

## Item 1: Cover Page

# MODERN ASSETS

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## **Form ADV, Part 2A – Firm Brochure**

**March 25, 2024**

This Form ADV, Part 2A (the “Brochure”) provides information about the qualifications and business practices of Modern Assets, LLC (“Modern Assets”, “MA”, or “we”). If you have any questions about the contents of this Brochure, please contact us at 424.278.0732. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Modern Assets is a registered investment adviser with the State of California. Registration as an investment adviser does not imply any level of skill or training.

Additional information about MA, and our investment professionals, is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) which can be found using Modern Assets’ identification number 285269.

This Brochure does not constitute (i) an offer to provide advisory services, (ii) an offer to sell or the solicitation of an offer to purchase any securities of any entities described herein, or (iii) a complete discussion of the features, risks, or conflicts associated with any such services or entities.

## Item 2: Material Changes

The last annual update of this Brochure was filed on March 22, 2023. Since this filing, there have been no reported changes. In the future, any material changes made during the year will be reported here.

From time to time, we may amend this Brochure to reflect changes in our business practices, changes in regulations, and routine annual updates as required by securities regulators. Either this complete Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs in the business practices of Modern Assets, LLC.

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## Item 4: Advisory Business

### Description of Advisory Firm

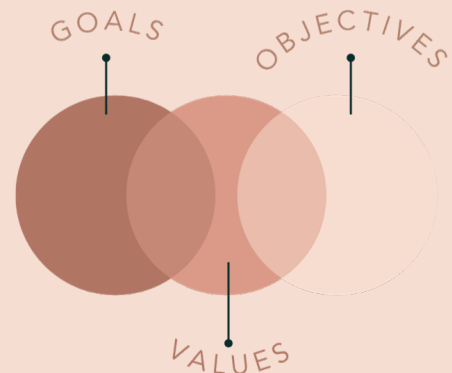
Modern Assets, LLC, a California limited liability company, was founded in November 2016 and is owned by Marie Thomasson. Modern Assets is a registered investment adviser with the State of California. As of December 31, 2023, we managed approximately \$6,404,603 of assets under management (“AUM”) on a discretionary basis and none on a non-discretionary basis.

We are dedicated to adding value, for our clients (each herein referenced as the “Client” or “you”), by providing effective financial planning, tax and fee minimization, and estate planning advice. To best serve you, we are committed to minimizing potential conflicts of interest and providing transparent pricing. We provide portfolio management and financial planning services to individuals and families, trusts and estates, and small businesses.

### Investment Philosophy

#### Values-Aligned Investing

In addition to your current objectives and your goals for the future, we believe that the way you spend and invest your money should align with your personal values. Our approach to portfolio management takes your personal values into account. We are passionate about equipping people with the ability to positively impact their world by thoughtfully selecting the ways they spend and invest their money. Making a difference in your community, the environment, or society-at-large does not require additional monetary commitments. You can make a positive impact simply by choosing a values-aligned investment portfolio. When creating a financial plan and crafting your investment portfolio, we invite you to consider your personal values and allow us to put your money to work in a manner reflective of your principles.



#### Our Investment Beliefs

Our investment beliefs are set out below. Our beliefs are a key driver of our investment decisions.

##### 1. Fees Matter

- Internal Cost of Funds – Many studies show that generating active returns that surpass a manager's benchmark is very rare. Therefore, we primarily use passive, low-cost Exchange-Traded Funds (ETFs) and individual stocks to build our client portfolios. The average internal cost of our ETF portfolios is 0.3%-0.4%.
- Trade Execution – We utilize liquid investments that can be easily purchased or sold without incurring wide price swings in executing the trades. Many of our trades are block trades to ensure consistent buy/sell pricing for all clients.
- Advisor Fee Structure – We strive to be upfront and transparent about our pricing. Minimum account size is \$500K for comprehensive services. Our wide range of personalized financial planning, investment management, and impact investing services are all covered under this comprehensive fee.

##### 2. Environmental, Social, and Governance (“ESG”) Factors Matter

- Cash Flow – High ESG-rated companies are more competitive and can generate abnormal returns, leading to higher profitability and dividend payments.
- Risk – High ESG-rated companies are better at managing company-specific business and operational risks. Therefore, they have a lower probability of suffering incidents that can impact the share price. Consequently, their stock prices display lower idiosyncratic tail risks.

- Valuation – High ESG-rated companies tend to have lower exposure to systematic risk factors. Therefore, their expected cost of capital is lower. This in turn can lead to higher valuations.

### 3. Taxes Matter

Tax-efficient investing allows our clients to keep more of their wealth that is generated from their portfolio. We accomplish this goal through utilizing tax-efficient Exchange-Traded Funds, harvesting tax-losses, locking in long-term capital gains vs. short-term capital gains, using municipal bonds in taxable accounts, and placing any tax-inefficient strategies in retirement accounts.

### 4. Emotions Matter

All our investment strategies are rules-based. Using emotions to dictate investment decisions will generally lead to buying high and selling low. The additional benefit of rules-based strategies is consistency. We are not reliant on the investment picking skillset of any individual.

## Portfolio Considerations

SIZE	How big is the portfolio(s)?
TAXES	Do you need tax efficiency?
CASH FLOWS	Are you a contributor, distributor, or holding steady in your portfolio cash flows?
VALUES	Do you care about sustainability? Are you willing to pay more and/or accept a potentially lower return?
TIME	How long will you invest the money? Will you need chunks of cash sooner than the rest?
GOALS	What goals are your investments funding? Is it for needs, wants, or wishes?
RISK	How much risk are you comfortable taking? How much risk is truly necessary?

## Types of Advisory Services

### Comprehensive Wealth Management: Financial Planning and Investment Management

Our comprehensive approach to managing your wealth includes investment management and financial planning, as we feel strongly that they are the pillars of a successful engagement with Modern Assets. This service involves working one-on-one with a planner over an extended period of time and incorporates comprehensive, ongoing financial planning with investment management. By paying a monthly/quarterly retainer and/or a percentage of assets under management, you get continuous

access to a planner who will work with you to design your financial plan. The planner will monitor the plan, recommend any changes, and ensure the plan remains up-to-date.

You will be taken through establishing your goals and values around money, your money stories, and history of how you think about money and how it's played out in your life. You will be required to provide information to help complete the following areas of analysis: net worth, cash flow, insurance, credit scores/reports, employee benefits, retirement planning, insurance, investments, college planning and estate planning. Once your information is reviewed, your plan will be built and analyzed; and then the findings, analysis, and potential changes to your current situation will be reviewed with you. You will receive a written or an electronic report, providing you with a detailed financial plan designed to achieve your stated financial goals and objectives. If a follow up meeting is required, we will meet at your convenience. The plan and your financial situation and goals will be monitored throughout the year and follow-up phone calls and emails will be made to confirm that any agreed upon action steps have been carried out. On an annual basis, there will be a full review of this plan to ensure its accuracy and ongoing appropriateness. Any needed updates will be implemented at that time.

### **Investment Management Services**

We are in the business of managing investment portfolios. Modern Assets provides continuous advice to our Clients, regarding the investment of their assets, based on the individual needs of each respective Client. We will help you establish your goals and objectives, based on your unique circumstances, through personal discussions that include such matters as your background, prior investment history, family composition, financial needs, and retirement plans. We work together to develop your personal investment policy (or other similar investment plan) that includes asset allocation targets that allow us to create and manage your investment portfolio efficiently. We review the investment policy statement on a periodic basis, with each Client.

Account supervision is guided by the stated objectives of the Client (e.g., maximum capital appreciation, growth, income, etc.), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Fees pertaining to this service are outlined in Item 5 of this Brochure.

### ***Use of Outside Investment Advisers***

We partner with other investment advisers ("third-party advisers") to provide advisory and sub-advisory services (TAMPS) to our Clients. We will assist you in selecting an appropriate allocation model, completing an investor profile questionnaire and/or other paperwork required by the third-party investment adviser. We will liaise with the third-party investment adviser, and conduct regular reviews to ensure that they are managing your assets in accordance with the terms agreed by both parties. Our review process and analysis of third-party advisers is further discussed in Item 8 of this Brochure. Additionally, we will meet with the Client on a periodic basis to discuss changes in their personal or financial situation, suitability, and any new or revised restrictions to be applied to the account. Fees pertaining to this service are outlined in Item 5 of this Brochure.

Clients are encouraged to review the third-party investment adviser's Form ADV disclosure brochures for their advisory fees, services offered, and conflicts prior to establishing an account with the separate account manager. In addition to the investment management fees paid to us, clients will pay fees directly to any third-party investment adviser for their advisory services.

With respect to legal and tax issues, our role shall be that of a facilitator between you and your designated professional advisor(s). When performing the investment advisory services, we are neither your attorneys nor your accountants, and no portion of the investment advisory services rendered by us should be interpreted by you as legal or accounting advice. We recommend that you seek the advice of a qualified attorney and accountant for legal and tax advice. We will assist you, if requested, in the selection of attorneys, accountants, or other professionals. We do not receive any compensation for recommendations of attorneys, accountants, or other professionals.

### ***Management of Held Away Accounts***

We use a third party platform, FeeX, to facilitate management of held away assets such as 401k's, 403b's, and 529's. If we are actively managing one or more of your held away accounts, you will need to link your account(s) to FeeX. This allows us to view, manage, and trade assets in your held away accounts. The FeeX platform also allows us to avoid having custody of Client funds since we do not have direct access to Client log-in credentials to affect trades. It also allows us to use an Order

Management System, to implement tax-efficient asset allocation and opportunistic rebalancing strategies on behalf of the Client. These are primarily 401(k) accounts, HSA's, and other assets we do not custody. We regularly review the available investment options in these accounts, monitor them, and rebalance and implement our strategies in the same way we do other accounts, though using different tools as necessary .

We are not affiliated with the platform in any way and receive no compensation from them for using their platform. A link will be provided to the Client allowing them to connect an account(s) to the platform. Once Client account(s) is connected to the platform, Modern Assets will review the current account allocations. When deemed necessary, Modern Assets will rebalance the account considering client investment goals and risk tolerance, and any change in allocations will consider current economic and market trends. The goal is to improve account performance over time, minimize loss during difficult markets, and manage internal fees that harm account performance. Client account(s) will be reviewed at least quarterly and allocation changes will be made as deemed necessary.

### ***Client Tailored Services and Client Imposed Restrictions***

We offer the same suite of services to all of our comprehensive wealth management clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

### ***Automated Investment Management***

We offer an automated investment program (the "Program") through which clients are invested in a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange-traded funds and mutual funds ("Funds") and a cash allocation. The client may instruct us to exclude up to three Funds from their portfolio. The client's portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. ("CS&Co."). We use the Institutional Intelligent Portfolios® platform ("Platform"), offered by Schwab Performance Technologies ("SPT"), a software provider to independent investment advisors and an affiliate of CS&Co., to operate the Program. We are independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co., or their affiliates (together, "Schwab"). We, and not Schwab, are the client's investment advisor 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. We have contracted with SPT to provide us with the Platform, which consists of technology and related trading and account management services for the Program. The Platform enables us to make the Program available to clients online and includes a system that automates certain key parts of our investment process (the "System"). The System includes an online questionnaire that can help us determine the client's investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that, if we use the online questionnaire, we will recommend a portfolio via the System in response to the client's answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but we then make the final decision and select a portfolio based on all the information we have about the client. The System also includes an automated investment engine through which we manage the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects). We charge clients a fee for our services as described below under Item 5: Fees and Compensation. Our fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to CS&Co. as part of the Program. Schwab does receive other revenues, including (i) the profit earned by Charles Schwab Bank, a Schwab affiliate, on the allocation to the Schwab Intelligent Portfolios Sweep Program described in the Schwab Intelligent Portfolios Sweep Program Disclosure Statement; (ii) investment advisory and/or administrative service fees (or unitary fees) received by Charles Schwab Investment Management, Inc., a Schwab affiliate, from Schwab ETFs™ Schwab Funds® and Laudus Funds® that we select to buy and hold in the client's brokerage account; (iii) fees received by Schwab from mutual funds in the Schwab Mutual Fund Marketplace® (including certain Schwab Funds and Laudus Funds) in the client's brokerage account for services Schwab provides; and (iv) remuneration Schwab receives from the market centers where it routes ETF trade orders for execution. We do not pay SPT fees for the Platform so long as we maintain \$100 million in client assets in accounts at CS&Co. that are not enrolled in the Program. If we do not meet this condition, then we pay SPT an annual licensing fee of 0.10% (10 basis points) on the value of our clients' assets in the Program.

This fee arrangement gives us an incentive to recommend or require that our clients with accounts not enrolled in the Program be maintained with CS&Co.

## Financial Planning Services

Financial planning involves an 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. The key defining aspect of financial planning is that through the financial planning process, all questions, information, and analysis will be considered as they affect and are affected by the entire financial and life situation of the Client. Clients purchasing this service will receive a written or an electronic report, providing the Client with a detailed financial plan designed to achieve his or her stated financial goals and objectives.

In general, the financial plan will address any or all of the following areas of concern. We will work together to select specific areas to cover. These areas may include, but are not limited to, the following:

- **Business Planning:** We provide consulting services for clients who currently operate their own business, are considering starting a business, or are planning for an exit from their current business. Under this type of engagement, we work with you to assess your current situation, identify your objectives, and develop a plan aimed at achieving your goals.
- **Cash Flow and Debt Management:** We will conduct a review of your income and expenses to determine your current surplus or deficit along with advice on prioritizing how any surplus should be used or how to reduce expenses if they exceed your income. Advice may also be provided on which debts to pay off first based on factors such as the interest rate of the debt and any income tax ramifications. We may also recommend what we believe to be an appropriate cash reserve that should be considered for emergencies and other financial goals, along with a review of accounts (such as money market funds) for such reserves, plus strategies to save desired amounts.
- **College Savings:** Includes projecting the amount that will be needed to achieve college or other post-secondary education funding goals, along with advice on ways for you to save the desired amount. Recommendations as to savings strategies are included, and, if needed, we will review your financial picture as it relates to eligibility for financial aid or the best way to contribute to grandchildren (if appropriate).
- **Employee Benefits Optimization:** We will review and provide an analysis as to whether you, as an employee, are taking the maximum advantage possible of your employee benefits. If you are a business owner, we will consider and/or recommend the various benefit programs that can be structured to meet both business and personal retirement goals.
- **Estate Planning:** This usually includes an analysis of your exposure to estate taxes and your current estate plan, which may include whether you have a will, powers of attorney, trusts, and other related documents. Our advice also typically includes ways for you to minimize or avoid future estate taxes by implementing appropriate estate planning strategies such as the use of applicable trusts.

We always recommend that you consult with a qualified attorney when you initiate, update, or complete estate planning activities. We may provide you with contact information for attorneys who specialize in estate planning when you wish to hire an attorney for such purposes. From time-to-time, we will participate in meetings or phone calls between you and your attorney with your approval or request.

- **Financial Goals:** We will help you identify financial goals and develop a plan to reach them. We will identify what you plan to accomplish, what resources you will need to make it happen, how much time you will need to reach the goal, and how much you should budget for your goal.
- **Insurance:** Review of existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home, and automobile.



- **Investment Analysis:** This may involve developing an asset allocation strategy to meet your financial goals while respecting your risk tolerance, providing information on investment vehicles and strategies, reviewing employee stock options, as well as assisting you in establishing your own investment account at a selected broker/dealer or custodian. The strategies and types of investments we may recommend are further discussed in Item 8 of this Brochure.
- **Retirement Planning:** Our retirement planning services typically include projections of your likelihood of achieving your financial goals, typically focusing on financial independence as the primary objective. For situations where projections show less than the desired results, we may make recommendations, including those that may impact the original projections by adjusting certain variables (e.g., working longer, saving more, spending less, taking more risk with investments).

If you are near retirement or already retired, advice may be given on appropriate distribution strategies to minimize the likelihood of running out of money or having to adversely alter spending during your retirement years.

- **Risk Management:** A risk management review includes an analysis of your exposure to major risks that could have a significant adverse impact on your financial picture, such as premature death, disability, property and casualty losses, or the need for long-term care planning. Advice may be provided on ways to minimize such risks and about weighing the costs of purchasing insurance versus the benefits of doing so and, likewise, the potential cost of not purchasing insurance (“self-insuring”).
- **Tax Planning Strategies:** Advice may include ways to minimize current and future income taxes as a part of your overall financial planning picture. For example, we may make recommendations on which type of account(s) or specific investments should be owned based in part on their “tax efficiency,” with consideration that there is always a possibility of future changes to federal, state or local tax laws and rates that may impact your situation.

We recommend that you consult with a qualified tax professional before initiating any tax planning strategy, and we may provide you with contact information for accountants or attorneys who specialize in this area if you wish to hire someone for such purposes. We will participate in meetings or phone calls between you and your tax professional with your approval.

### ***Ongoing Financial Planning***

This service involves working one-on-one with a planner over an extended period of time. By paying a fixed monthly or quarterly fee, Clients get to work with a planner who will work with them to develop and implement their plan. The planner will monitor the plan, recommend any changes and ensure the plan is up to date.

Upon desiring a comprehensive plan, a Client will be taken through establishing their goals and values around money. They will be required to provide information to help complete the following areas of analysis: net worth, cash flow, insurance, credit scores/reports, employee benefit, retirement planning, insurance, investments, college planning, and estate planning. Once the Client's information is reviewed, their plan will be built and analyzed, and then the findings, analysis and potential changes to their current situation will be reviewed with the Client. Clients subscribing to this service will receive a written or an electronic report, providing the Client with a detailed financial plan designed to achieve his or her stated financial goals and objectives. If a follow-up meeting is required, we will meet at the Client's convenience. The plan and the Client's financial situation and goals will be monitored throughout the year and follow-up phone calls and emails will be made to the Client to confirm that any agreed upon action steps have been carried out. On an annual basis, there will be a full review of this plan to ensure its accuracy and ongoing appropriateness. Any needed updates will be implemented at that time.

### **Project-Based Financial Planning Services**

We provide project-based financial planning services on topics such as retirement planning, risk management, college savings, cash flow, debt management, work benefits, and estate and incapacity planning.

## **Educational Seminars and Speaking Engagements**

We may provide seminars on an “as announced” basis for groups seeking general advice on investments and other areas of personal finance. The content of these seminars will vary depending upon the needs of the attendees. These seminars are purely educational in nature and do not involve the sale of any investment products. Information presented will not be based on any individual’s person’s need, nor does MA provide individualized investment advice to attendees during these seminars.

## **Wrap Fee Programs**

We do not participate in wrap fee programs.

## **CCR Section 260.235.2 Disclosure**

For clients who receive our Financial Planning services, we must state when a conflict exists between the interests of our firm and the interests of our client. The client is under no obligation to act upon our recommendation. If the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through our firm.

## **Item 5: Fees and Compensation**

Modern Assets offers its services on a fee basis, which includes fees for Comprehensive Wealth Management or fees based upon assets under management or advisement depending on the client relationship.

Please note, unless a client has received MA’s disclosure brochure at least 48 hours prior to signing the investment advisory contract, the investment advisory contract may be terminated by the client within five (5) business days of signing the contract without incurring any advisory fees. How we are paid depends on the type of advisory service we are performing. Please review the fee and compensation information below.

### **Investment Management**

We offer investment management on a standalone basis when the client’s objectives and risk tolerances are well-aligned with our model portfolios. The minimum account size is \$250,000, and the fee is 1% of assets under management, with a minimum account fee of \$2,500 per year.

### **Modern Assets Automated Investment Management**

As described in Item 4 Advisory Business, clients do not pay fees to SPT or brokerage commissions or other fees to CS&Co. as part of the Program. Schwab does receive other revenues, including (i) the profit earned by Charles Schwab Bank, a Schwab affiliate, on the allocation to the Schwab Intelligent Portfolios Sweep Program described in the Schwab Intelligent Portfolios Sweep Program Disclosure Statement; (ii) investment advisory and/or administrative service fees (or unitary fees) received by Charles Schwab Investment Management, Inc., a Schwab affiliate, from Schwab ETFs™ Schwab Funds® and Laudus Funds® that we select to buy and hold in the client’s brokerage account; (iii) fees received by Schwab from mutual funds in the Schwab Mutual Fund Marketplace® (including certain Schwab Funds and Laudus Funds) in the client’s brokerage account for services Schwab provides; and (iv) remuneration Schwab receives from the market centers where it routes ETF trade orders for execution. Brokerage arrangements are further described below in Item 12 Brokerage Practices.

### **Comprehensive Wealth Management**

The upfront portion of the Comprehensive Wealth Management fee is for client on-boarding, data gathering, and transfer of accounts. This work will commence immediately after the fee is paid, and the initial onboarding will be completed within the first 60 days of the date the fee is paid. Therefore, the upfront portion of the fee will not be paid more than 6 months in advance.

<b>Assets Managed by Modern Assets</b>	<b>Onboarding Fee</b>	<b>Ongoing Fee</b>
Less than \$800,000	\$1,000	\$8,000 ongoing annual fee, paid in quarterly installments of \$2,000.
Between \$800,000 to \$3,500,000	\$1,000	1% fee of assets managed by MA
Above \$3,500,000	\$1,000	0.65% fee of assets after the first \$3,500,000 managed by MA

The annual fees are negotiable and are pro-rated and paid in arrears on a quarterly basis. The advisory fee is determined by combining the market value as calculated on the last business day of the prior calendar quarter (or as of the last business day of the most recent month end if a quarter end statement is not available) of all of a client's portfolios under management and applying a standard fee schedule to the aggregate value. No increase in the annual fee shall be effective without agreement from the client by signing a new agreement or amendment to their current advisory agreement.

In the event the Agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding balance is charged to the client, as appropriate, or any prospective payment in excess of the prorated portion is credited to the client's account. Clients authorize MA to debit directly fees from client accounts.

Under no circumstances do we require or solicit payment of fees in excess of \$500 more than six months in advance of services.

### **Fees for Held Away Accounts**

In order for us to manage your held away accounts with FeeX, you must either engage in Comprehensive Financial Planning or meet a \$500,000 minimum of assets under management. This fee will be assessed and billed quarterly. Specifically, the exact amount charged is determined by the daily average over the course of the quarter. The current exception for this is directly-managed held-away accounts, which are determined by the account value at the end of the quarter. In either case, if we only manage your assets for part of a quarter, the charge will be prorated. The advisory fee is a blended fee and is calculated by assessing the percentage rates using the predefined levels of assets as shown in the above chart and applying the fee to the daily average of the account value or the account value as of the last day of the previous quarter (per the paragraph above), resulting in a combined weighted fee. For example, an account valued at \$2,000,000 would pay an effective fee of 1% with the annual fee being \$20,000 (a quarterly fee of \$5,000).

Investment management fees are generally directly debited on a pro rata basis from client accounts. The exception for this is directly-managed held-away accounts, such as 401(k)'s. As it is impossible to directly debit the fees from these accounts, those fees will be assigned to your taxable accounts on a pro-rata basis. If you do not have a taxable account, those fees will be billed directly to you. Accounts initiated or terminated during a calendar quarter will be charged a pro-rated fee based on the amount of time remaining in the billing period. An account may be terminated with written notice at least 15 calendar days in advance. Since fees are paid in arrears, no rebate will be needed upon termination of the account.

### **Ongoing Financial Planning**

Ongoing Financial Planning consists of an upfront charge of \$1,000 - \$10,000 and an ongoing fee that is paid monthly, in arrears, at the rate of \$250 - \$1,000 per month (or quarterly if the Client prefers). The fee may be negotiable in certain cases. Fees for this service may be paid by electronic funds transfer or check. This service may be terminated with 30 days' notice. Upon termination of any agreement, the fee will be prorated, and any unearned fee will be refunded to the Client.

The upfront portion of the Comprehensive Financial Planning fee is for Client onboarding, data gathering, and setting the basis for the financial plan. This work will commence immediately after the fee is paid and will be completed within the first 30 days of the date the fee is paid. Therefore, the upfront portion of the fee will not be paid more than 6 months in advance.

## **Project Based Financial Planning Fixed Fee**

Financial Planning will occasionally be offered on a fixed fee basis. The fixed fee will be agreed upon before the start of any work. The fixed fee can range between \$5,000 and \$10,000. The fee is negotiable. If a fixed fee program is chosen, half of the fee is due at the beginning of the process and the remainder is due at completion of work, however, MA will not bill an amount above \$500.00 more than 6 months in advance. Fees for this service may be paid by electronic funds transfer or check. In the event of early termination any prepaid but unearned fees will be refunded to the Client and any completed deliverables of the project will be provided to the Client and no further fees will be charged.

## **Fee Discretion**

Modern Assets, in its sole discretion, may negotiate to charge a greater or lesser fee based upon certain criteria, such as the complexity of the client's portfolio, the level of expertise required to service the account, the time involved in servicing the account, potential value added to the client for the services to be provided, pre-existing client relationships, anticipated future additional assets, dollar amount of assets to be managed, account retention and pro bono activities among other factors. Related client accounts may be aggregated for purposes of calculating fees. Modern Assets may waive its advisory fee at any time when it deems it appropriate and/or necessary. Clients authorize Modern Assets to directly debit fees from client accounts. The quarterly billing activity appears on the client's statements furnished by the custodian.

## **Educational Seminars/ Speaking engagements**

Seminars are offered to organizations and the public on a variety of financial topics. Fees range from free to \$1,000 per seminar or free to \$50 per participant. Half of the fees are due prior to the engagement, and the other half are to be paid the day of, no later than the conclusion of the Seminar. The fee range is based on the content, amount of research conducted, number of hours of preparation needed, and the number of attendees. In the event of inclement weather or a flight cancellation, the Speaker shall make all reasonable attempts to make alternative travel arrangements to arrive in time for the presentation. If travel proves impossible, or the event is otherwise cancelled, the Speaker's fee is waived, but the Client will still be responsible for reimbursement of any non-refundable travel expenses already incurred.

In the event that the Client decides to cancel or change the date of the event for any reason besides weather or similar unforeseen causes, the Client will still be responsible for reimbursement of any non-refundable travel expenses already incurred, and will provide payment for 50 % of the Speaker's fee if the cancellation occurs within 30 days of the event. In the event that the Speaker must cancel due to health or similar unforeseen circumstances, the Speaker will make all attempts to find a reasonable alternative engagement date and will absorb any incremental additional costs for obtaining alternative travel arrangements. If an alternative date cannot be obtained, the Client will not be responsible for any travel costs already incurred by the Speaker or any portion of the Speaker's fee.

## **Speaking Engagements**

Marie Thomasson is a public speaker. Generally, fees for her speaking engagements range from free to \$1,000 plus travel expenses, depending on sponsor, date, location, and program requested. For all speeches, 50% of the balance is due before the event and the remaining balance due at the conclusion of the event. Half of the fees are due prior to the engagement, and the other half are to be paid the day of, no later than the conclusion of the Seminar. The fee range is based on the content, amount of research conducted, number of hours of preparation needed, and the number of attendees. The content is based on topics that are currently relevant in the financial planning environment.

In the event of inclement weather or a flight cancellation, the Speaker shall make all reasonable attempts to make alternative travel arrangements to arrive in time for the presentation. If travel proves impossible, or the event is otherwise cancelled, the Speaker's fee is waived, but the Client will still be responsible for reimbursement of any non-refundable travel expenses already incurred. In the event that the Client decides to cancel or change the date of the event for any reason besides weather or similar unforeseen causes, the Client will still be responsible for reimbursement of any non-refundable travel expenses already incurred, and will provide payment for 50% of the Speaker's fee if the cancellation occurs within 30 days of the event. In the event that the Speaker must cancel due to health or similar unforeseen circumstances, the Speaker will make all attempts to find a reasonable alternative engagement date and will absorb any incremental additional costs for obtaining alternative travel arrangements. If an alternative date cannot be obtained, the Client will not be responsible for any travel costs already incurred by the Speaker or any portion of the Speaker's fee.

Educational Seminars and Speaking Engagements may be provided pro-bono at MA's discretion.

### **Other Types of Fees and Expenses**

Our fees are exclusive of brokerage commissions, transaction fees, order management and other technology fees, and other related costs and expenses which may be incurred by the Client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual fund and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to our fee, and we shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that we consider in selecting or recommending broker-dealers for client's transactions and determining the reasonableness of their compensation (e.g., commissions).

We do not accept compensation for the sale of securities or other investment products including asset-based sales charges or service fees from the sale of mutual funds.

### **CCR Section 260.238(j) Disclosure**

Please note, lower fees for comparable services may be available from other sources.

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

Modern Assets does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

## **Item 7: Types of Clients**

We provide investment management and/or financial planning services to individuals, families, estates, trusts, small businesses, and charitable institutions.

As a condition for starting and maintaining a relationship with Modern Assets, MA generally imposes a minimum portfolio size of \$500,000. MA, in its sole discretion, may accept clients with smaller portfolios based upon each client's particular circumstances as it deems appropriate. Modern Assets reserves the right to waive the minimum at any time. However, Modern Assets only accepts clients with less than the minimum portfolio size if, in the sole opinion of MA, the smaller portfolio size will not result in a substantial increase of investment risk beyond the client's identified risk tolerance. Modern Assets may aggregate the portfolios of family members to meet the minimum portfolio size.

### **Modern Assets Automated Investment Management**

Clients eligible to enroll in the Program 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 or convert an account in the Program is \$10,000. The minimum account balance to enroll in the tax-loss harvesting feature is \$50,000.

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

### **Methods of Analysis and Investment Strategies**

Most investments act as a tool to combat inflation. Investments are essentially long-term savings - until and unless clients have the capacity and inclination to accept more risk, lock-up periods, and increased due diligence. Modern Assets predominantly allocates Client assets to passive or quasi-passive (tax-enhanced) strategies utilizing publicly traded securities

such as ETFs and mutual funds, or one or more portfolios of liquid securities that are professionally managed. Passive investing involves building portfolios that are comprised of various distinct asset classes. The asset classes are weighted in a manner to achieve a desired relationship between correlation, risk and return. Funds that passively capture the returns of the desired asset classes are placed in the portfolio. The funds that are used to build passive portfolios are typically index mutual funds or exchange traded funds.

**Passive investment management** is characterized by low portfolio expenses (i.e. the funds inside the portfolio have low internal costs), minimal trading costs (due to infrequent trading activity), and relative tax efficiency (because the funds inside the portfolio are tax efficient and turnover inside the portfolio is minimal).

Nevertheless, individual Client circumstances may dictate the use of other types of securities, actively managed portfolios, or alternative investments. When utilizing active portfolio managers, alternative assets, or strategies that otherwise deviate from the general asset classes used when modeling Client portfolios, Modern Assets relies on research provided by professional companies dedicated to the business of providing investment manager research and due diligence. MA has elected to utilize the services of one or more professional research firms because Modern Assets believes that its resource allocation is more effective when allocated to wealth/financial planning, income and estate tax planning, and discipline around strategic asset allocation.

In contrast, **active management** involves a single manager or managers who employ some method, strategy, or technique to construct a portfolio that is intended to generate returns that are greater than the broader market or a designated benchmark. Academic research indicates most active managers underperform the market.

## **Cash**

For target cash allocations and accrued balances, we utilize money market mutual funds and or brokerage “sweep” accounts. Cash is managed to earn a competitive yield or to reflect an allocation to a values-aligned portfolio strategy.

## **Borrowing**

We do not use leverage (debt) based investment or trading strategies. However, some Client accounts are set up for margin borrowing which, when used, is typically very short term (for example, for liquidity purposes). However, Clients do have the ability to maintain margin balances for longer periods.

## **Derivatives**

Generally, we do not use derivatives. However, in Client-specific circumstances we may employ securities whose value is derived from an index such as structured notes or options.

## **Use of Margin**

While the use of margin borrowing can substantially improve returns, it may also increase overall portfolio risk. Margin transactions are generally effected using capital borrowed from a Financial Institution, which is secured by a client’s holdings. Under certain circumstances, a lending Financial Institution may demand an increase in the underlying collateral. If the client is unable to provide the additional collateral, the Financial Institution may liquidate account assets to satisfy the client’s outstanding obligations, which could have extremely adverse consequences. In addition, fluctuations in the amount of a client’s borrowings and the corresponding interest rates may have a significant effect on the profitability and stability of a client’s portfolio.

## **Values-Aligned Investment Process & Philosophy**

*Modern Assets places an emphasis on aligning your values with the investment management and financial planning process.*

1. We believe in the value of investing through the lens of sustainability and social equity.
2. We act in the world through our deeds, livelihood, spending choices, and investment activities.
3. Opacity, complexity, and the intermediation of global finance make it difficult for us to recognize our agency in the world expressed through our investments.

**When aligning investments, we consider the following three questions:**

1. What problems would I rather not contribute to with my investments?
2. What positive impact would I like my investments to create?
3. What non-financial returns/rewards/benefits are important to me?



## ESG Investing Extends Pre-Investment Analysis

ESG Integration is the explicit inclusion of environmental, social, and governance risks and opportunities into traditional financial analysis based on a systematic approach and appropriate research sources.<sup>1</sup> ESG focuses on economic value, which often overlaps with individual values. For instance, pollution is a risk to both a company’s profits and to a person’s health. It’s wise to avoid investing in companies that pollute the environment, for either reason. In addition to the fundamental financial factors examined in traditional security selection, ESG integration adds environmental, social, and governance factors into the analysis.

The below tables provide some examples of the ESG factors examined prior to investing in a company.

E	S	G
<ul style="list-style-type: none"> <li>• Natural Resources</li> <li>• Pollution &amp; Waste</li> <li>• Greenhouse Gas Emissions</li> <li>• Water Use</li> </ul>	<ul style="list-style-type: none"> <li>• Human Capital</li> <li>• Product Liability</li> <li>• Labor Rights</li> <li>• Safety Records</li> </ul>	<ul style="list-style-type: none"> <li>• Board Independence</li> <li>• Executive Pay</li> <li>• Employee Ownership</li> </ul>

<sup>1</sup> Eurosif. “European SRI Study 2018”. European Sustainable Investment Forum (Eurosif). 2018.

## Our Investment Model Portfolios

Client Segment	Conventional	ESG <sup>1</sup>	SRI/Progressive Principles	Impact	Philanthropy	Custodian
<b>Small (&gt;\$500K)</b>	upon request	Planet Portfolio (model)	n/a	Calvert Impact	n/a	Primary: Altruist Secondary: Schwab
<b>Core (\$500K – \$1M)</b>	upon request	Planet Portfolio (model)	Thematic SMA/ Direct Index "Progressive Portfolio"	Calvert Impact	n/a	Schwab
<b>Large (\$1M – \$3.5M)</b>	upon request	(customized)	Custom Direct Index Portfolio (SMA)	Calvert Impact  Cnote	DAF	Schwab
<b>Top (\$3.5M+)</b>	upon request	(customized)	Custom Direct Index Portfolio (SMA)	(customized)	Trusts/ Regenerative Investing/DAF	Schwab

### Our Planet Portfolio

Our Planet Portfolio focuses on the **environmental** aspect of ESG, taking into consideration such factors as the natural resources that a company consumes, how much pollution and waste it generates, its greenhouse gas emissions, and its water use. Clients with more than \$1M in AUM receive a customized portfolio, crafted to align with their personal goals and values. Clients in this segment may also choose to include a philanthropy component in their investment strategy. This portfolio utilizes direct-indexing.

### Our Values-Aligned Portfolio

Our Values-Aligned Portfolio focuses on all three elements of ESG investing: **environmental**, **social**, and **governance**. Factors from each of the three categories are examined prior to undertaking an investment. This strategy offers our most robust analysis of a company, as it encompasses the broadest spectrum of factors. Clients with more than \$1M in AUM may select a values-aligned portfolio, which will be customized according to their goals and values. Clients in this segment may also choose to include a philanthropy component in their investment strategy. This portfolio utilizes direct-indexing.

## Material Risks Involved

All investing strategies we offer involve risk and may result in a loss of your original investment which you should be prepared to bear.

Many of these risks apply equally to stocks, bonds, commodities and any other investment or security. Material risks associated with our investment strategies are listed below.

**Market Risk:** Market risk involves the possibility that an investment's current market value will fall because of a general market decline, reducing the value of the investment regardless of the operational success of the issuer's operations or its financial condition.

**Strategy Risk:** Our investment strategies and/or investment techniques may not work as intended.

**Small and Medium Cap Company Risk:** Securities of companies with small and medium market capitalizations are often more volatile and less liquid than investments in larger companies. Small and medium cap companies may face a greater risk of business failure, which could increase the volatility of the client's portfolio.

**Turnover Risk:** At times, the strategy may have a portfolio turnover rate that is higher than other strategies. A high portfolio turnover would result in correspondingly greater brokerage commission expenses and may result in the distribution of additional capital gains for tax purposes. These factors may negatively affect the account's performance.



**Limited markets:** Certain securities may be less liquid (harder to sell or buy) and their prices may at times be more volatile than at other times. Under certain market conditions we may be unable to sell or liquidate investments at prices we consider reasonable or favorable, or find buyers at any price.

**Concentration Risk:** Certain investment strategies focus on particular asset-classes, industries, sectors or types of investment. From time to time these strategies may be subject to greater risks of adverse developments in such areas of focus than a strategy that is more broadly diversified across a wider variety of investments.

**Interest Rate Risk:** Bond (fixed income) prices generally fall when interest rates rise, and the value may fall below par value or the principal investment. The opposite is also generally true: bond prices generally rise when interest rates fall. In general, fixed income securities with longer maturities are more sensitive to these price changes. Most other investments are also sensitive to the level and direction of interest rates.

**Legal or Legislative Risk:** Legislative changes or Court rulings may impact the value of investments, or the securities' claim on the issuer's assets and finances.

**Inflation:** Inflation may erode the buying-power of your investment portfolio, even if the dollar value of your investments remains the same.

### **Risks Associated with Securities**

Apart from the general risks outlined above which apply to all types of investments, specific securities may have other risks.

**Commercial Paper** is, in most cases, an unsecured promissory note that is issued with a maturity of 270 days or less. Being unsecured the risk to the investor is that the issuer may default.

**Common stocks** may go up and down in price quite dramatically, and in the event of an issuer's bankruptcy or restructuring could lose all value. A slower-growth or recessionary economic environment could have an adverse effect on the price of all stocks.

**Corporate Bonds** are debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk.

**Bank Obligations** including bonds and certificates of deposit may be vulnerable to setbacks or panics in the banking industry. Banks and other financial institutions are greatly affected by interest rates and may be adversely affected by downturns in the U.S. and foreign economies or changes in banking regulations.

**Municipal Bonds** are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities. Municipal bonds pay a lower rate of return than most other types of bonds. However, because of a municipal bond's tax-favored status, investors should compare the relative after-tax return to the after-tax return of other bonds, depending on the investor's tax bracket. Investing in municipal bonds carries the same general risks as investing in bonds in general. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, and liquidity and valuation risk.

**Options and other derivatives** carry many unique risks, including time-sensitivity, and can result in the complete loss of principal. While covered call writing does provide a partial hedge to the stock against which the call is written, the hedge is limited to the amount of cash flow received when writing the option. When selling covered calls, there is a risk the underlying position may be called away at a price lower than the current market price.

**Exchange Traded Funds** prices may vary significantly from the Net Asset Value due to market conditions. Certain Exchange Traded Funds may not track underlying benchmarks as expected. ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their 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. The Adviser has no control over the risks taken by the underlying funds in which client's invest.

**Investment Companies Risk.** When a client invests in open end mutual funds or ETFs, the client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives).

## Item 9: Disciplinary Information

Modern Assets has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

### **Criminal or Civil Actions**

MA and its management have not been involved in any criminal or civil action.

### **Administrative Enforcement Proceedings**

MA and its management have not been involved in administrative enforcement proceedings.

### **Self-Regulatory Organization Enforcement Proceedings**

MA and its management have not been involved in legal or disciplinary events that are material to a client's or prospective client's evaluation of MA or the integrity of its management.

## Item 10: Other Financial Industry Activities and Affiliations

MA and its representatives are not registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. MA and its representative are not registered, or have an application pending to register, as a futures commission merchant, commodity pool operator or a commodity trading advisor.

MA does not have any related parties. As a result, we do not have a relationship with any related parties.

MA only receives compensation directly from clients. We do not receive compensation from any outside source. We do not have any conflicts of interest with any outside party.

### **Disclosure of Material Conflicts**

All material conflicts of interest under CCR Section 260.238(k) are disclosed regarding MA, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

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

As a fiduciary, our firm and its associates have a duty of utmost good faith to act solely in the best interests of each client. Our clients entrust us with their funds and personal information, which in turn places a high standard on our conduct and integrity. Our fiduciary duty is a core aspect of our Code of Ethics and represents the expected basis of all of our dealings. MA also adheres to the Code of Ethics and Professional Responsibility adopted by the CFP® Board of Standards Inc., and accepts the obligation not only to comply with the mandates and requirements of all applicable laws and regulations but also to take responsibility to act in an ethical and professionally responsible manner in all professional services and activities.

## Code of Ethics Description

This code does not attempt to identify all possible conflicts of interest, and literal compliance with each of its specific provisions will not shield associated persons from liability for personal trading or other conduct that violates a fiduciary duty to advisory clients. A summary of the Code of Ethics' Principles is outlined below.

- **Integrity** - Associated persons shall offer and provide professional services with integrity.
- **Objectivity** - Associated persons shall be objective in providing professional services to clients.
- **Competence** - Associated persons shall provide services to clients competently and maintain the necessary knowledge and skill to continue to do so in those areas in which they are engaged.
- **Fairness** - Associated persons shall perform professional services in a manner that is fair and reasonable to clients, principals, partners, and employers, and shall disclose conflict(s) of interest in providing such services.
- **Confidentiality** - Associated persons shall not disclose confidential client information without the specific consent of the client unless in response to proper legal process, or as required by law.
- **Professionalism** - Associated persons' conduct in all matter shall reflect credit of the profession.
- **Diligence** - Associated persons shall act diligently in providing professional services.

We periodically review and amend our Code of Ethics to ensure that it remains current, and we require all firm access persons to attest to their understanding of and adherence to the Code of Ethics at least annually. Our firm will provide of copy of its Code of Ethics to any client or prospective client upon request.

### Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest

Neither our firm, its associates or any related person is authorized to recommend to a client, or effect a transaction for a client, involving any security in which our firm or a related person has a material financial interest, such as in the capacity as an underwriter, adviser to the issuer, etc.

### Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest

Our firm and its "related persons" may buy or sell the same securities, similar to, or different from, those we recommend to clients for their accounts. In an effort to reduce or eliminate certain conflicts of interest involving MA or personal trading, our policy may require that we restrict or prohibit associates' transactions in specific reportable securities transactions. Any exceptions or trading pre-clearance must be approved by a MA principal in advance of the transaction in an account, and we maintain the required personal securities transaction records per regulation.

### Trading Securities At/Around the Same Time as Client's Securities

From time to time, our firm or its "related persons" may buy or sell the same securities for themselves at or about the same time as clients for our own (or its "related persons" account. We will not trade non-mutual fund or ETF securities 5 days prior to the same security for clients to avoid conflicts of interest.

## Item 12: Brokerage Practices

### Factors Used to Select Custodians and/or Broker-Dealers

Modern Assets, LLC does not have any affiliation with Broker-Dealers. Specific custodian recommendations are made to the Client based on their need for such services. We recommend custodians based on the reputation and services provided by the firm.

1. **Research and Other Soft-Dollar Benefits**  
We currently do not receive soft dollar benefits.

## 2. Brokerage for Client Referrals

We receive no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

## 3. Clients Directing Which Broker/Dealer/Custodian to Use

We do recommend a specific custodian for clients to use, however, clients may custody their assets at a custodian of their choice. Clients may also direct us to use a specific broker-dealer to execute transactions. By allowing clients to choose a specific custodian, we may be unable to achieve most favorable execution of client transaction and this may cost clients money over using a lower-cost custodian.

## The Custodian and Brokers We Use

At present, we have arrangements with Charles Schwab and Co. Inc. ("Schwab"), Altruist, Betterment, 401G0, and FeeX that provide our firm with platform services for professional advisers. These platforms include, for example, brokerage, custodial, administrative support, record keeping and related services that are intended to support our firm in conducting business and in serving the best interests of our clients. Schwab and Betterment also make available certain research and brokerage services at no additional cost to our firm. These products and services may include research reports on recommendations or other information about particular companies or industries, economic surveys, data and analyses, financial publications, portfolio evaluation services, financial database software and services, computerized news and pricing services, quotation software used in investment decision-making, and other products or services that provide assistance to our firm in the performance of our investment decision-making responsibilities. We use these research and brokerage services to manage accounts for which we have investment discretion. Without these arrangements, we might be compelled to purchase the same or similar services at our own expense. As a result of receiving these services for no additional cost, we may have an incentive to continue to use or expand the use of their services. We examined this potential conflict of interest and we have determined that the relationships are in the best interest of our firm's clients and satisfy our client obligations.

**Betterment:** Modern Assets does not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us the authority to withdraw advisory fees from your account (see Item 15—Custody, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We may recommend that our Clients use MTG, LLC dba Betterment Securities ("Betterment Securities"), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Betterment Securities. Betterment Securities will hold your assets in a brokerage account and buy and sell securities when we and/or you instruct them to. While we may recommend that you use Betterment Securities as custodian/broker, you will decide whether to do so and will open your account with Betterment Securities by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. If you do not wish to place your assets with Betterment Securities, then we cannot manage your account on Betterment For Advisors (defined below).

**Altruist:** For the benefit of no commissions or transaction fees, fully digital account opening, a large variety of security options and complete integration with software tools, Modern Assets recommends Altruist Financial LLC, an unaffiliated SEC-registered broker dealer and FINRA/SIPC member, as the introducing broker to Apex Clearing Corporation, an unaffiliated SEC registered broker dealer and FINRA/SIPC member, as the clients' custodian. Modern Assets does not receive any research or other soft-dollar benefit by nature from its relationship with Altruist Financial LLC. Modern Assets does not receive any referrals in exchange for using Altruist Financial LLC as a broker dealer.

## Your Brokerage and Custody Costs

For our Clients' accounts that Betterment Securities maintains, Betterment Securities generally does not charge you separately for custody services but is compensated as part of the Betterment For Advisors (defined below) platform fee, which is a percentage of the dollar amount of assets in the account in lieu of commissions. We have determined that having Betterment Securities execute trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "Factors Used to Select Custodians and/or Broker-Dealers").

## Services Available to Us via Betterment For Advisors

Betterment Securities serves as broker-dealer to Betterment For Advisors, an investment and advice platform serving independent investment advisory firms like us ("Betterment For Advisors"). Betterment For Advisors also makes available various support services which may not be available to Betterment's retail customers. Some of those services help us manage or administer our Clients' accounts, while others help us manage and grow our business. Betterment For Advisors' support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of Betterment For Advisors' support services:

1. **Services That Benefit You.** Betterment For Advisors includes access to a range of investment products, execution of securities transactions, and custody of Client assets through Betterment Securities. Betterment Securities' services described in this paragraph generally benefit you and your account.
2. **Services That May Not Directly Benefit You.** Betterment For Advisors 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, such as software and technology that may:
  - a. Assist with back-office functions, recordkeeping, and Client reporting of our Clients' accounts.
  - b. Provide access to Client account data (such as duplicate trade confirmations and account statements).
  - c. Provide pricing and other market data.
  - d. Assist with back-office functions, recordkeeping, and Client reporting.
3. **Services That Generally Benefit Only Us.** By using Betterment For Advisors, we will be offered other services intended to help us manage and further develop our business enterprise. These services include:
  - a. Educational conferences and events.
  - b. Consulting on technology, compliance, legal, and business needs.
  - c. Publications and conferences on practice management and business succession.

## Our Interest in Betterment Securities' Services

The availability of these services from Betterment For Advisors benefits us because we do not have to produce or purchase them. In addition, we don't have to pay for Betterment Securities' services. These services may be contingent upon us committing a certain amount of business to Betterment Securities in assets in custody. We may have an incentive to recommend that you maintain your account with Betterment Securities, based on our interest in receiving Betterment For Advisors and Betterment Securities' services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Betterment Securities as custodian and broker is in the best interests of our Clients. Our selection is primarily supported by the scope, quality, and price of Betterment Securities' services and not Betterment For Advisors and Betterment Securities' services that benefit only us.

## Modern Assets Automated Investment Management

Client accounts enrolled in the Program are maintained at, and receive the brokerage services of, CS&Co., a broker/dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. While clients are required to use CS&Co. as custodian/broker to enroll in the Program, the client decides whether to do so and opens its account with CS&Co. by entering into a brokerage account agreement directly with CS&Co. We do not open the account for the client. If the client does not wish to place his or her assets with CS&Co., then we cannot manage the client's account through the Program. CS&Co. may aggregate purchase and sale orders for Funds across accounts enrolled in the Program, including both accounts for our clients and accounts for clients of other independent investment advisory firms using the Platform. Schwab Advisor Services™ (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. 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. However, certain retail customers may be able to get institutional brokerage services from Schwab without going through us. 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: CS&Co.'s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. CS&Co.'s services described in this paragraph generally benefit the client and the client's account. CS&Co. also makes available to us other products and services that benefit us but do not directly benefit the client or its account. These products and services assist us in managing and administering our clients' accounts and operating our firm. They include investment research, both Schwab's own and that of third parties. We use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at CS&Co. In addition to investment research, CS&Co. also makes available software and other technology that: (i) provide access to client account data (such as duplicate trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide pricing and other market data; (iv) facilitate payment of our fees from our clients' accounts; and (v) assist with back-office functions, recordkeeping, and client reporting. CS&Co. also offers other services intended to help us manage and further develop our business enterprise. These services include: (i) educational conferences and events; (ii) technology and business consulting; (iii) consulting on legal and related compliance needs; (iv) publications and conferences on practice management and business succession; and (v) access to employee benefits providers, human capital consultants, and insurance providers. CS&Co. provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. CS&Co. also discounts or waives its fees for some of these services or pays all or a part of a third party's fees. CS&Co. also provides us with other benefits such as occasional business entertainment of our personnel. If you did not maintain your account with Schwab, we would be required to pay for these services from our own resources. The availability of services from CS&Co. benefits us because we do not have to produce or purchase them. We don't have to pay for these services, and they are not contingent upon us committing any specific amount of business to CS&Co. in trading commissions or assets in custody. With respect to the Program, as described above under Item 4 Advisory Business, we do not pay SPT fees for the Platform so long as we maintain \$100 Million in client assets in accounts at CS&Co. that are not enrolled in the Program. The fact that we receive these benefits from Schwab is an incentive for us to recommend the use of Schwab rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of transactions. This is Institutional Intelligent Portfolios® Rev. 2019.11 34 a conflict of interest. We believe, however, that taken in the aggregate our recommendation of CS&Co. as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality, and price of CS&Co.'s services and not Schwab's services that benefit only us. We have adopted policies and procedures designed to ensure that our use of Schwab's services is appropriate for each of our clients.

### **Aggregating (Block) Trading for Multiple Client Accounts**

When appropriate, we combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion, regarding particular circumstances and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

## **Item 13: Review of Accounts**

Marie Thomasson, Owner and CCO of MA, will work with clients to obtain current information regarding their assets and investment holdings and will review this information as part of our financial planning services. MA does not provide specific reports to clients, other than financial plans.

Client accounts with the Investment Management Service will be reviewed regularly on a yearly basis by Marie Thomasson, Owner and CCO. The account is reviewed with regards to the client's investment policies and risk tolerance levels. Events that may trigger a special review would be unusual performance, addition or deletions of client-imposed restrictions, excessive draw-down, volatility in performance, or buy and sell decisions from the firm or per client's needs.

Clients will receive trade confirmations from the broker(s) for each transaction in their accounts as well as monthly or quarterly statements and annual tax reporting statements from their custodian showing all activity in the accounts, such as receipt of dividends and interest.

MA will provide written reports to clients upon request.

## Item 14: Client Referrals and Other Compensation

We do not receive any economic benefit, directly or indirectly, from any third party for advice rendered to our clients. Nor do we, directly or indirectly, compensate any person who is not advisory personnel for client referrals.

Modern Assets does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us. You do not pay more for assets maintained at Schwab as a result of these arrangements. However, we benefit from the arrangements because the cost of these services would otherwise be borne directly by us. You should consider these conflicts of interest when selecting a custodian. The products and services provided by Schwab, how they benefit us, and the related conflicts of interest are described above under Item 12 Brokerage Practices. The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

## Item 15: Custody

MA does not accept custody of client funds except in the instance of withdrawing client fees.

For client accounts in which MA directly debits their advisory fee:

1. MA will send a copy of its invoice to the custodian at the same time that it sends the client a copy.
2. The custodian will send at least quarterly statements to the client showing all disbursements for the account, including the amount of the advisory fee.
3. The client will provide written authorization to MA, permitting them to be paid directly for their accounts held by the custodian.

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

### **Modern Assets Automated Investment Management**

Under government regulations, we are deemed to have custody of a client's assets if the client authorizes us to instruct CS&Co. to deduct our advisory fees directly from the client's account. This is the case for accounts in the Program. CS&Co. maintains actual custody of clients' assets. Clients receive account statements directly from CS&Co. at least quarterly. They will be sent to the email or postal mailing address the client provides to CS&Co. Clients should carefully review those statements promptly when received. We also urge clients to compare CS&Co.'s account statements to the periodic [account statements/portfolio reports] clients receive from us.

## Item 16: Investment Discretion

Modern Assets provides investment supervisory services on a discretionary basis (authority). This means we have been granted full trading authority in our client services agreement, as well as the custodians of record's account opening document. With such authority, we determine which investments to purchase and sell on your behalf. In making investment decisions, we seek to adhere to the investment strategy outlined in your investment policy statement or similar investment plan.

## Item 17: Voting Client Securities

*We only vote proxies for the accounts of our Clients with direct-indexed values-aligned portfolios.* For all other accounts, MA does not vote Client proxies. Therefore, Clients maintain exclusive responsibility for: (1) voting proxies, and (2) acting on corporate actions pertaining to the Client's investment assets. The Client shall instruct the Client's qualified custodian to forward to the Client copies of all proxies and shareholder communications relating to the Client's investment assets. If the client would like our opinion on a particular proxy vote, they may contact us at the number listed on the cover of this brochure.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward you any electronic solicitation to vote proxies.

## Item 18: Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding.

We do not have custody of client funds or securities or require or solicit prepayment of more than \$500 in fees per client six months in advance.

## Item 19: Requirements for State-Registered Advisers

Please reference the accompanying Form ADV, Part 2B for Marie Thomasson.

### **Material Relationships That Management Persons Have with Issuers of Securities**

Neither Modern Assets, nor Marie Thomasson, have any relationship or arrangement with issuers of securities, beyond any described in Item 10.

### **Conflicts of Interest**

Pursuant to California Code of Regulations Section 260.238 (k) any material conflicts of interest regarding the investment adviser, its representatives or any of its employees are disclosed to the client prior to entering into any Advisory or Financial Planning Agreement.

### **Business Continuity Plan**

MA maintains a written Business Continuity Plan that identifies procedures related to an emergency or significant business disruptions, including death of the investment adviser or any of its representatives.



**Modern Assets, LLC**  
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Los Angeles, CA 90034  
(424) 278-0732

Form ADV Part 2B – Brochure Supplement

**3/25/2024**

*For*

**Marie Thomasson [Individual CRD# 6724246]**

Owner and Chief Compliance Officer

This brochure supplement provides information about Marie Thomasson that supplements the Modern Assets, LLC (“MA”) brochure. A copy of that brochure precedes this supplement. Please contact Marie Thomasson if the MA brochure is not included with this supplement or if you have any questions about the contents of this supplement.

Additional information about Marie Thomasson is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) which can be found using the identification number 6724246.

## Item 2: Educational Background and Business Experience

Marie Thomasson was born in 1979. She is the owner and CCO of Modern Assets, LLC (“MA”), which she founded in November 2016. From August 2018 to October 2019, Ms. Thomasson was an Investment Adviser Representative (“IAR”) with Aequitas Wealth Management. From February 2014 to August 2016, she was a Senior Corporate Risk Analyst with Praedicat. From February 2013 to February 2014, Ms. Thomasson owned and operated Investment for the People. From May 2005 to February 2013, she worked in fixed income for Trust Company of the West. Ms. Thomasson holds a Bachelor of Science in Applied Mathematics from UCLA (2005) and completed the CFP®<sup>1</sup> course credentials at NYU in 2016.

## Item 3: Disciplinary Information

No management person at Modern Assets has ever been involved in an arbitration claim of any kind or been found liable in a civil, self-regulatory organization, or administrative proceeding.

## Item 4: Other Business Activities

Since May 2023, Ms. Thomasson has been employed as a Data Analyst for Microsoft. This position is not related to the investment industry.

## Item 5: Additional Compensation

Ms. Thomasson receives no additional compensation beyond that which is discussed in Item 4.

## Item 6: Supervision

Ms. Thomasson is the founder and CCO of MA, therefore has no supervisor.

However, Ms. Thomasson must comply with MA’s compliance policies and procedures. The compliance policies and procedures are designed to detect and prevent violations of the Investment Advisers Act of 1940, the California Corporations Code, the California Code of Regulations, and other laws as applicable to MA. All personnel are required to comply with applicable securities laws. Appropriate disciplinary will be taken for failure to comply with the requirements of MA’s compliance policies and procedures, as well as applicable federal, state, and local securities laws and regulations. As CCO, Ms. Thomasson is responsible for supervising each of MA’s personnel in accordance with MA’s policies and procedures. Ms. Thomasson may be reached at (424) 278-0732.

## Item 7: Requirements for State Registered Advisers

Marie Thomasson has NOT been involved in an arbitration, civil proceeding, self-regulatory proceeding, administrative proceeding, or a bankruptcy petition.

<sup>1</sup> **CFP (Certified Financial Planner)®**: The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional

education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 71,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.