

## Item 1 Cover Page

# TimeScale Financial, Inc.

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### FORM ADV PART 2A APPENDIX I WRAP FEE PROGRAM BROCHURE

This Wrap Fee Program Brochure provides information about the qualifications and business practices of TimeScale Financial, Inc. If you have any questions about the contents of this Wrap Fee Program Brochure, contact us at (978) 777-3116. The information in this Wrap Fee Program Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about TimeScale Financial, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References to TimeScale Financial, Inc. being a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

## Item 2 Summary of Material Changes

Since the March 31, 2021 annual update filing, this ADV Part 2A, Appendix 1 has been amended throughout to reflect that the name of the firm has changed from “Coastal Capital Group, Inc.” to “TimeScale Financial, Inc.” It has also been amended at Item 6 to acknowledge TimeScale Financial, Inc.’s status as a fiduciary under ERISA and the Internal Revenue Code when providing investment advice to retirement clients.

TimeScale Financial, Inc. believes that communication and transparency are the foundation of its relationship with clients and will continually strive to provide its clients with complete and accurate information at all times. TimeScale Financial, Inc. encourages all current and prospective clients to read this Brochure, our Wrap Fee Program Brochure, and our Brochure Supplements, and to discuss any questions you may have with us. And of course, we always welcome your feedback.

You may view TimeScale Financial, Inc.’s Form ADV Parts 1, 2A, and 2A Appendix 1 at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with our firm name or our CRD #186511. You may also request a copy of this Brochure our Wrap Fee Program Brochure, and our Brochure Supplements at any time, by contacting us at (978) 777-3116.

TimeScale’s Chief Compliance Officer, James Horrocks, is available to address any questions about this Wrap Fee Program Brochure or any conflicts of interest presented.

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## Item 4 Services, Fees, and Compensation

### A. Investment Advisory Services

TimeScale offers to its clients (generally, individuals, high net worth individuals, trusts, estates, charitable organizations, businesses, and their retirement plans) wealth management services, including investment management and financial planning services to the extent specifically requested by a client.

#### TimeScale Wrap Program

TimeScale is the sponsor and investment manager of the TimeScale Wrap Fee Program (the "Program"). Under the Program, clients will pay a single investment advisory fee that compensates for investment management services, trade execution, custody, and reporting (the "Wrap Fee"). The services included under the Program are tailored to each client's particular need.

TimeScale provides customized investment advisory solutions for its clients through continuous personal client contact and interaction. The process begins by coordinating with each client to develop their investment goals and objectives as well as risk tolerance and financial situation in order to create a portfolio strategy. TimeScale will then construct a portfolio, consisting of diversified mutual funds and/or exchange-traded funds ("ETFs") designed to achieve the client's investment goals. To a lesser extent, TimeScale may also invest client assets among individual equities, individual bonds, and other types of investments, as it deems appropriate. Finally, TimeScale may also invest client assets according to one or more model portfolios, as more fully described below. These models are designed for investors with varying degrees of risk tolerance. Once the client's individual portfolio is constructed or assets are invested in one or more model portfolios, TimeScale provides ongoing monitoring and review of account performance, asset allocation and client investment objectives, and may execute transactions based on such monitoring and review.

Under this service offering, TimeScale's Wrap Fee also compensates for financial planning and consulting services that the client specifically requests, and TimeScale agrees to provide. These services typically focus on the following:

- Spending & Saving: Budget development and monitoring of retirement funding, education funding, and debt management.
- Risk Management: Evaluate and provide advice about insurance needs to protect and conserve assets, including health, life, disability, and long-term care insurance needs.
- Employer Benefits: Evaluate stock plans, 401(k) account, and employer benefits such as health care, disability insurance, etc. and provide related advice.
- Tax Planning: Develop a tax strategy to minimize taxes paid.
- Estate Planning: Educate and communicate estate planning strategies such as the use of trusts to minimize estate tax, probate costs as well as passing assets effectively to client's heirs.

If the client seeks extraordinary financial planning and consulting services (to be determined in the sole discretion of TimeScale), then TimeScale would offer to charge for those additional services under the terms and conditions of a stand-alone Financial Planning Agreement (see “Financial Planning Services” below).

TimeScale’s model portfolios are comprised of mutual funds and ETFs, which will all be monitored and periodically adjusted to maintain target asset allocation and risk levels based on internal research. Investments in model portfolios are not guaranteed and are subject to risk, which could result in a complete loss of principal. The majority of the model portfolios require a minimum investment of \$200,000. Clients seeking model portfolio management for assets under \$200,000 will be allocated to a passive ETF model, comprised of passive ETFs only. Please refer to the risk disclosures for passive ETFs in Item 6.C. below. TimeScale’s investment programs may involve above-average portfolio turnover which could negatively impact the net after-tax gain experienced by an individual client in a taxable account.

The Wrap Fee is paid quarterly, in advance of each calendar quarter, under the terms and conditions of the Wealth Management Agreement. The fee is generally non-negotiable except as indicated below based on the following schedule, which applies to the aggregate market value of all client assets under management on the last business day of the prior calendar quarter as follows:

Assets Under Management	Annual Rate
Under \$250,000	\$250 month flat fee*
\$250,000 to \$999,999	1.20%
\$1,000,000 to \$2,999,999	1.00%
\$3,000,000 to \$4,999,999	0.85%
\$5,000,000 to \$7,499,999	0.75%
\$7,500,000 to \$9,999,999	0.65%
\$10,000,000 and Over	Negotiable

\* Clients who engage TimeScale to provide wealth management services under the Program and maintain less than \$250,000 under TimeScale’s management will receive the same applicable asset management, financial planning, and consulting services as described in Item 4. However, those clients will be charged a flat fee of \$250 per month (or \$3,000 per year) as opposed to a fee based upon the percentage of assets under management.

The Wrap Fee in the first quarter of service is prorated from the inception date of the accounts to the end of the first quarter. Fee adjustments will be made for inflows to or outflows from the account. These adjustments are made in the first calendar quarter billing cycle following the quarter in which the inflows/outflows occurred. All securities held in accounts managed by TimeScale will be independently valued by the account custodian. TimeScale will not have the authority or responsibility to value portfolio securities.

Certain legacy clients may have accepted different pre-existing service offerings from TimeScale and may therefore receive services under different fee schedules than as set forth above. TimeScale may agree to reduce or waive its fees on certain assets placed under its management, including but not limited to, cash positions, concentrated positions or holdings, or the holding of employer stock. In addition and in limited circumstances, TimeScale’s fees are negotiable at its sole discretion depending upon applicable objective and subjective factors including but not limited to: the amount of assets to be managed; portfolio composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future

additional assets; the professional rendering the service; prior relationships with TimeScale and/or its representatives, and negotiations with the client. TimeScale may decide to reduce or waive fees in its sole discretion. As a result of these factors, similarly situated clients could pay different fees which correspondingly impact a client's net account performance. The services to be provided by TimeScale to any particular client could be available from other advisers for lower fees.

The fee charged is calculated as described above, which is not based upon capital gains or upon capital appreciation of advisory clients' assets, pursuant to Section 205(a)(1) of the Investment Advisers Act of 1940. Clients may elect to have TimeScale's investment advisory fees under the Program deducted from their custodial account. The Wealth Management Agreement and the custodial/clearing agreement may authorize the account custodian to debit the client's account for the amount of TimeScale's investment advisory fee and to directly remit that advisory fee to TimeScale in compliance with regulatory procedures. In the limited event that TimeScale bills the client directly, payment is due upon receipt of TimeScale's invoice. The amount due for investment advisory fees under the Program is calculated by applying the quarterly rate (annual rate divided by 4) to the total assets under management with TimeScale on the last business day of the previous quarter as well as any inflows or outflows for the previous billing period. Either party may terminate the Wealth Management Agreement at any time by providing advance written notice to the other party. The client shall be responsible for advisory fees up to and including the effective date of termination. Upon termination, TimeScale will refund any unearned, prepaid advisory fees from the effective date of termination to the end of the quarter.

Charles Schwab & Co. ("Schwab") serves as the custodian for Program accounts.

## **B. Program Fees and Costs**

Participation in the Program may cost more or less than purchasing such services separately. Also, the Program fee charged by TimeScale for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs. Depending upon the percentage Wrap Fee charged by TimeScale, the amount of portfolio activity in the client's account, and the value of custodial and other services provided, the Wrap Fee may or may not exceed the aggregate cost of such services if they were to be provided separately and/or if TimeScale were to negotiate transaction fees and seek best price and execution of transactions for the client's account.

Wrap Program Conflict of Interest. Participation in a wrap program may cost the client more or less than purchasing those services separately. When managing a client's account on a wrap fee basis, TimeScale will receive the balance of the wrap fee as payment for its advisory services after all other costs incorporated into the wrap fee (including transaction fees) have been deducted. Because TimeScale pays wrap program transaction fees and/or commissions to the account broker-dealer/custodian, TimeScale could have an economic incentive to minimize the number of trades in the client's account or purchase funds that do not incur transaction fees to maximize its own compensation, which presents conflicts of interest. To help mitigate these conflicts of interest, TimeScale's trading activity and fund class selection on behalf of its clients is dictated by its clients' needs and anticipated market conditions, as opposed to transaction fee costs absorbed by TimeScale. Accordingly, when purchasing mutual funds on clients' behalf, TimeScale generally endeavors to select the share classes with the lowest internal expense ratios and would only purchase mutual funds that do not incur transaction fees if they are the only available share class at the time, if they are the share class with the lowest available internal expense ratio at the time, or if there are other circumstances that would justify incurring a higher expense ratio. For example, TimeScale may determine to purchase a share class with a higher expense ratio for a client if it were engaged in an active or tactical strategy, upon a client's specific direction, or if liquidity is needed in a short time-period. Further, a reduction in transaction costs incurred would cause TimeScale to retain a greater

portion of the total wrap fee paid by the client. These transaction fee practices are established and maintained at the sole discretion of the broker-dealer/custodian. TimeScale encourages clients to review the wrap fee program broker-dealer/custodian's commission and transaction fee pricing guide, as well as the volume of trading activity and asset types traded in their wrap fee program accounts, to evaluate the value of the wrap fee services provided by TimeScale. TimeScale does not maintain an asset based pricing arrangement with the Wrap Fee Program custodian. In an asset based pricing arrangement, the amount charged for transactions executed for a client's account is a fixed percentage based upon the market value of such client's account. Nor does TimeScale maintain an internal budget anticipating transaction costs. Rather, TimeScale's trading activity is dictated by its clients' needs and anticipated market conditions, as opposed to transaction fee costs absorbed by TimeScale.

### **C. Additional Fees**

The Program's Wrap Fee does not include certain charges and administrative fees, including, but not limited to, transaction charges (including mark-ups and mark-downs) resulting from trades executed through or with a broker-dealer other than Schwab, transfer taxes, odd lot differentials, exchange fees, interest charges, American Depository Receipt agency processing fees, SEC fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts. Such fees and expenses are in addition to the Program's Wrap Fee. In addition, clients will also incur, relative to all mutual fund and exchange traded fund ("ETF") purchases, charges imposed at the fund level (e.g., management fees and other fund expenses).

### **D. Wrap Program Recommendations**

TimeScale's related persons who recommend the Program to clients do not receive compensation as a result of a client's participation in the wrap fee program.

## **Item 5 Account Requirements and Types of Clients**

TimeScale offers investment advisory services to individuals, high net worth individuals, trusts, estates, charitable organizations, businesses, and their retirement plans.

TimeScale does not formally impose a minimum dollar amount to open and maintain an advisory account; however, it prefers to work with clients having investable assets of at least \$500,000 designated for TimeScale's management. TimeScale imposes a minimum annual fee of \$7,500 for retirement plan advisory services. TimeScale reserves the right to reduce or eliminate any minimum account value preferences or requirements in its sole discretion, when it believes the requested account management can remain consistent with the client's applicable investment objectives. Item 5.A. above describes the fee that clients incur by engaging TimeScale to provide wealth management services under the Program and maintaining less than \$250,000 under TimeScale's management. Finally, while the majority of the model portfolios described in Item 8 are designed for accounts exceeding \$200,000, clients seeking wealth management services with investable assets under \$200,000 may engage TimeScale to manage assets under a "Passive ETF" model portfolio.

## **Item 6 Portfolio Manager Selection and Evaluation**

### **A. Portfolio Manager Selection**

TimeScale serves as sponsor and as portfolio manager for the services under this Wrap Fee Program. However, on a limited basis for certain legacy clients and when consistent with investment objectives, TimeScale may continue to engage sub-advisers to manage a portion of client portfolios. In that case,

TimeScale will regularly monitor the performance of the accounts managed by sub-advisers and advise with respect to their ongoing retention. TimeScale generally considers the following factors when recommending the continued allocation to sub-advisers: the applicable client's designated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research.

## **B. Related Persons**

TimeScale acts as the portfolio manager for the Program. Inasmuch as the execution costs for transactions executed in the client account will be paid by TimeScale, a conflict of interest is presented because TimeScale may have a disincentive to trade securities in the client account. In addition, the amount of compensation received by TimeScale as a result of the client's participation in the Program may be more than what TimeScale would receive if the client paid separately for investment advice, brokerage, and other services.

## **C. Other Services Provided**

TimeScale offers to provide the following services, in addition to the services offered under the Program:

### **Financial Planning Services**

TimeScale offers a variety of stand-alone financial planning services to clients ranging from broad-based financial planning to consultative or single subject planning, generally under a written Financial Planning Agreement setting forth the terms and conditions of the engagement (including termination) and describing the scope of the services to be provided. TimeScale tailors its financial planning services to each client's respective financial situation, goals, and objectives. TimeScale will typically begin the engagement by meeting with clients to gather information about their financial circumstances and objectives. This planning or consulting may encompass one or more areas of need, including, but not limited to investment planning, retirement planning, personal savings, education savings, and other areas of a client's financial situation. For certain financial planning engagements, TimeScale will provide a written summary of the client's financial situation, observations, and recommendations. For consulting or ad-hoc engagements, TimeScale may not provide a written summary. Plans or consultations are typically completed within six months of contract date, assuming all information and documents requested are provided promptly.

Financial planning services typically include general recommendations for a course of activity or specific actions to be taken by the client. For example, recommendations may be made that the client start or revise their investment programs, commence, or alter retirement savings, establish education savings and/or charitable giving programs. TimeScale may also refer clients to an accountant, attorney, or other specialist, as appropriate for implementation purposes, including TimeScale's representatives in their separate and individual capacities as registered representatives of a broker-dealer and/or as licensed insurance agents. (Please refer to Item 9.A. regarding the conflicts of interest presented by this recommendation). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from TimeScale including, but not limited to, whether to engage TimeScale to implement the financial plan.

## Retirement Plan Advisory Services

TimeScale serves as a 3(21) Fiduciary to retirement plans (each a “Plan”) in support of the Plan Sponsor under the terms and conditions of a Retirement Plan Advisory Agreement. TimeScale provides the following Plan Fiduciary Services based upon the needs of the plan, and pursuant to the terms of the agreement with each Plan Sponsor:

- Vendor Analysis
- Employee Enrollment and Education Tracking
- Investment Policy Statement
- Investment Monitoring
- Performance Reports
- Ongoing Investment Recommendation and Assistance
- ERISA 404(c) Assistance
- Benchmarking Services

TimeScale also provides the following communication and education services to the Plan and its Participants, pursuant to the terms of the agreement with each Plan Sponsor:

- Direct employee contacts by phone, e-mail, or letter upon eligibility to promote enrollment
- Investment education
- Regular on-site advisor visits with staff for account updates and reviews
- Periodic company-wide employee survey of retirement plan understanding
- Customer satisfaction surveys
- Periodic employee group education opportunities

TimeScale does not provide 3(38) discretionary investment advisory services on behalf of the Plan or Plan Sponsor.

## Miscellaneous

ERISA / IRC Fiduciary Acknowledgment. When TimeScale provides investment advice to a client about the client’s retirement plan account or individual retirement account, it does so as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act (“ERISA”) and/or the Internal Revenue Code (“IRC”), as applicable, which are laws governing retirement accounts. Because the way TimeScale makes money creates some conflicts with client interests, TimeScale operates under a special rule that requires it to act in the client’s best interest and not put its interests ahead of the client’s. Under this special rule’s provisions, TimeScale must: meet a professional standard of care when making investment recommendations (give prudent advice); never put its financial interests ahead of the client’s when making recommendations (give loyal advice); avoid misleading statements about conflicts of interest, fees, and investments; follow policies and procedures designed to ensure that TimeScale gives advice that is in the client’s best interest; charge no more than is reasonable for TimeScale’s services; and give the client basic information about conflicts of interest.

Retirement Plan Rollovers – No Obligation / Conflict of Interest. A client or prospective client leaving an employer has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer’s plan, if permitted, (ii) roll over the assets to the new employer’s plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account (“IRA”), or (iv) cash out the account value (which could, depending upon the client’s age, result in adverse tax consequences). If TimeScale recommends that a client roll over their retirement plan assets into an account to be managed by TimeScale, such a

recommendation creates a conflict of interest if TimeScale will earn a new (or increase its current) advisory fee as a result of the rollover. Clients are not obligated to roll over retirement plan assets to an account managed by TimeScale.

Limitations of Financial Planning and Consulting / Investment and Non-Investment Implementation Services. Neither TimeScale, nor any of its representatives, serves as an attorney or accountant and no portion of TimeScale's services should be construed as legal or accounting services. Accordingly, TimeScale does not prepare estate planning documents or tax returns on behalf of clients. Unless specifically agreed in writing, neither TimeScale nor its representatives are responsible to implement any financial plans or financial planning advice; provide ongoing financial planning services; or provide ongoing monitoring of financial plans or financial planning advice. TimeScale's financial planning and consulting services are completed upon communicating its recommendations to the client, upon delivery of the written financial plan, or upon termination of the applicable agreement. Upon request, TimeScale may recommend the services of other professionals for certain non-investment implementation purposes (i.e., attorneys, accountants, insurance agents, etc.), including TimeScale's representatives in their separate and individual capacities as a registered representatives and of Purshe Kaplan Sterling Investments ("PKS"), an SEC-registered and FINRA member broker-dealer, and as a licensed insurance agents, as described in Items 5.E. and 10.C. below. Clients are not obligated to engage any recommended professionals, who are responsible for the quality and competency of the services they provide. Clients retains discretion over all financial planning and related implementation decisions and are free to accept or reject any recommendation from TimeScale and its representatives in that respect. The recommendation by TimeScale's representative that a client purchase a securities or insurance commission product through a TimeScale representative in a separate and individual capacity as a registered representative of Purshe Kaplan Sterling Investments and/or as a licensed insurance agent presents a conflict of interest, because the receipt of commissions may provide an incentive to recommend investment or insurance products based on commissions to be received, rather than on a particular client's need. Clients are not obligated to purchase any securities or insurance commission products through these individuals. Clients can purchase securities and insurance products recommended by TimeScale through other, non-affiliated broker-dealers and insurance agencies.

Non-Discretionary Service Limitations. Clients that determine to engage TimeScale on a non-discretionary investment advisory basis concurrently acknowledge that TimeScale cannot execute any account transactions without obtaining the client's prior consent to the transactions. Therefore, if TimeScale would like to make a transaction for a client's account (including removing a security that TimeScale no longer believes is appropriate, adding a security that TimeScale believes is appropriate), and the client is unavailable, TimeScale will be unable to execute the account transactions (as it would for its discretionary clients) without first obtaining the client's consent. This may place affected client accounts at a disadvantage.

Client Responsibilities. When performing its services, TimeScale is not required to verify any information received from the client or from the client's designated professionals and is expressly authorized to rely on that information. Clients are responsible to promptly notify TimeScale if there is ever any change in their financial situation or investment objectives for the purpose of reviewing or amending TimeScale's services or previous recommendations.

Sub-Advisers. On a limited basis for certain legacy clients and when consistent with investment objectives, TimeScale may continue to engage sub-advisers to manage a portion of client portfolios. In that case, TimeScale will regularly monitor the performance of the accounts managed by sub-advisers and advise with respect to their ongoing retention. TimeScale generally considers the following factors when recommending the continued allocation to sub-advisers: the applicable client's designated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research.

Portfolio Trading / Inactivity. As part of its investment advisory services, TimeScale will review client portfolios on an ongoing basis to determine if any trades are necessary based upon various factors, including but not limited to investment performance, market conditions, fund manager tenure, style drift, account additions/withdrawals, the client's financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods when TimeScale determines that upon review, trades within a client's portfolio are not prudent. Clients nonetheless remain subject to the fees described in Item 5 during periods of portfolio trading inactivity.

Asset Aggregation / Reporting Services. TimeScale may provide access to reporting services through one or more third-party aggregation / reporting platforms that can reflect all of the client's investment assets, including those investment assets that the client has not engaged TimeScale to manage (the "Excluded Assets"). TimeScale's service for the Excluded Assets is strictly limited to reporting, and specifically excludes investment management or implementation. Because TimeScale does not have trading authority for the Excluded Assets, the client (and/or a designated investment professional), and not TimeScale, will be exclusively responsible for directly implementing any recommendations for the Excluded Assets and the resulting performance or related activity (such as timing and trade errors) pertaining to the Excluded Assets. The third-party aggregation / reporting platforms may also provide access to financial planning information and applications, which should not be construed as services, advice, or recommendations provided by TimeScale. Accordingly, TimeScale will not agree to be responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the third party reporting platforms without TimeScale's participation or oversight.

Cybersecurity Risk. The information technology systems and networks that TimeScale and its third-party service providers use to provide services to TimeScale's clients employ various controls, which are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in TimeScale's operations and result in the unauthorized acquisition or use of clients' confidential or non-public personal information. Clients and TimeScale are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost, and reputational damage to respond to regulatory obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although TimeScale has established its systems to reduce the risk of cybersecurity incidents from coming to fruition, there is no guarantee that these efforts will always be successful, especially considering that TimeScale does not directly control the cybersecurity measures and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions.

## **Client Account Management**

TimeScale tailors its advisory services to the specific needs of each client. Before engaging TimeScale to provide services, each client is required to enter into one or more agreements with TimeScale defining the terms, conditions, authority and responsibilities of TimeScale and the client. These services may include but are not necessarily limited to:

- Establishing Investment Objectives – TimeScale, in connection with the client, will assist in developing investment goals and objectives and the strategies designed to achieve those goals and objectives.
- Asset Allocation – TimeScale will develop a strategic asset allocation that is targeted to meet the investment objectives, time horizon, financial situation, and risk tolerance of each client.
- Portfolio Construction – TimeScale will develop a portfolio for the client that is intended to meet

the stated goals and objectives of the client.

- Investment Management and Supervision – TimeScale will provide investment management and ongoing oversight of the client's investment portfolio.

Except with respect to model management, clients may impose reasonable restrictions upon TimeScale's discretionary authority (for example, limiting the types of securities that can be purchased or sold for their account) at any time, by providing the restrictions and guidelines in writing. Clients whose assets are invested in model portfolios may not impose restrictions on the specific holdings or allocations within the model in which they are invested, nor the types of securities that can be purchased in the model. Therefore, clients seeking to impose such restrictions may be limited in their ability to invest in certain models. The performance of models subject to reasonable restrictions may differ from models that are not subject to restrictions, possibly producing lower overall results.

### **Performance-Based Fees and Side by Side Management**

TimeScale does not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of a capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. TimeScale's fees are calculated as described above in Item 4, and in Item 5 of TimeScale's Form ADV Part 2A, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in client advisory accounts.

### **Methods of Analysis**

TimeScale primarily employs fundamental analysis methods in developing investment strategies for its clients. Timescale obtains or develops research and analysis from numerous sources, including financial media companies, third-party research materials, Internet sources, and review of company activities, to include annual reports, prospectuses, press releases, and research prepared by others.

The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

Additionally, TimeScale will use Modern Portfolio Theory which is a theory of investment that attempts to maximize expected portfolio returns for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return by carefully diversifying the proportions of various assets.

The risk of Modern Portfolio Theory is market risk. Market risk is that part of a security's risk that is common to all securities of the same general class (stocks versus bonds, etc.) and thus cannot be eliminated by diversification.

### **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear, including the loss of principal investment. Past performance does not guarantee future results. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by TimeScale) will be profitable or equal any specific performance level. Investment strategies such as asset allocation, diversification, or rebalancing do not assure or guarantee better performance and cannot eliminate the risk of investment losses. There is no

guarantee that a portfolio employing these or any other strategy will outperform a portfolio that does not engage in such strategies. While asset values may increase and client account values could benefit as a result, it is also possible that asset values may decrease, and client account values could suffer a loss.

Currently, TimeScale primarily allocates or recommends that clients allocate investment assets among exchange-listed securities, mutual funds, bonds, ETFs, cash, and cash equivalents on a discretionary or non-discretionary basis in accordance with the client's designated investment objectives. Each type of investment has its own unique set of risks associated with it. The following, while not an exhaustive list, provides a short description of some of the underlying risks associated with the types of investments that TimeScale uses or recommends:

Market Risk. The price of a security may drop in reaction to tangible and intangible events and conditions. This type of risk may be caused by external factors (such as economic or political factors) but may also be incurred because of a security's specific underlying investments. Additionally, each security's price can fluctuate based on market movement, which may or may not be due to the security's operations or changes in its true value. For example, political, economic, and social conditions may trigger market events which are temporarily negative, or temporarily positive.

Unsystematic Risk. Unsystematic risk is the company-specific or industry-specific risk in a portfolio that the investor bears. Unsystematic risk is typically addressed through diversification. However, as indicated above, diversification does not guarantee better performance and cannot eliminate the risk of investment losses.

Value Investment Risk. Value stocks may perform differently from the market as a whole and following a value-oriented investment strategy may cause a portfolio to underperform growth stocks.

Growth Investment Risk. Prices of growth stocks tend to be higher in relation to their companies' earnings and may be more sensitive to market, political and economic developments than other stocks, making their prices more volatile.

Small Company Risk. Securities of small companies are often less liquid than those of large companies and this could make it difficult to sell a small company security at a desired time or price. As a result, small company stocks may fluctuate relatively more in price. In general, small capitalization companies are more vulnerable than larger companies to adverse business or economic developments and they may have more limited resources.

Commodity Risk. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs, and international economic, political, and regulatory developments.

Foreign Securities and Currencies Risk. Foreign securities prices may decline or fluctuate because of: (i) economic or political actions of foreign governments, and/or (ii) less regulated or liquid securities markets. Investors holding these securities are also exposed to foreign currency risk (the possibility that foreign currency will fluctuate in value against the U.S. dollar).

Interest Rate Risk. Fixed income securities and fixed income-based securities are subject to interest rate risk because the prices of fixed income securities tend to move in the opposite direction of interest rates. When interest rates rise, fixed income security prices tend to fall. When interest rates fall, fixed income security prices tend to rise. In general, fixed income securities with longer maturities are more sensitive to these price changes.

Inflation Risk. When any type of inflation is present, a dollar at present value will not carry the same purchasing power as a dollar in the future, because that purchasing power erodes at the rate of inflation.

Reinvestment Risk. Future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate), which primarily relates to fixed income securities.

Credit Risk. The issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and impact performance. Credit risk is considered greater for fixed income securities with ratings below investment grade. Fixed income securities that are below investment grade involve higher credit risk and are considered speculative.

Call Risk. During periods of falling interest rates, a bond issuer will call or repay a higher-yielding bond before its maturity date, forcing the investment to reinvest in bonds with lower interest rates than the original obligations.

Regulatory Risk. Changes in laws and regulations from any government can change the market value of companies subject to such regulations. Certain industries are more susceptible to government regulation. For example, changes in zoning, tax structure or laws may impact the return on investments.

Sub-Adviser Risk. TimeScale's role in the management of clients' accounts through sub-advisers is more limited, and TimeScale will not have the opportunity to evaluate the specific investments made by sub-advisers in advance. As a result, the rates of return to clients will primarily depend upon the choice of investments and other investment and management decisions of sub-advisers and returns could be adversely affected by unfavorable performance of such sub-advisers. Further, TimeScale depends on sub-advisers to develop the appropriate systems and procedures to control operational risks.

Mutual Fund Risk. Mutual funds are funds that are operated by an investment company that raises money from shareholders and invests it in stocks, bonds, and/or other types of securities. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. The mutual funds charge a separate management fee for their services. The returns on mutual funds can be reduced by the costs to manage the funds. While mutual funds generally provide diversification, risks, as generally described above, can be significantly increased if the fund is concentrated in a particular sector of the market. Funds that are sold through brokers are called load funds, and those sold to investors directly from the fund companies are called no-load funds. Mutual funds come in many varieties. Some invest aggressively for capital appreciation, while others are conservative and are designed to generate income for shareholders. Investors should carefully assess their tolerance for risk before they decide which fund is suitable for their account.

Exchange Traded Fund Risk. ETFs trade on securities exchanges and are subject to all the risks discussed above with respect to the underlying assets they hold. However, they are also subject to the additional risk that their traded values can diverge from the underlying values of the securities that they hold. Therefore, potential losses can be increased when an ETF is purchased at a price that is higher than its underlying value or sold at a price that is lower than its underlying value. ETFs experience price changes throughout the day as they are bought and sold. In addition to the general risks of investing, there are specific risks to consider with respect to an investment in ETFs, including, but not limited to: (i) an ETF's shares may trade at a market price that is above or below its net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to

large decreases in stock prices) halts stock trading generally.

Passive Exchange Traded Fund Risk. Investments in passive ETFs involve the risk that the ETF's performance may not track the performance of the index the ETF is designed to track. Unlike the index, an ETF incurs advisory and administrative expenses and transaction costs in trading securities. In addition, the timing and magnitude of cash inflows and outflows from and to investors buying and redeeming shares in the ETF could create cash balances that cause the ETF's performance to deviate from the index (which remains "fully invested" at all times). Performance of an ETF and the index it is designed to track also may diverge because the composition of the index and the securities held by the ETF may occasionally differ. Although ETFs will generally trade close to net asset value, market volatility, lack of an active trading market for ETF shares, disruptions at market participants (such as authorized participants or market makers) and any disruptions in the ordinary functioning of the creation/redemption process may result in ETF shares trading significantly above (at a "premium") or below (at a "discount") net asset value.

Options Strategies. While TimeScale does not typically recommend that clients employ the use of options transactions, it may do so upon specific client request. The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by TimeScale shall be with the intent of offsetting/"hedging" a potential market risk in a client's portfolio. Although the intent of the options-related transactions that may be implemented by TimeScale is to hedge against principal risk, certain of the options-related strategies (i.e., straddles, short positions, etc.) may, in and of themselves, produce principal volatility and risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, clients may direct TimeScale, in writing, not to employ any or all such strategies for their accounts. For detailed information on the use of options and option strategies, please refer to the Option Clearing Corp.'s Option Disclosure Document, which can be found at: <http://www.optionsclearing.com/components/docs/riskstoc.pdf>

Cash and Cash Equivalent Risk. TimeScale may hold a portion of client's assets in cash or cash equivalent positions (such as but not limited to money market funds) typically for defensive and liquidity purposes. Investments in these assets may cause a client to miss upswings in the markets. A client can advise TimeScale not to maintain (or to limit the amount of) cash or cash equivalent positions in their account.

Margin / Securities Based Loans. TimeScale does not recommend the use of margin for investment purposes. However, if a client determines to take a margin loan that collateralizes a portion of the assets that TimeScale is managing, TimeScale's investment advisory fee will be computed based upon the full value of the assets, without deducting the amount of the margin loan. Without limiting the above, TimeScale may recommend that a client establish a margin loan or a securities-based loan (collectively, "SBLs") with the client's broker-dealer/custodian or their affiliated banks (each, an "SBL Lender") to access cash flow. Unlike a real estate-backed loan, an SBL has the potential benefit of enabling borrowers to access funds in a shorter period of time, providing greater repayment flexibility, and may also result in the borrower receiving certain tax benefits. Clients interested in learning more about the potential tax benefits of borrowing money on margin should consult with an accountant or tax advisor. The terms and conditions of each SBL are contained in a separate agreement between the client and the SBL Lender selected by the client, which terms and conditions may vary from client to client. Borrowing funds on margin is not suitable for all clients and is subject to certain risks, including but not limited to: increased market risk, increased risk of loss, especially in the event of a significant

downturn; liquidity risk; the potential obligation to post collateral or repay the SBL if the SBL Lender determines that the value of collateralized securities is no longer sufficient to support the value of the SBL; the risk that the SBL Lender may liquidate the client's securities to satisfy its demand for additional collateral or repayment / the risk that the SBL Lender may terminate the SBL at any time. Before agreeing to participate in an SBL program, clients should carefully review the applicable SBL agreement and all risk disclosures provided by the SBL Lender including the initial margin and maintenance requirements for the specific program in which the client enrolls, and the procedures for issuing "margin calls" and liquidating securities and other assets in the client's accounts. If TimeScale recommends that a client apply for an SBL instead of selling securities that TimeScale manages for a fee to meet liquidity needs, the recommendation presents an ongoing conflict of interest because selling those securities (instead of leveraging those securities to access an SBL) would reduce the amount of assets to which TimeScale's investment advisory fee percentage is applied, and thereby reduce the amount of investment advisory fees collected by TimeScale. Likewise, the same ongoing conflict of interest is present if a client determines to apply for an SBL on their own initiative. These ongoing conflicts of interest would persist as long as TimeScale has an economic disincentive to recommend that the client terminate the use of SBLs. If the client were to invest any portion of the SBL proceeds in an account that TimeScale manages, TimeScale will receive an advisory fee on the invested amount, which could compound this conflict of interest. If a client accesses an SBL through its relationship with TimeScale and the client's relationship with TimeScale is terminated, clients may incur higher (retail) interest rates on the outstanding loan balance. Clients are not under any obligation to employ the use of SBLs, and are solely responsible for determining when to use, reduce, and terminate the use of SBLs. Although TimeScale seeks to disclose all conflicts of interest related to its recommended use of SBLs and related business practices, there may be other conflicts of interest that are not identified above. Clients are therefore reminded to carefully review the applicable SBL agreement, and all risk disclosures provided by the SBL Lender as applicable and contact TimeScale's Chief Compliance Officer with any questions about the use of SBLs.

## **Investment Strategies**

As noted above, TimeScale generally employs a long-term investment strategy for its clients, as consistent with their financial goals. TimeScale will typically hold all or a portion of a security for more than a year but may hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of clients.

Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market invested in, or perhaps just the particular investment, will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

At times, TimeScale may also buy and sell positions that are more short-term in nature, depending on the goals of the client and/or the fundamentals of the security, sector, or asset class. Using a short-term purchase strategy generally assumes that one can predict how financial markets will perform in the short-term, which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

## **Voting Client Securities**

TimeScale does not vote client proxies. Clients maintain exclusive responsibility for: directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted; and making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings, or other types of events pertaining to the client's investment assets. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact TimeScale to discuss any questions they may have with a particular solicitation

## **Item 7 Client Information Provided to Portfolio Managers**

TimeScale serves as the Program's portfolio manager. To the extent that TimeScale engages a sub-adviser to manage all or a portion of a client's assets in the Wrap Fee Program, the sub-adviser will be provided with the client's account application which includes information such as the client's name, address, account number, social security number, or taxpayer identification number, whether the account is taxable or non-taxable, the contact information of TimeScale's Investment Adviser Representative overseeing management of the client's account, the investment strategy selected, and the amount invested. We will also provide information concerning any restrictions requested by the client.

If applicable, client information will be provided to the sub-adviser upon commencement of the relationship and will be updated at any point at which the information becomes materially inaccurate.

As indicated above, each client is advised that it remains their responsibility to promptly notify TimeScale if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, and revising TimeScale's previous recommendations and/or services.

## **Item 8 Client Contact with Portfolio Managers**

There is no restriction on the client's ability to contact TimeScale or any sub-adviser, if applicable, regarding the client's account in the Wrap Fee Program.

## **Item 9 Additional Information**

**A.** There are no legal, regulatory, or disciplinary events involving TimeScale or any of its employees to report.

### **Broker-Dealer Affiliation**

Certain Investment Adviser TimeScale's representatives are also, in their respective separate and individual capacities, registered representatives of PKS. These individuals maintain their licenses as registered representatives of PKS to be able to service legacy client accounts with variable annuities and 529 plans. Otherwise, the investment advice they offer and provide is intended to be exclusively through TimeScale. They will not generally recommend a brokerage account to clients or prospective clients. However, in their capacity as registered representatives, these individuals will receive commission-based compensation in connection with the purchase and sale of securities, including rule 12b-1 fees for the sale of investment company products. This practice presents a conflict of interest because persons providing investment advice on behalf of TimeScale who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on the client's needs. To mitigate this conflict of interest,

TimeScale will not charge a client an ongoing investment advisory fee if a commission is earned on the investment. Clients are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with TimeScale.

### **Insurance Agency Affiliations**

Certain Investment Adviser TimeScale's representatives are also licensed insurance professionals. Implementation of insurance recommendations are separate and apart from that Investment Adviser Representative's role with TimeScale. These individuals may receive customary commissions and other related revenues from the various insurance companies whose products are sold. Commissions generated by insurance sales do not offset regular advisory fees. This may cause a conflict of interest in recommending certain products of the insurance companies. Clients are under no obligation to implement any recommendations made by TimeScale's representatives.

### **Other Affiliations in General**

TimeScale is not registered and does not have an application pending to register as a broker-dealer. Neither TimeScale nor any of its representatives are registered or have an application pending to register as a futures commission merchant, a commodity pool operator, a commodity trading advisor, or a representative of the foregoing. TimeScale does not receive direct or indirect compensation as a result of recommending or selecting other investment advisors for its clients.

### **Code of Ethics**

TimeScale has implemented a Code of Ethics that defines its fiduciary commitment to each client. This Code of Ethics applies to all persons associated with TimeScale (our "Supervised Persons"). The Code of Ethics was developed to provide general ethical guidelines and specific instructions regarding our duties to our clients. TimeScale and its personnel owe a duty of loyalty, fairness, and good faith towards each client. It is the obligation of TimeScale's Supervised Persons to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code of Ethics covers a range of topics that address employee ethics and conflicts of interest. Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page.

### **Personal Trading with Material Interest**

Neither TimeScale nor any related person of TimeScale recommends, buys, or sells for client accounts, securities in which TimeScale or any related person of TimeScale has a material financial interest. Additionally, TimeScale does not act as the general partner of a fund or advise an investment company.

### **Personal Trading in Same Securities as Clients**

TimeScale and/or TimeScale's representatives may buy or sell securities that are also recommended to clients. This practice may create a situation where TimeScale and/or TimeScale's representatives are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation presents a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if TimeScale did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of TimeScale's clients) and other potentially abusive practices.

TimeScale has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of TimeScale's "Access Persons." TimeScale's securities transaction policy requires that Access Persons of TimeScale provide the Chief Compliance Officer or a designee with a written report of their current securities holdings within 10 days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or a designee with a written report of the Access Person's current securities holdings at least once each 12 month period thereafter on a date TimeScale selects; provided, however, that if at any time TimeScale has only one Access Person, he or she shall not be required to submit any securities report described above.

### **Personal Trading at Same Time as Client**

TimeScale and/or TimeScale's representatives may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where TimeScale and/or TimeScale's representatives are in a position to materially benefit from the sale or purchase of those securities. Therefore, this presents a conflict of interest. As indicated above, TimeScale has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of TimeScale's Access Persons.

### **Frequency of Reviews**

Securities in client accounts are monitored on a regular and continuous basis by an Investment Adviser Representative or under the supervision of an Investment Adviser Representative. Formal reviews are generally conducted at least annually, or more or less frequently depending on the needs of the client.

### **Causes for Reviews**

Accounts may be reviewed as a result of major changes in economic conditions, known changes in the client's financial situation, and/or large deposits or withdrawals in the client's accounts. The client is encouraged to notify TimeScale if changes occur in the client's personal financial situation that might adversely affect the client's investment plan. Additional reviews may be triggered by material market, economic, or political events.

### **Review Reports**

The client will receive brokerage statements no less than quarterly from the trustee or Custodian. These brokerage statements are sent directly from the Custodian to the client. The client may also establish electronic access to the Custodian's website so that the client may view these reports and their account activity. Client brokerage statements will include all positions, transactions, and fees relating to the client's accounts. TimeScale may also provide clients with periodic reports regarding their holdings, allocations, and performance.

### **Compensation Received by TimeScale**

TimeScale does not receive commissions or other compensation from product sponsors, broker-dealers, or any un-related third party. TimeScale may refer clients to various third parties to provide certain financial services necessary to meet the goals of its clients. Likewise, TimeScale may receive referrals of new clients from a third-party.

## **Participation in Institutional Advisor Platform**

TimeScale receives economic benefits from Schwab in the form of support products and services made available to TimeScale and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit our firm, and the related conflicts of interest are described more fully in Item 12 of TimeScale's Form ADV Part 2A. The availability of Schwab's products and services is not based on TimeScale giving particular investment advice, such as buying particular securities for clients.

## **Client Referrals from Solicitors**

If a client is introduced to TimeScale by either an unaffiliated or an affiliated solicitor, TimeScale may pay the solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act as well as any applicable state securities regulations. Referral fees are paid solely from TimeScale's investment advisory fees and does not result in any additional charges or higher fees to the client. The unaffiliated Solicitor will provide the client with a copy of TimeScale's Form ADV Part 2A and 2A Appendix 1, along with a Solicitor's Disclosure Statement containing the terms and conditions of the solicitation arrangement including compensation. In addition, TimeScale maintains a relationship with NorthShore Bank, which serves as a solicitor on TimeScale's behalf. TimeScale and NorthShore Bank are not affiliated, meaning that they are not under common ownership or control. However, in addition to the referral fee addressed above, TimeScale also offers a lifetime discount against all advisory fees for NorthShore Bank employees as additional consideration for the solicitor relationship. TimeScale does not solicit fees of more than \$1,200, per client, six months or more in advance.

## **Financial Condition**

TimeScale is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts. TimeScale has not been the subject of a bankruptcy petition.

TimeScale's Chief Compliance Officer, James Horrocks, is available to address any questions about this Wrap Fee Program Brochure or any conflicts of interest presented.