss.** Securities investments are not guaranteed, and you may lose money on your investments. We ask that you collaborate with us to help us understand your tolerance for risk. Listed below are some potential risks with any investment:

**Cash Management Risks.** The firm will invest some of a client's assets temporarily in money market funds or other similar types of investments. Such investments expose the clients to two specific risks:

The inherent low return may prevent the client's account from growing fast enough to protect the real purchasing power of the assets. This risk becomes increasingly elevated the longer the cash equivalent position is held (see "Inflation Risk" section below).

Although cash equivalents are designed to be lower risk, there is still a risk of loss in any cash management vehicle we use that is not federally insured.

**Equity-Related Securities and Instruments.** The firm could take long positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to factors including, without limitation, issuer specific and industry specific factors. Individual companies could report poor results or be negatively

affected by industry and/or economic trends and developments, and the stock prices of such companies could suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and could do so again in the future. In addition, investments in small-capitalization, mid-capitalization and financially distressed companies could be subject to more abrupt or erratic price movements and could lack sufficient market liquidity, and these issuers often face greater business risks. The international equities in client portfolios have these same risks along with added political and currency risk (see “Political Risk” and “Currency Risk” sections below).

Fixed Income Securities. Fixed income securities are subject to the risk of the issuer’s or guarantor’s inability to meet principal and interest payments on its obligations and to price volatility. In addition, fixed income securities will be negatively impacted if the general level of market interest rates increases (see “Interest Rate Risk” section below).

Mutual Funds and ETFs. An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund’s underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss. Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself, or a broker acting on its behalf.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies could cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder could have no way to dispose of such shares.

Market Risk. Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of our recommendations and/or investment decisions could depend, to a great extent, upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. In addition, investments could be adversely affected by financial markets and economic conditions throughout the world. There can be no assurance that we will be able to predict these price movements accurately or capitalize on any such assumptions.

Volatility Risks. The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

Interest Rate Risk. An increase in interest rates could depress the prices of bonds and other fixed income securities in a client's portfolio.

Event Risk. An adverse event affecting a specific company or that company's industry could depress the price of a client's investments in that company's stocks or bonds. The issuer could become unable to manage its debt service or receive a downgraded credit rating by a rating agency.

Liquidity Risk. Securities that are normally liquid could become difficult or impossible to sell at an acceptable price during periods of economic instability or other emergency conditions. Some securities could be infrequently or thinly traded even under normal market conditions.

Political Risk. The events that occur in the home country of the foreign company could impact valuations. Events such as revolutions, nationalization, currency collapse or other types of events can have a negative impact on the security.

Inflation Risk. Inflation is a general upward movement of prices reducing your purchasing power, which is a risk for investors receiving a fixed rate of interest. The concern for individuals is that inflation will erode returns.

Tax Harvesting Risk. Efficient tax-loss harvesting is an important component of a customized portfolio approach. Tax harvesting is a strategy where an ETF or mutual fund is sold at a taxable loss and replaced with a security whose historical performance and expected future performance are similar, thereby having little impact on the overall strategic allocation, but capturing the tax loss. Because past performance is no indication of future performance, there is potential for the future performance of the replacement position to deviate from that of the initial holding. This type of strategy could also incur an increase in the frequency of trading and amount of transaction costs.

Fund Manager Risk: There is risk that the investment, despite our due diligence review and monitoring, becomes threatened due to unknown circumstances, actions, or decisions of the mutual fund sponsor and/or manager and its employees resulting in a negative impact on shareholders.

Currency Risk: There is a risk that investments in foreign securities could lose value based on the country's currency movement relative to the US dollar. This risk could result in a loss to the client even in the case where the value of the underlying asset increased in local currency terms.

## **Item 9 – Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

Neither Francis Financial nor its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Francis Financial and our personnel owe a duty of loyalty, fairness, and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement, and recordkeeping provisions.

Francis Financial's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

Our Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell securities identical to or different from those recommended to our clients for their personal accounts. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client. Such transactions are permitted because our CCO believes that such transactions do not present a conflict of interest because Francis Financial does not control the timing of trades in employee accounts as the trades are executed through Schwab with timing determined by Schwab. In addition, our CCO doesn't believe a conflict would potentially exist between a personal trade and a client trade considering the markets and liquidity for the mutual funds, ETFs and/or individual securities traded on behalf of Francis Financial's clients.

This policy has been established recognizing that the securities that we consider buying and/or selling on behalf of clients trade in sufficiently broad markets such that our transactions are usually completed without an appreciable impact on the price and markets of the securities.

Trades by Francis Financial's employees in IPO securities, privately placed securities and individual equity securities require pre-approval.



Francis Financial and individuals associated with our firm are prohibited from engaging in principal transactions and agency cross transactions.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [stacy@francisfinancial.com](mailto:stacy@francisfinancial.com), or by calling us at (212) 374-9008.

## **Item 12 – Brokerage Practices**

Francis Financial does not have any soft-dollar arrangements but, as discussed below, Francis Financial receives certain benefits from its recommended custodian and its affiliated broker-dealer (“CS&Co.”, or “Schwab”). While certain accounts managed by Francis Financial may be held with a legacy custodian, all new client accounts are opened with CS& Co., and some clients move their account to CS&Co., at the client’s request.

For new clients in need of brokerage or custodial services, and depending on client circumstances and needs, we recommend the use of CS&Co. as custodian/broker-dealer for clients that hire us. The factors considered by Francis Financial when making this recommendation are CS&Co.’s ability to provide professional services, our experience with the broker, the broker’s reputation, the broker’s quality of execution services and costs of such services, among other factors.

Francis Financial does request that clients choose Francis Financial’s recommended custodian/broker-dealer. Although Francis Financial does not specifically require clients to direct their transactions to a particular broker-dealer, the custodian agreement with CS&Co. provides that clients’ trades will generally be executed through CS&Co. By executing trades through CS&Co., it is possible that Francis Financial will not achieve the most favorable execution of client transactions and this may cost a client more money. However, Francis Financial believes that CS&Co. will generally provide best execution for their clients because (i) if the custodian “trades away,” the trade-away or “step out” fees will exceed any price differential, and (ii) the securities in the clients’ portfolios are sufficiently liquid.

To the extent that Francis Financial provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless Francis Financial decides to purchase or sell the same securities for several clients at approximately the same time. Francis Financial may (but is not obligated to) aggregate or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate differences in prices and commissions or other transaction costs more equitably among our clients than if the orders were placed independently. If orders are aggregated, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Francis Financial does not receive any additional compensation as a result of such aggregation.

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab’s business serving independent investment advisory firms like ours. Through Schwab Advisor Services, CS&Co provides us and our clients, both those enrolled in the Program and our clients not enrolled in the Program, with access to its institutional brokerage services – trading, custody, reporting and related services - many of which are not typically available to CS&Co retail customers. CS&Co also makes

available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. CS&Co's support services described below are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. The availability to us of CS&Co's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients. Here is a more detailed description of CS&Co's support services:

#### Services That Benefit You.

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

#### Services That May Not Directly Benefit You.

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not held in custody with 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 and allocate aggregated trade orders for multiple client accounts,
- Provides pricing and other market data,
- Facilitates payment of our fees from our clients' accounts, and
- Assists with back-office functions, recordkeeping, and client reporting.

#### Services That Generally Benefit Only Us.

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

- Educational conferences and events,
- Consulting on technology, compliance, legal, and business needs,
- Publications and conferences on practice management and business succession, and
- Access to employee benefits providers, human capital consultants, and insurance providers.

Schwab provides some of these services itself and in other cases, will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for the services offered or pays all or a part of a third party's fees. Schwab also provides us with other benefits, such as occasional business entertainment of our personnel.

Schwab is the primary custodian for our client accounts. Through Schwab, we execute trades for the purchase and sale of individual securities, ETFs, mutual fund shares, and CDs. Individual bonds are typically purchased and sold through other bond dealers but are held at Schwab ("traded away").

We attend educational conferences and events on topics that are relevant for the firm and receive free publications (electronic and hard copy) of topical interest, from Schwab and from other publishers.

We are also eligible for discounts on certain professional software applications, specifically, portfolio rebalancing software and financial planning software.

#### Our Interest in Schwab's Services

The availability of these services from Schwab benefits Francis Financial because we do not have to produce or purchase them. We don't have to pay for Schwab's services, and they are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. Francis Financial has a fiduciary duty to its clients to put its clients' interests ahead of its own, however, clients should be aware that the receipt of the benefits described above creates a conflict of interest and could influence Francis Financial personnel that recommend clients use a specific custodian/broker-dealer.

### **Item 13 – Review of Accounts**

#### **INVESTMENT SUPERVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT**

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, client accounts are reviewed at least quarterly.

Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by our investment adviser representatives, including Stacy Francis, President and Avani Ramnani, Director of Investment Management and Financial Planning.

**REPORTS:** In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide quarterly reports summarizing account performance, balances, and holdings, which are also available to our clients online.

## FINANCIAL PLANNING & DIVORCE FINANCIAL PLANNING SERVICES

**REVIEWS:** While reviews may occur at various stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

**REPORTS:** Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for. Investment Management clients typically receive performance reports quarterly and account statements directly from the custodian monthly or quarterly.

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

It is Francis Financial's policy not to engage solicitors for referring potential clients to our firm.

It is Francis Financial's policy not to accept any form of compensation (other than fees billed to clients) from any third parties, including cash, sales awards, or prizes in conjunction with the advisory services we provide to our clients.

As discussed in Item 12 above, Francis Financial receives indirect economic benefits from Schwab. Francis Financial, without cost (and/or at a discount), receives support services and/or products from Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above under **Item 12 Brokerage Practices**. The availability to us of these products and services is not based on us giving particular advice, such as buying particular securities for clients.

In addition, Francis Financial may refer clients to another registered investment adviser, pursuant to a referral agreement between Francis Financial and such adviser. Francis Financial will receive a percentage of fees received by the adviser from the referred clients, as agreed to by the parties.

### **Item 15 – Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that advisory fees are directly debited from client accounts by the applicable custodian.

As part of this billing process, Francis Financial advises the custodian of the amount of the fee to be deducted from each client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also

send reports directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these reports to the account statements sent by the custodian to ensure that all account transactions, holdings, and values are correct and current. If you are not receiving at least quarterly custodial account statements, please contact us at the number on the cover page of this brochure.

Our firm does not have actual custody of client accounts.

### **Item 16 – Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client’s account without contacting the client prior to each trade to obtain the client’s permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the number of shares, or the dollar amount of the security to buy or sell.

Clients give us discretionary authority when they sign a discretionary agreement with our firm and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions. Clients may also authorize us to hire a third party manager on their behalf.

Clients may choose to engage us to manage securities on a non-discretionary basis. If we receive non-discretionary authority from the client, we will select the identity and amount of securities to be bought or sold but must receive approval from the client prior to placing any trades in the client’s account. Please be advised that as a result, until we reach the client and receive approval, no transactions will be placed in any client accounts. We also may advise clients by recommending trades in securities that are executed by the client, for example, when a client hires us to advise them with regard to employee benefit plans, such as 401(k) plans, that allow for their participants to direct investments. In those cases, we provide advice and it is up to the client to implement that advice by buying and/or selling securities in their benefit plan accounts.

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

#### **VOTING CLIENT SECURITIES**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client’s investment assets. Clients are responsible for instructing each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client’s investment assets.

When appropriate, we provide clients with consulting assistance regarding proxy issues if they contact us with questions.

As described in the Program Disclosure Brochure, clients enrolled in the Schwab Institutional Intelligent Portfolios™ Program designate SWIA to vote proxies for the ETFs held in their accounts. We have directed SWIA to process proxy votes and corporate actions through and in accordance with the policies and recommendations of a third party proxy voting service provider retained by SWIA for this purpose. Additional information about this arrangement is available in the Program Disclosure Brochure. Clients who do not wish to designate SWIA to vote proxies may retain the ability to vote proxies themselves by signing a special CS&CO form available from us.

### **Item 18 – Financial Information**

Francis Financial has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Francis Financial has not been the subject of a bankruptcy petition at any time during the past ten years.