



## Introduction

Skyline Advisors, Inc., is an investment adviser registered with the Securities and Exchange Commission and provides investment advisory services. We feel that it is important for you to understand how advisory and brokerage services and fees differ in order to determine which type of service and account is right for you. There are free and simple tools available to research firms and financial professionals at [www.investor.gov/CRS](http://www.investor.gov/CRS), which also provides educational materials about investment advisers, broker-dealers, and investing.

### What investment services and advice can you provide me?

Skyline Advisors offers investment advisory services that include Wealth Management and Asset Management. Upon opening an advisory account with Skyline Advisors, we will meet with you to understand your financial profile and resources, financial-life goals, time horizon and tolerance for risk. Based on what we learn, we will recommend an asset allocation and portfolio of investments that is regularly monitored, and if necessary, rebalanced to meet your changing needs, stated goals and objectives. The primary service offered is Wealth Management which includes financial planning, investment management, financial advice and coaching services designed to accomplish financial-life goals. The cost for this service is an asset-based fee with trading/brokerage expenses included, also known as a wrap fee program. This service also includes financial planning and advice for no additional fee, which requires more comprehensive data collection and your ongoing participation and financial-life updates for more relevant and timely advice.

Our Wealth Management and Asset Management services include investment selection and portfolio management where Skyline Advisors is permitted to buy and sell investments in your account without asking you in advance (“discretion”). You also have the option to limit management by requiring pre-approval of investment buy and sell decisions (“non-discretion”). If you select non-discretion, you make the ultimate decision regarding the purchase or sale of investments.

Any limitations will be described in the signed advisory agreement. We will have discretion or non-discretion until the advisory agreement is terminated by you or our firm. We do not restrict our advice to limited types of products or investments.

Our firm requires a minimum opening household account balance of \$250,000 subject to waiver.

Additional information about our advisory services is located in Item 4 of our Firm Brochure and Item 5 of our Wrap Brochure, which are available online at <https://adviserinfo.sec.gov/firm/brochure/188511> or at our website, [www.myskylineadvisor.com](http://www.myskylineadvisor.com)

#### Conversation Starter:

“Given my financial situation, should I choose an investment advisory service? Why or why not?”

“How will you choose investments to recommend to me?”

“What is your relevant experience, including your licenses, education and other qualifications? What do those qualifications mean?”

### What fees will I pay?

Skyline Advisors provides an array of services to clients with different needs, household account balances and in different locales. As such, the cost for our service will vary from client to client. Annualized fees are billed on a pro-rata basis quarterly in advance based on the value of the account(s) on the last day of the previous quarter. While the cost for our services vary, our standard fee schedule is as follows: Our quarterly fee for households below \$250,000 are subject to a minimum \$1,000 fee. Our quarterly fee for households with more than \$250,000 ranges from 0.0875% to 0.375% of the account value and may be negotiable. This is a fee rate, which means that the more assets you have in your advisory account, the higher the dollar value of the fee. We therefore have an incentive to increase the value of your advisory account and investment assets in order to increase our advisory fee. The fee will be automatically deducted from your advisory account, which will reduce the value of your advisory account. In rare cases, our firm will agree to send you invoices rather than automatically deduct our firm’s fees from your advisory account.

Skyline Advisors recommends a third-party account custodian to hold and facilitate trading in your investment account. This “broker-dealer” may charge a transaction cost when trading in certain securities, such as mutual funds. Within our Wealth Management Service, these transaction costs are paid by Skyline Advisors. If you choose to have Asset Management only service, you must pay this transaction fee. As a result, this service

## Form CRS – Client Relationship Summary

05/22/2020

may offer a lower advisory fee, but you incur the transaction costs.

In addition to the advisory fee described above, the broker-dealer may levy other miscellaneous fees such as overnight check fees, bounced check fees and wire charges. Funds such as mutual funds, index funds and exchange traded funds have expense ratios disclosed in their prospectus which are in addition to the Skyline Advisors advisory fee. We do not receive any of these fees and are only paid based on our advisory fee and aim to minimize investment expenses in client accounts.

Note, you will pay certain fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Skyline Advisors is transparent and believes that you should be aware and understand what fees and costs you may incur. Additional information about our fees is located in Item 5 of our Firm Brochure and Item 4 of our Wrap Brochure, which are available online at <https://adviserinfo.sec.gov/firm/brochure/188511>.

### Conversation Starter:

“Help me understand how these fees and costs may affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs and how much will be invested for me?”

## What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means:

Some of our firm’s financial professionals are registered representatives of PKS, an unaffiliated broker-dealer. As such, they are able to accept compensation for the sale of securities or other investment products. This creates a conflict because the representative has an incentive to recommend or trade certain products because of the commission they receive. This service is offered on the rare occasion that a client has a legacy position in an annuity or college savings account or other commissionable product that we want to help with. They do not typically offer this service and it constitutes less than 3% of their revenue, but nevertheless it does present a conflict of interest. Additional information about PKS’s services and fees is available online at <https://www.pksinvest.com/>.

Additional information about conflicts of interest is located in Item 10 of our Firm Brochure and Item 9 of our Wrap Brochure, which are available online at <https://adviserinfo.sec.gov/firm/brochure/188511>.

### Conversation Starter:

“How might your conflicts of interest affect me, and how will you address them?”

## How do your financial professionals make money?

Our financial professionals are compensated based on the revenue our firm earns from their advisory services or recommendations, the amount of client assets they service, and the time and complexity required to meet a client’s needs.

## Do you or your financial professionals have legal or disciplinary history?

No, Skyline Advisors’ financial professionals do not have any legal and disciplinary history to disclose. Visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research our firm and our financial professionals.

### Conversation Starter:

“As a financial professional, do you have any disciplinary history?” “For what type of conduct?”

## Additional Information

You can find additional information about our firm’s investment advisory services on our website at [www.myskylineadvisor.com](http://www.myskylineadvisor.com), or at the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD #188511. You may also contact our firm at 360-671-1621 to request a copy of this relationship summary and other up-to-date information.

### Conversation Starter:

“Who is my primary contact person?” “Is he or she a representative of an investment adviser or a broker-dealer?” “Who can I talk to if I have concerns about how this person is treating me?”

## Skyline Advisors

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Bellingham, WA 98225  
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E: [info@myskylineadvisor.com](mailto:info@myskylineadvisor.com)

Find us on the web at [www.myskylineadvisor.com](http://www.myskylineadvisor.com)

**Item 1: Cover Page  
Part 2A of Form ADV: Firm Brochure**



**405 32nd St., Suite 201  
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**[www.myskylineadvisor.com](http://www.myskylineadvisor.com)**

**February 2020**

**Firm Contact:  
Mark Logan  
Chief Compliance Officer**

This brochure provides information about the qualifications and business practices of Skyline Advisors, Inc. If clients have any questions about the contents of this brochure, please contact us at (360) 671-1621 or [info@myskylineadvisor.com](mailto:info@myskylineadvisor.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority. Additional information about our firm is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD #188511.

Please note that the use of the term "registered investment adviser" and description of our firm and/or our associates as "registered" does not imply a certain level of skill or training. Clients are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise clients for more information on the qualifications of our firm and our employees.

## Item 2: Material Changes

Skyline Advisors, Inc. (“Skyline Advisors”) is required to make clients aware of information that has changed since the last annual update to the Firm Brochure (“Brochure”) and that may be important to them. Clients can then determine whether to review the brochure in its entirety or to contact us with questions about the changes.

Since the last annual amendment filed on 03/25/2019, Charles Schwab & Co., Inc. (“Schwab”) has eliminated transaction fees for U.S. listed equities and exchange traded funds.

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## Item 4: Advisory Business

Skyline Advisors offers Wealth Management Services including financial planning, investment management and financial advice and coaching. We provide high-touch and personal client service, comprehensive financial planning and investment advisory services designed to accomplish client financial-life goals. We operate according to a Fiduciary Duty where we must always act in utmost good faith and due loyalty according to our client's best interests. Skyline Advisors works under a team structure. This is more than just a saying, it is the foundation of our client service, communications and professional relationships. We walk alongside our clients through life's travails and opportunities in order to provide financial advice and discipline in a complicated and sometimes confusing investment and economic landscape.

***Skyline Advisors believes that life is a journey that requires daily engagement with a focus on the goals on the horizon.***

Skyline Advisors is a corporation formed under the laws of the State of Washington and is owned by William (Bill) Unrein, Mark Logan, Mark Wallace, and Deka Wiebusch.

The purpose of this Brochure is to fulfill our duty to be transparent about our services, compensation, investment process and the types of client relationships we work with. It is also used to disclose any conflicts of interest that may be present. This brochure follows an itemized format according to regulatory requirements. If you have questions or concerns, please contact us for help.

### **Types of Advisory Services Offered**

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#### **Wrap Advisory Services - Wealth Management:**

This is the primary service we offer our clients. Please see the attached supplementary brochure, Part 2A, Appendix 1 (the "Wrap Fee Program Brochure"), which describes this service in detail.

#### **Asset Management:**

As part of our Asset Management service, a portfolio is created, consisting of individual stocks, bonds, exchange traded funds ("ETFs"), options, mutual funds and other public and private securities or investments. The client's individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Portfolios will be designed to meet a particular investment goal, determined to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, portfolios are continuously and regularly monitored, and if necessary, rebalanced based upon the client's individual needs, stated goals and objectives.

#### **Retirement Plan Services:**

Our firm provides Retirement Plan Services to employer plan sponsors on an ongoing basis. Generally, such consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, services may include:

- Establishing an Investment Policy Statement – Our firm will assist in the development of a statement that summarizes the investment goals and objectives along with the broad strategies to be employed to meet the objectives.
- Investment Options – Our firm will work with the Plan Sponsor to evaluate existing investment options and asset classes as well as advice regarding the selection of a qualified investment alternative (QDIA) and make recommendations regarding appropriate changes
- Asset Allocation and Portfolio Construction – Our firm will develop strategic asset allocation models to aid Participants in developing strategies to meet their investment objectives, time horizon, financial situation and tolerance for risk.
- Investment Monitoring – Our firm will monitor the performance of the investments in conformance with the Investment Policy Statement.
- Compliance – Our firm will assist in the selection of a broad range of investment options consistent with ERISA section 404(c) and the regulations thereunder.
- Participant Education – Our firm will provide opportunities to educate plan participants about their retirement plan offerings, different investment options, and general guidance on allocation strategies. This can include individualized participant advice, with certain restrictions.
- Enrollment – Our firm will assist in group enrollment meetings designed to increase retirement plan participation.
- Other Services – Our firm may offer other services including fee/expense analysis, plan design services, Request for Proposal analysis, fiduciary education and brokerage windows when appropriate.

In providing services for Retirement Plan Services, our firm does not provide any advisory services with respect to the following types of assets: employer securities, real estate (excluding real estate funds and publicly traded REITS), participant loans, non-publicly traded securities or assets, other illiquid investments, or brokerage window programs (collectively, “Excluded Assets”). All Retirement Plan Services shall be in compliance with the applicable state laws regulating retirement consulting services. This applies to client accounts that are retirement or other employee benefit plans (“Plan”) governed by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). If the client accounts are part of a Plan, and our firm accepts appointment to provide services to such accounts, our firm acknowledges its fiduciary standard within the meaning of Section 3(21) or 3(38) of ERISA as designated by the Retirement Plan Services Agreement with respect to the provision of services described therein.

#### **Referrals to Third Party Money Managers:**

Our firm utilizes the services of a third party money manager for the management of client accounts. Investment advice and trading of securities will only be offered by or through the chosen third party money manager. Our firm will not offer advice on any specific securities or other investments in connection with this service. Prior to referring clients, our firm will provide initial due diligence on third party money managers and ongoing reviews of their management of client accounts. In order to assist in the selection of a third party money manager, our firm will gather client information pertaining to financial situation, investment objectives, and reasonable restrictions to be imposed upon the management of the account.

Our firm will periodically review third party money manager reports provided to the client at least annually. Our firm will contact clients from time to time in order to review their financial situation and objectives; communicate information to third party money managers as warranted; and, assist the client in understanding and evaluating the services provided by the third party money manager. Clients will be expected to notify our firm of any changes in their financial situation, investment objectives, or account restrictions that could affect their financial standing.

## **Tailoring of Advisory Services**

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Our firm offers individualized investment advice to our Asset Management clients. General investment advice will be offered to our Retirement Plan Services and Referrals to Third Party Money Management clients. Please see Part 2A, Appendix 1 (the “Wrap Fee Program Brochure”) for more information on our Wrap Advisory Services – Wealth Management.

Each Asset Management client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

## **Participation in Wrap Fee Programs**

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Our firm offers and sponsors a wrap fee program. This is a Wealth Management Service where investment advice, financial planning and brokerage services are all bundled within one client service offering and under one advisory fee. This is a discretionary, fee-based service provided to encompass comprehensive financial planning services and investment management whereby brokerage expenses including transaction costs are all included in one fee. In other words, there are no transaction costs. This Wealth Management Service is only offered through wrapped accounts, which are managed on an individualized basis according to the client’s investment objectives, financial goals, risk tolerance, etc. For a more detailed explanation of this service, please see our Part 2A, Appendix 1 (the “Wrap Fee Program Brochure”).

## **Regulatory Assets Under Management**

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Our firm manages \$190,490,975 on a discretionary basis and \$2,103,205 on a non-discretionary basis as of December 31, 2019.

# **Item 5: Fees & Compensation**

## **Cost for Our Advisory Services**

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### **Wealth Advisory Services – Wealth Management:**

Please see our Part 2A, Appendix 1 (the “Wrap Fee Program Brochure”) for more information.

### **Asset Management:**

Skyline Advisors provides this service to a wide array of clients in different locales and with different household account balances. As such, the cost for our service can vary from client to client. This service requires an initial \$250,000 minimum aggregate account balance, subject to negotiation. Households with aggregate account balances less than \$250,000 generally pay a minimum quarterly fee of \$1,000, which is an annualized \$4,000. Households with aggregate balances above \$250,000 generally have quarterly advisory fees that range from 0.3125% down to 0.0875% of assets under management, or lower as determined on a client by client basis. Fees to be assessed will be outlined in the advisory agreement to be signed by the Client. Annualized fees are billed on a pro-rata basis quarterly in advance based on the value of the account(s) on the last day of the quarter. Fees are negotiable and will be deducted from

client account(s). Adjustments will be made for deposits and withdrawals during the quarter. In rare cases, our firm will agree to directly invoice. As part of this process, Clients understand the following:

- a) The client's independent custodian sends statements at least quarterly showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to our firm;
- b) Clients will provide authorization permitting our firm to be directly paid by these terms. Our firm will send an invoice directly to the custodian; and
- c) If our firm sends a copy of our invoice to the client, a legend urging the comparison of information provided in our statement with those from the qualified custodian will be included.

### **Retirement Plan Services:**

Our Retirement Plan Services are billed on an asset-based fee not to exceed 1.00% of managed Plan assets and generally decrease after the Plan assets reach \$1,000,000. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client. The fee-paying arrangements will be determined on a case-by-case basis and will be detailed in the signed consulting agreement.

### **Referrals to Third Party Money Managers:**

The total annual advisory fee for this service shall not exceed 1.70%. A portion of this fee will be paid to our firm and will be outlined in the third party money manager's advisory agreement to be signed by the client. Clients will be provided with a copy of the chosen third party money manager's Form ADV Part 2, all relevant Brochures, a solicitation disclosure statement detailing the fees to be paid to both firms and the third party money manager's privacy policy. All fees that our firm receives from the third party money managers and the written separate disclosures made to clients regarding these fees comply with applicable state statutes and rules.

The billing procedures for this service vary based on the chosen third party money manager. The total fee to be charged, as well as the billing cycle, will be detailed in the third party money manager's ADV Part 2A and separate advisory agreement to be signed by the client.

### **Other Types of Fees & Expenses**

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Asset Management Clients will incur transaction fees for trades executed by their chosen custodian based on a percentage of the dollar amount of assets in the account(s). These transaction fees are separate from our firm's advisory fees and will be disclosed by the chosen custodian.

Clients may also pay holdings charges imposed by the chosen custodian for certain investments, charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (i.e., fund management fees, initial or deferred sales charges, mutual fund sales loads, 12b-1 fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. Our firm does not receive a portion of these fees.

Wrap clients will not incur transaction costs for trades by their chosen custodian. More information about this can be found in our separate Wrap Fee Program Brochure.

## Termination & Refunds

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Either party may terminate the advisory agreement signed with our firm for our Asset Management service in writing at any time. Upon notice of termination our firm will process a pro-rata refund of the unearned portion of the advisory fees charged in advance.

Wealth Management Service – Wrap clients under the Wrap Fee Program will not incur transaction costs for trades by their chosen custodian. More information about this can be found in the supplementary Brochure Part 2A, Appendix 1 (the “Wrap Fee Program Brochure”).

Either party to a Retirement Plan Services Agreement may terminate at any time by providing written notice to the other party. Full refunds will only be made in cases where cancellation occurs within 5 business days of signing an agreement. After 5 business days from initial signing, either party must provide the other party 30 days written notice to terminate billing. Billing will terminate 30 days after receipt of termination notice. Clients will be charged on a pro-rata basis, which takes into account work completed by our firm on behalf of the client. Clients will incur charges for bona fide advisory services rendered up to the point of termination (determined as 30 days from receipt of said written notice) and such fees will be due and payable.

## Commissionable Securities Sales

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Some representatives of our firm are registered representatives of Purshe Kaplan Sterling Investments, Inc. (“PKS”), member FINRA/SIPC. As such they are able to accept compensation for the sale of securities or other investment products, including distribution or service (“trail”) fees from the sale of mutual funds. Clients should be aware that the practice of accepting commissions for the sale of securities presents a conflict of interest and gives our firm and/or our representatives an incentive to recommend investment products based on the compensation received. Our firm generally addresses commissionable sales conflicts that arise when explaining to clients these sales create an incentive to recommend based on the compensation to be earned and/or when recommending commissionable mutual funds, explaining that “no-load” funds are also available. Our firm does not prohibit clients from purchasing recommended investment products through other unaffiliated brokers or agents.

**This service is offered on the rare occasion that a client has a legacy position in an annuity or College Savings Account or other commissionable product that we want to assist and service our client on.** We don’t generally do any new business in this area and it is less than 3% of our total revenue. It is provided as a convenience and not as a part of our normal service offering to clients. If there are commissions within a product, it only applies to that product and has no effect on the advisory account fees. **Our wrap managed advisory accounts do not have commissions or trading costs.**

## Item 6: Performance-Based Fees & Side-By-Side Management

Our firm does not charge performance-based fees.

## Item 7: Types of Clients & Account Requirements

Our firm has the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit Sharing Plans.

Our firm requires a minimum opening account balance of \$250,000 for our Asset Management Service and Wealth Management Service - Wrap. This minimum account balance requirement is subject to reduction at Skyline Advisors' discretion.

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

### **Methods of Analysis**

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Skyline Advisors believes that your investment portfolio should be designed and built on a foundation of academic research where investment principles are applied with discipline and focus on your Investment Plan. In an investment landscape where headline news, emotional reactions, conflicted advice and a multitude of choices create confusion, errors and mistrust, Skyline Advisors will provide a long-term perspective with objective and informed Fiduciary Advice.

This is accomplished through a collaborative effort between the client, Skyline Advisors and other trusted Professionals. The client educates us on his/her current financial profile, existing resources, investment time horizon, financial goals and tolerance for risk and an Investment Plan is developed, an investment strategy is selected and investment choices are made in accordance to the client's Goals.

### **Core Investment Beliefs- Explain our Investment Philosophy**

We believe that market timing is futile and we do not predict the near future and do not know what the stock market will do tomorrow or even this year, but do believe that a long term investment perspective is fundamental to maximizing stock portfolio performance.

We believe that minimizing investment expenses is paramount to building wealth.

We believe that the power of compounding interest over time and a generous savings discipline are essential to reaching your goals.

We believe that investment choices should be based on foundational research, not trendy strategies.

We believe that complex investment strategies or products rarely benefit the client. Skyline Advisors will use research and experience to make common sense decisions on behalf of our clients.

We believe that investing can be fraught with emotions, resulting in impulsive decisions that may negatively impact your Plan. Skyline Advisors can help you maintain perspective and navigate through tumultuous times.

More information can be found in the attached supplementary Brochure Part 2A, Appendix 1 (the "Wrap Fee Program Brochure").

## Preferred Securities

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

- Mutual Funds
- Exchange Traded Funds (ETFs)
- Individual Stocks
- Individual Bonds including Federal government, municipal and corporate bonds

## Risk of Loss

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Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and the account(s) could enjoy a gain, it is also possible that the stock market may decrease and the account(s) could suffer a loss. It is important that clients understand the risks associated with investing in the stock market, and that their assets are appropriately diversified in investments. Clients are encouraged to ask our firm any questions regarding their risk tolerance.

**Capital Risk:** Capital risk is one of the most basic, fundamental risks of investing; it is the risk that you may lose 100% of your money. All investments carry some form of risk and the loss of capital is generally a risk for any investment instrument.

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

**Economic Risk:** The prevailing economic environment is important to the health of all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument are hinged on dealings in such countries, the investment instrument will generally be subject to a higher level of economic risk.

**Financial Risk:** Financial risk is represented by internal disruptions within an investment or the issuer of an investment that can lead to unfavorable performance of the investment. Examples of financial risk can be found in cases like Enron or many of the dot com companies that were caught up in a period of extraordinary market valuations that were not based on solid financial footings of the companies.

## Description of Material, Significant or Unusual Risks

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Skyline Advisors holds client accounts at a third-party qualified custodian who provides numerous security measures. Please ask us for more information.

Our firm generally invests client cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, our firm tries to achieve the highest return on client cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a deposit account in the Schwab Bank Sweep program so that our firm may debit advisory fees for our services related to our Asset Management Service and Wrap Advisory Services - Wealth Management, as applicable.

### **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.

### **Item 10: Other Financial Industry Activities & Affiliations**

Some representatives of our firm are registered representatives of PKS, member FINRA/SIPC, and licensed insurance agents. As a result of these transactions, they receive normal and customary commissions. A conflict of interest exists as these commissionable securities sales create an incentive to recommend products based on the compensation earned. To mitigate this potential conflict, our firm will act in the client's best interest.

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

As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is the underlying principle for our firm's Code of Ethics, which includes procedures for personal securities transaction and insider trading. Our firm requires all representatives to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment with our firm, and at least annually thereafter, all representatives of our firm will acknowledge receipt, understanding and compliance with our firm's Code of Ethics. Our firm and representatives must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Our firm recognizes that the personal investment transactions of our representatives demands the application of a Code of Ethics with high standards and requires that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, our firm also believes that if investment goals are similar for clients and for our representatives, it is logical, and even desirable, that there be common ownership of some securities.

In order to prevent conflicts of interest, our firm has established procedures for transactions effected by our representatives for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, our firm has pre-clearance requirements and a quarterly securities transaction reporting system for all of our representatives.

Neither our firm nor a related person recommends, buys or sells for client accounts, securities in which our firm or a related person has a material financial interest without prior disclosure to the client.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

Likewise, related persons of our firm buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients in the same day unless included in a block trade.

## Item 12: Brokerage Practices

### Custodian & Brokers Used

Our firm does not maintain custody of client assets (although our firm may be deemed to have custody of client assets if given the authority to withdraw assets from client accounts as described in Item 15 Custody, below). Client assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. Our firm recommends that clients use the Schwab Advisor Services division of Charles Schwab & Co. Inc. ("Schwab"), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. Our firm is independently owned and operated, and not affiliated with Schwab. Schwab will hold client assets in a brokerage account and buy and sell securities when instructed. While our firm recommends that clients use Schwab as custodian/broker, clients will decide whether to do so and open an account with Schwab by entering into an account agreement directly with them. Our firm does not open the account. Even though the account is maintained at Schwab, our firm can still use other brokers to execute trades, as described in the next paragraph.

### How Brokers/Custodians Are Selected

Our firm seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. A wide range of factors are considered, including, but not limited to:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)

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<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist in making investment decisions quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider
- prior service to our firm and our other clients
- availability of other products and services that benefit our firm, as discussed below (see “*Products & Services Available from Schwab*”)

### **Custody & Brokerage Costs**

Non-Wrap Client accounts will be charged transaction fees, commissions or other fees on trades that are executed or settle into the client’s custodial account. Transaction fees may be charged based on a percentage of the dollar amount of assets in the account(s). These fees are negotiated with Schwab and are generally discounted from customary retail commission rates. This benefits clients because the overall fee paid is often lower than would be otherwise. Schwab does not charge transaction fees for U.S. listed equities and exchange traded funds.

Clients participating in our Wrap Fee Program have most custody and brokerage costs waived with few exceptions as noted in the Wrap Fee Program Brochure. Please contact us for details. Schwab is compensated by earning interest on the uninvested cash in your account in Schwab’s Cash Features Program. Schwab charges a flat dollar amount as a “prime broker” or “trade away” fee for each trade that our firm has executed *by a different* broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a Schwab account. These fees are in addition to the commissions or other compensation paid to the executing broker-dealer. Because of this, in order to minimize client trading costs, our firm has Schwab execute most trades for the accounts.

### **Products & Services Available from Schwab**

Schwab has more than 20 years of experience serving independent advisors. Schwab was a pioneer in the business of exclusively serving independent, fee-based investment advisors and their clients. By using Schwab as a primary custodian, Skyline Advisors has access to a wide range of products and services that help us serve our clients, including:

- Full range of investment products and services
- Technology and service support
- Wide array of investment account types including retirement accounts, charitable giving and education accounts
- Full range of investment options such as stocks, mutual funds, bonds, exchange traded funds, CDs and other investments.
- Separately managed account services for those who want to leverage the expertise of institutional-caliber money managers who specialize in particular investment styles.
- Technology and service support so investors can access all their accounts online and view positions, balances and account histories in one place.

Some of those services help manage or administer our client accounts while others help manage and grow our business. Schwab’s support services are generally available on an unsolicited basis (our firm does not have to request them) and at no charge to our firm. The availability of Schwab’s products and

services is not based on the provision of particular investment advice, such as purchasing particular securities for clients. Here is a more detailed description of Schwab's support services:

### **Services that Benefit Clients**

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

### **Services that May Not Directly Benefit Clients**

Schwab also makes available other products and services that benefit our firm but may not directly benefit clients or their accounts. These products and services assist in managing and administering our client accounts. They include investment research, both Schwab's and that of third parties. This research may be used to service all or some substantial number of client accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocate aggregated trade orders for multiple client accounts;
- provides pricing and other market data;
- facilitates payment of our fees from our clients' accounts; and
- assists with back-office functions, recordkeeping and client reporting.

### **Services that Generally Benefit Only Our Firm**

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

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, Schwab will arrange for third-party vendors to provide the services to our firm. Schwab may also discount or waive fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide our firm with other benefits, such as occasional business entertainment for our personnel.

Irrespective of direct or indirect benefits to our client through Schwab, our firm strives to enhance the client experience, help clients reach their goals and put client interests before that of our firm or associated persons.

### **Our Interest in Schwab's Services.**

The availability of these services from Schwab benefits our firm because our firm does not have to produce or purchase them. Our firm does not have to pay for these services, and they are not contingent upon committing any specific amount of business to Schwab in trading commissions or assets in custody.

In light of our arrangements with Schwab, a conflict of interest exists as our firm may have incentive to require that clients maintain their accounts with Schwab based on our interest in receiving Schwab's services that benefit our firm rather than based on client interest in receiving the best value in custody services and the most favorable execution of transactions. As part of our fiduciary duty to our clients, our firm will endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons creates a potential conflict of interest and may indirectly influence our firm's choice of Schwab as a custodial recommendation. Our firm examined this potential conflict of interest when our firm chose to recommend Schwab and have determined that the recommendation is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Although our firm will seek competitive rates, to the benefit of all clients, our firm may not necessarily obtain the lowest possible commission rates for specific client account transactions. Our firm believes that the selection of Schwab as a custodian and broker is the best interest of our clients. It is primarily supported by the scope, quality and price of Schwab's services, and not Schwab's services that only benefit our firm.

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### **Soft Dollars**

Our firm does not receive soft dollars in excess of what is allowed by Section 28(e) of the Securities Exchange Act of 1934. The safe harbor research products and services obtained by our firm will generally be used to service all of our clients but not necessarily all at any one particular time.

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### **Client Brokerage Commissions**

Schwab does not make client brokerage commissions generated by client transactions available for our firm's use.

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### **Client Transactions in Return for Soft Dollars**

Our firm does not direct client transactions to a particular broker-dealer in return for soft dollar benefits.

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### **Brokerage for Client Referrals**

Our firm does not receive brokerage for client referrals.

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### **Directed Brokerage**

In certain instances, clients may seek to limit or restrict our discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. Clients may seek to limit our authority in this area by directing that transactions (or some specified percentage of transactions) be executed through specified brokers in return for portfolio evaluation or other services deemed by the client to be of value. Any such client direction must be in writing (often through our advisory agreement) and may contain a representation from the client that the arrangement is permissible under its governing laws and documents, if this is relevant.

Our firm provides appropriate disclosure in writing to clients who direct trades to particular brokers, that with respect to their directed trades, they will be treated as if they have retained the investment discretion that our firm otherwise would have in selecting brokers to effect transactions and in negotiating commissions and that such direction may adversely affect our ability to obtain best price and execution. In addition, our firm will inform clients in writing that the trade orders may not be aggregated with other clients' orders and that direction of brokerage may hinder best execution.

### **Special Considerations for ERISA Clients**

A company retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, our firm will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

### **Client-Directed Brokerage**

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Our firm does not allow client-directed brokerage outside our recommendations.

### **Aggregation of Purchase or Sale**

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Skyline Advisors may purchase or sell securities in multiple accounts for multiple clients by aggregating all the shares into one trade. This is done to obtain best execution on a trade and to make trading easier. For example, instead of buy 100 shares of XYZ security for 10 accounts, we can buy 1,000 shares of xyz security in one aggregate trade. When an aggregate trade is executed, the average price for the shares bought or sold is determined by the custodian and the shares are allocated to each account at that average price so there is no one account that benefits or is at a disadvantage as compared to the others that were included in the aggregate trade. In any given situation, Skyline Advisors attempts to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

## **Item 13: Review of Accounts or Financial Plans**

Our financial advisors review accounts on at least a quarterly basis. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Our firm may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc. Skyline Advisors provides a quarterly performance report to clients within our Wrap Fee Program and Asset Management clients. Client also receives custodial statements from Schwab.

Retirement Plan Services clients receive reviews of their retirement plans for the duration of the service. Our firm also provides ongoing services where clients are met with upon their request to discuss updates to their plans, changes in their circumstances, etc. Retirement Plan Services clients do not receive written

or verbal updated reports regarding their plans unless they choose to engage our firm for ongoing services.

## Item 14: Client Referrals & Other Compensation

### Charles Schwab & Co., Inc.

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Our firm receives economic benefit from Schwab in the form of the support products and services made available to our firm 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 above (*see Item 12 – Brokerage Practices*). The availability of Schwab’s products and services is not based on our firm giving particular investment advice, such as buying particular securities for our clients.

#### Referral Fees

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Our firm does not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940.

## Item 15: Custody

While our firm does not maintain physical custody of client assets (which are maintained by a qualified custodian, as discussed above), we are deemed to have custody of certain client assets if given the authority to withdraw assets from client accounts, as further described below under “Standing Instructions.” All our clients receive account statements directly from their qualified custodian(s) at least quarterly upon opening of an account. We urge our clients to carefully review these statements. Additionally, if our firm decides to send its own account statements to clients, such statements will include a legend that recommends the client compare the account statements received from the qualified custodian with those received from our firm. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

#### Third Party Money Movement:

On February 21, 2017, the SEC issued a no-action letter (“Letter”) with respect to Rule 206(4)-2 (“Custody Rule”) under the Investment Advisers Act of 1940 (“Advisers Act”). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction (“SLOA”) is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our custodian:

- The client provides an instruction to the qualified custodian, in writing, that includes the client’s signature, the third party’s name, and either the third party’s address or the third party’s account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian’s form or separately, to direct transfers to the third party either on a specified schedule or from time to time.

- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

### **Item 16: Investment Discretion**

Skyline Advisors provides discretionary investment management services, which allows our authorized personnel to execute trades without asking for permission each time a trade is made. By granting investment discretion, our firm is authorized to execute securities transactions, determine which securities are bought and sold, and the total amount to be bought and sold. If in the rare circumstance a client grants our firm non-discretionary authority, our firm would be required to obtain the client's permission prior to effecting securities transactions. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's written acknowledgement.

### **Item 17: Voting Client Securities**

We generally do not accept proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

Exceptions will be made on a case by case basis upon firm approval whereby our firm will vote proxies on behalf of clients in accordance with our written policies and procedures, a copy of which can be requested from our Chief Compliance Officer.

### **Item 18: Financial Information**

#### **Inclusion of a Balance Sheet**

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Our firm does not require nor is prepayment solicited for more than \$1,200 in fees per client, 6 months or more in advance. Therefore our firm has not included a balance sheet for our most recent fiscal year.

## **Disclosure of Financial Condition**

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Our firm has nothing to disclose in this regard.

## **Bankruptcy Petition**

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Our firm is not required to provide financial information in this Brochure because:

- Our firm does not require the prepayment of more than \$1,200 in fees when services cannot be rendered within 6 months.
- Our firm does not take custody of client funds or securities.
- Our firm does not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.

Our firm has never been the subject of a bankruptcy proceeding.

**Please contact Skyline Advisors if you have questions about this ADV brochure at 360-671-1621 or at [info@myskylineadvisor.com](mailto:info@myskylineadvisor.com).**

**Item 1: Cover Page  
Part 2A Appendix 1 of Form ADV:**



**Wrap Program Brochure**

**405 32nd St., Suite 201  
Bellingham, WA 98225  
360-671-1621**

**[www.myskylineadvisor.com](http://www.myskylineadvisor.com)**

**May 2020**

This brochure provides information about the qualifications and business practices of Skyline Advisors, Inc. If clients have any questions about the contents of this brochure, please contact us at (360) 671-1621 or [info@myskylineadvisor.com](mailto:info@myskylineadvisor.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority. Additional information about our firm is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD #188511.

Please note that the use of the term "registered investment adviser" and description of our firm and/or our associates as "registered" does not imply a certain level of skill or training. Clients are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise clients for more information on the qualifications of our firm and our employees.

## Item 2: Material Changes

Skyline Advisors, Inc. is required to make clients aware of information that has changed since the last annual update to the Wrap Brochure (“Wrap Brochure”) and that may be important to them. Clients can then determine whether to review the brochure in its entirety or to contact us with questions about the changes.

Since the last annual amendment filed on 03/25/2019, Charles Schwab & Co., Inc. (“Schwab”) has eliminated transaction fees for U.S. listed equities and exchange traded funds.

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## Item 4: Services, Fees & Compensation

Skyline Advisors offers Wealth Management Services including financial planning, investment management and financial advice and coaching. We provide high-touch and personal client service, comprehensive financial planning and investment advisory services designed to accomplish client financial-life goals. We operate according to a Fiduciary Duty where we must always act in utmost good faith and due loyalty according to our client's best interests. Skyline Advisors works under a team structure. This is more than just a saying, it is the foundation of our client service, communications and professional relationships. We walk alongside our clients through life's travails and opportunities in order to provide financial advice and discipline in a complicated and sometimes confusing investment and economic landscape.

***Skyline Advisors believes that life is a journey that requires daily engagement with a focus on the goals on the horizon.***

### **Skyline Advisors Wrap Advisory Services**

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#### **Wealth Management Services:**

Our Wealth Management Services are designed to assist clients in meeting their financial goals by building an asset allocation, selecting securities and monitoring and managing the portfolio all within a financial planning framework.

#### Our Investment Process is:

1. Get to Know You
2. Create a Plan
3. Service and Advice
4. Report to You
5. Update your Plan

#### Our Investment Philosophy is:

1. Built on Academic Research
2. Long Term Unemotional Perspective
3. Objective/Informed Fiduciary Advice
4. Minimize Investment Expenses
5. Flexible Portfolio Rebalancing

The Investment Process begins with client meetings conducted to understand a client's current financial profile and resources, financial-life goals, time horizon and tolerance for risk. Based on what we learn, an investment strategy is presented that may consist of individual stocks, bonds, ETFs, mutual funds and other public securities or investments. A portfolio is built to diversify holdings and to hold various asset categories in order to manage risk. Once the appropriate portfolio has been recommended and selected, it is continuously and regularly monitored and rebalanced. Allocations and/or investments selected can be changed to reflect current market and economic conditions and portfolios can change as a client's goals and needs change. We are your financial back office and provide personal service and ongoing comprehensive financial advice. We also are a financial coach to our clients, helping to protect their portfolios from emotional reactions. This benefit is hard to quantify but can make a big difference in accomplishing client financial-life goals.

#### Documentation:

To participate in our Wealth Management Service, clients will complete a profile form and will sign an advisory agreement. Appropriate account forms will be completed to open and transfer accounts to our account custodian, Charles Schwab & Co, Inc. ("Schwab"), a SEC registered broker-dealer. Before account transfer, we will evaluate the existing holdings, associated tax ramifications and attempt to transfer all securities in-kind. We do this because if a security needs to be sold, we can do it without any

costs at Charles Schwab within our Wrap Fee Program, whereas we can't control the costs that a client would incur at a former advisor or broker.

Our Wealth Management Services also include comprehensive financial planning which requires more detailed data gathering, goal identification and necessitate dedicated planning meetings to formulate and execute a financial plan.

Financial Planning Services may include the following as needs dictate:

- Retirement Planning. Goal oriented to create cash flow in retirement.
- Estate Planning. Document and plan your wealth wishes.
- Tax Planning. Taxes reduce your wealth.
- Elder Care Planning. How do you pay for care?
- College Planning. How do you pay for college?
- Insurance Planning. Mitigate and manage risks using insurance.
- Charitable and Legacy Giving Planning. Match your passion to your generosity.
- Budgeting and financial statements. Make sense of your finances.
- Business Needs. Many of our clients are business owners, like us.

Financial Planning is a collaborative process that helps maximize a Client's potential for meeting life goals through Financial Advice that integrates relevant elements of the Client's personal and financial circumstances. Planning is only successful if we and our clients work together. Our 7-step financial planning process is:

1. Learn about You
2. Identify and Select Goals
3. Map out the Plan
4. Develop Recommendations
5. Present the Plan
6. Implement the Plan
7. Monitor and Update the Plan

A key component of our investment philosophy is minimizing investment expenses. One potential investment expense is trading costs and commissions which can occur as a function of managing the investments in a client account and when performing rebalancing or tax-loss harvesting. Skyline Advisors addresses this expense by offering a wrap fee program where instead of the client paying these expenses, they are included in the Skyline Advisors advisory fee. In order to compensate the account custodian for these expenses, Skyline Advisors pays an asset-based fee on chargeable assets in a client account(s) for Asset Based Pricing ("ABP") or pays the actual transaction costs incurred in the client account(s) for Transaction Based Pricing ("TBP"). This allows Skyline Advisors to manage, rebalance and perform tax-loss harvesting in a client account(s) without incurring transaction costs, which can add up to a substantial amount over time. The wrap fee also includes financial planning, advice and coaching costs. We do not charge extra for these services. If a client chooses to forgo participation in the wrap fee program, the custodial transaction costs will be paid by the client. Depending on the client's account or portfolio trading activity, clients may pay more for using our wrap fee services than they would for using our non-wrap services.

Our recommended custodian, Charles Schwab & Co., Inc. ("Schwab") does not charge transaction fees for U.S. listed equities and exchange traded funds. Since we pay the transaction fees charged by the custodian to clients participating in our wrap fee program, this presents a conflict of interest because we are incentivized to recommend equities and exchange traded funds over other types of securities. We

mitigate this conflict by acting in our client's best interest when selecting securities that are appropriate for investment portfolios.

### **Cost for Services -Advisory Fee Schedule**

Skyline Advisors' services include investment management and financial planning and all transaction costs wrapped into one advisory fee. Skyline Advisors provides an array of services to clients with different needs, household account balances and in different locales. As such, the cost for our service will vary from client to client. This service requires an initial \$250,000 minimum aggregate account balance, subject to negotiation. Annualized fees are billed on a pro-rata basis quarterly in advance based on the value of the account(s) on the last day of the previous quarter. Fees are negotiable and will be deducted from client account(s). Households with aggregate account balances less than \$250,000 generally pay a minimum quarterly fee of \$1,000, which is an annualized \$4,000. Households with aggregate balances above \$250,000 generally have quarterly advisory fees that range from 0.375% down to 0.0875% of assets under management, or lower as determined on a client by client basis. Skyline Advisors does not charge an advisory fee on certain accounts advised upon, but not managed or on certain non-managed emergency funds. Fees to be assessed will be outlined in the advisory agreement to be signed by the Client. Adjustments will be made for deposits and withdrawals during the quarter. In rare cases, our firm will agree to directly invoice. As part of this process, Clients understand the following:

- a) The client's independent custodian sends statements at least quarterly showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to our firm;
- b) Clients will provide authorization permitting our firm to be directly paid by these terms. Our firm will send an invoice directly to the custodian; and
- c) If our firm sends a copy of our invoice to the client, it will include a legend urging the comparison of information provided in our statement with those from the qualified custodian.

### **Other Types of Fees & Expenses:**

In addition to our advisory fees above, clients may also pay holdings charges imposed by Charles Schwab for certain investments, expense ratios imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus mark-ups and mark-downs imposed on individual bills, notes and bonds, spreads paid to market makers, fees for trades executed away from custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. Skyline Advisors does not receive any of these fees.

### **Termination and Refunds:**

Either party may terminate the advisory agreement signed with our firm for Wealth Management Services in writing at any time. Upon notice of termination our firm will process a pro-rata refund of the unearned portion of the advisory fees charged in advance.

### **Wrap Fee Program Recommendations:**

Our firm does not recommend or offer the wrap program services of other providers.

## **Item 5: Account Requirements & Types of Clients**

Our requirements for opening and maintaining accounts or otherwise engaging us:

- Our firm requires a minimum aggregate account balance of \$250,000 for our Wealth Management service. This minimum aggregate account balance requirement is negotiable.

Our firm has the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit Sharing Plans.

## **Item 6: Portfolio Manager Selection & Evaluation**

### **Selection of Portfolio Managers:**

Our firm utilizes our in-house portfolio managers as well as a selection of outside portfolio managers. In-house accounts are managed by licensed investment adviser representatives (“IARs”) of our firm. Prior to becoming licensed with our firm, each IARs industry experience, licensure, outside business activities, client complaints (if any), disciplinary or regulatory history (if any) and financial well-being will be reviewed. Each IAR will then have a Form U4 and ADV Part 2B on file with our firm. Outside portfolio managers, either individually or firm-wide, are selected based on past performance, investment philosophy, market outlook, experience of associated portfolio managers and executive team, disciplinary, legal and regulatory histories of the firm and its associates, and/or whether compliance procedures are in place to address at a minimum, insider trading, conflicts of interest, and/or anti-money laundering.

### **Advisory Business:**

Skyline Advisors provides a Wrap Fee Program which includes the services noted in Item 4 of this brochure. This service includes financial planning, investment management and investment advice bundled with brokerage expenses all wrapped within one advisory fee.

As part of this service, a client may place reasonable restrictions on their investment selection. For example, a client may own or choose to own certain investments that they have a special interest in, but that are not included in the Skyline Advisors portfolios. This can include inherited stock positions, positions in low cost-basis securities and employer stock.

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

Skyline Advisors offers our Wrap Fee Program to all advisory clients, which are managed on an individualized basis according to the client’s investment objectives, financial goals, risk tolerance, etc. We do not offer non-wrap fee accounts.

### **Performance-Based Fees & Side-By-Side Management:**

Our firm does not charge performance-based fees.

### **Methods of Analysis, Investment Strategies & Risk of Loss:**

Skyline Advisors believes that your investment portfolio should be designed and built on a foundation of academic research where investment principles are applied with discipline and focus on your Investment

Plan. In an investment landscape where headline news, emotional reactions, conflicted advice and a multitude of choices create confusion, errors and mistrust, Skyline Advisors will provide a long-term perspective with objective and informed Fiduciary Advice.

This is accomplished through a collaborative effort between Client, Skyline Advisors and other trusted Professionals. You educate us on your current financial profile, existing resources, investment time horizon, financial goals and tolerance for risk and an Investment Plan is developed, an investment strategy is selected and investment choices are made in accordance to your Goals.

### **Our Investment Philosophy is expressed by our Core Investment Beliefs and Principles**

- We believe that market timing is futile and we do not predict the near future and do not know what the stock market will do tomorrow or even this year, but do believe that a long term investment perspective is fundamental to maximizing stock portfolio performance.
- We believe that minimizing investment expenses is paramount to building wealth.
- We believe that the power of compounding interest over time and a generous savings discipline are essential to reaching your goals.
- We believe that investment choices should be based on foundational research, not trendy strategies.
- We believe that complex investment strategies or products rarely benefit the client. Skyline Advisors will use research and experience to make common sense decisions on behalf of our clients.
- We believe that investing can be fraught with emotions, resulting in impulsive decisions that may negatively impact your Plan. Skyline Advisors can help you maintain perspective and navigate through tumultuous times.

Portfolios are built on academic research including Modern Portfolio Theory which is based on research by the Nobel Prize winning economist, Harry Markowitz. This theory is about balancing risk and reward using a mathematical model and optimizing performance for different levels of risk. Other research used to formulate an investment portfolio includes research on asset allocation and diversification, investment risks, efficient markets and behavioral science.

Portfolios are designed to include passive index funds that seeks to replicate an established index of holdings and may include active funds where a fund manager is selecting the individual holdings and adjusting them according to an objective. Holdings can include mutual funds, exchange-traded-funds and individual stocks and bonds. **We are not beholden to any proprietary funds and can select from any investment that is in the best interest of our clients.**

Portfolios are monitored and rebalanced to bring the asset allocation back to a target in order to reduce risks.

Portfolios are managed by Skyline Advisors' Investment Committee which meets to discuss the allocation and the holdings in the context of the current market and economic environment and to agree on any changes. Changes may include replacing holdings, adding to or reducing holdings, or adjusting the asset allocation within the risk framework. As noted in the Investment Beliefs above, we focus on lowering

investment expenses. We use third-party research from numerous providers in order to provide objective and independent recommendations from resources that have different points of view.

Goals and Planning generate the investment advice we provide. We rely on the information our clients provide us about their financial details and goals. These change over time and we attempt to meet with our clients via teleconference, videoconference or in person at least annually to update information.

Client may also choose to participate in our Sustainable Investment portfolios. We help align our client values with their investments by integrating socially responsible investments into their portfolio. This typically includes ESG Funds which consider environmental impact, social good and include good corporate governance principles. Our Investment Philosophy still applies. We want to select for inexpensive investment options and build a portfolio with various asset categories that diversifies client holdings.

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

- Mutual Funds
- Exchange Traded Funds (ETFs)
- Individual Stocks
- Individual Bonds including Federal government, municipal and corporate bonds

**Please Note:** Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask any questions you may have.

#### **Voting Client Securities:**

We generally do not accept proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

Exceptions will be made on a case by case basis upon firm approval whereby our firm will vote proxies on behalf of clients in accordance with our written policies and procedures, a copy of which can be requested from our Chief Compliance Officer.

### **Item 7: Client Information Provided to Portfolio Manager(s)**

All accounts in our wrap fee program are managed by our in-house licensed IARs. The IAR selected to manage the client's account(s) or portfolio(s) will be privy to the client's investment goals and objectives, risk tolerance, restrictions placed on the management of the account(s) or portfolio(s) and relevant client notes taken by our firm. Please see our firm's Privacy Policy for more information on how our firm utilizes client information.

## Item 8: Client Contact with Portfolio Manager(s)

Clients are always free to directly contact Skyline Advisors) with any questions or concerns they have about their portfolios or other matters.

## Item 9: Additional Information

### Disciplinary Information

There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.

### Financial Industry Activities & Affiliations

Some representatives of our firm are registered representatives of Purshe Kaplan Sterling Investments, Inc. ("PKS"), member FINRA/SIPC. As such they are able to accept compensation for the sale of securities or other investment products, including distribution or service ("trail") fees from the sale of mutual funds. Clients should be aware that the practice of accepting commissions for the sale of securities presents a conflict of interest and gives our firm and/or our representatives an incentive to recommend investment products based on the compensation received. Our firm generally addresses commissionable sales conflicts that arise when explaining to clients these sales create an incentive to recommend based on the compensation to be earned and/or when recommending commissionable mutual funds, explaining that "no-load" funds are also available. Our firm does not prohibit clients from purchasing recommended investment products through other unaffiliated brokers or agents.

**This service is offered on the rare occasion that a client has a legacy position in an annuity or College Savings Account or other commissionable product that we want to assist and service our client on.** We don't generally do any new business in this area and it is less than 3% of our total revenue. It is provided as a convenience and not as a part of our normal service offering to clients. Our advisory accounts do not have commissions. If there are commissions within a product, it only applies to that product and has no effect on the advisory account fees.

### Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is the underlying principle for our firm's Code of Ethics, which includes procedures for personal securities transaction and insider trading. Our firm requires all representatives to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment with our firm, and at least annually thereafter, all representatives of our firm will acknowledge receipt, understanding and compliance with our firm's Code of Ethics. Our firm and representatives must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Our firm recognizes that the personal investment transactions of our representatives demands the application of a Code of Ethics with high standards and requires that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, our firm also believes that if investment goals are similar for clients and for our representatives, it is logical, and even desirable, that there be common ownership of some securities.

In order to prevent conflicts of interest, our firm has established procedures for transactions effected by our representatives for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, our firm has pre-clearance requirements and a quarterly securities transaction reporting system for all of our representatives.

Neither our firm nor a related person recommends, buys or sells for client accounts, securities in which our firm or a related person has a material financial interest without prior disclosure to the client.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

Likewise, related persons of our firm buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients in the same day. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

## **Review of Accounts**

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Our financial advisors review accounts on at least a quarterly basis for our Wealth Management Services - Wrap clients. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Our firm may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc. Skyline Advisors provides a quarterly performance report to clients within our Wrap Fee Program. Client also receives custodial statements from Schwab.

## **Custodial Information**

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Our firm does not maintain custody of client assets (although our firm may be deemed to have custody of client assets if give the authority to withdraw assets from client accounts as described in Item 15 Custody, below). Client assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. Our firm recommends that clients use the Schwab Advisor Services division of Charles Schwab & Co. Inc. ("Schwab"), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. Our firm is independently owned and operated, and not affiliated with Schwab. Schwab will hold client assets in a brokerage account and buy and sell securities when instructed. While our firm recommends that clients use Schwab as custodian/broker, clients will decide whether to do so and open an account with Schwab by entering into an account agreement directly with them. Our firm does not open the account. Even though the account is maintained at Schwab, our firm can still use other brokers to execute trades, as described in the next paragraph.

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<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

## How Brokers/Custodians Are Selected

Our firm seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services.

A wide range of factors are considered, including, but not limited to:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist in making investment decisions quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider
- prior service to our firm and our other clients
- availability of other products and services that benefit our firm, as discussed below (see “*Products & Services Available from Schwab*”)

## Custody & Brokerage Costs

Non-Wrap Client accounts will be charged transaction fees, commissions or other fees on trades that are executed or settle into the client’s custodial account. Transaction fees may be charged based on a percentage of the dollar amount of assets in the account(s). These fees are negotiated with Schwab and are generally discounted from customary retail commission rates. This benefits clients because the overall fee paid is often lower than would be otherwise. Schwab does not charge transaction fees for U.S. listed equities and exchange traded funds.

Clients participating in our Wrap Fee Program have most custody and brokerage costs waived with few exceptions as noted in the Wrap Fee Program Brochure. Please contact us for details. Schwab is compensated by earning interest on the uninvested cash in your account in Schwab’s Cash Features Program. Schwab charges a flat dollar amount as a “prime broker” or “trade away” fee for each trade that our firm has executed *by a different* broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a Schwab account. These fees are in addition to the commissions or other compensation paid to the executing broker-dealer. Because of this, in order to minimize client trading costs, our firm has Schwab execute most trades for the accounts.

## Products & Services Available from Schwab

Schwab has more than 20 years of experience serving independent advisors. Schwab was a pioneer in the business of exclusively serving independent, fee-based investment advisors and their clients. By using Schwab as a primary custodian, Skyline Advisors has access to a wide range of products and services that help us serve our clients, including:

- Full range of investment products and services
- Technology and service support
- Wide array of investment account types including retirement accounts, charitable giving and education accounts

- Full range of investment options such as stocks, mutual funds, bonds, exchange traded funds, CDs and other investments.
- Separately managed account services for those who want to leverage the expertise of institutional-caliber money managers who specialize in particular investment styles.
- Technology and service support so investors can access all their accounts online and view positions, balances and account histories in one place.

Some of those services help manage or administer our client accounts while others help manage and grow our business. Schwab's support services are generally available on an unsolicited basis (our firm does not have to request them) and at no charge to our firm. The availability of Schwab's products and services is not based on the provision of particular investment advice, such as purchasing particular securities for clients. Here is a more detailed description of Schwab's support services:

### **Services that Benefit Clients**

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

### **Services that May Not Directly Benefit Clients**

Schwab also makes available other products and services that benefit our firm but may not directly benefit clients or their accounts. These products and services assist in managing and administering our client accounts. They include investment research, both Schwab's and that of third parties. This research may be used to service all or some substantial number of client accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocate aggregated trade orders for multiple client accounts;
- provides pricing and other market data;
- facilitates payment of our fees from our clients' accounts; and
- assists with back-office functions, recordkeeping and client reporting.

### **Services that Generally Benefit Only Our Firm**

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

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, Schwab will arrange for third-party vendors to provide the services to our firm. Schwab may also discount or waive fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide our firm with other benefits, such as occasional business entertainment for our personnel.

Irrespective of direct or indirect benefits to our client through Schwab, our firm strives to enhance the client experience, help clients reach their goals and put client interests before that of our firm or associated persons.

### **Our Interest in Schwab's Services.**

The availability of these services from Schwab benefits our firm because our firm does not have to produce or purchase them. Our firm does not have to pay for these services, and they are not contingent upon committing any specific amount of business to Schwab in trading commissions or assets in custody.

In light of our arrangements with Schwab, a conflict of interest exists as our firm may have incentive to require that clients maintain their accounts with Schwab based on our interest in receiving Schwab's services that benefit our firm rather than based on client interest in receiving the best value in custody services and the most favorable execution of transactions. As part of our fiduciary duty to our clients, our firm will endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons creates a potential conflict of interest and may indirectly influence our firm's choice of Schwab as a custodial recommendation. Our firm examined this potential conflict of interest when our firm chose to recommend Schwab and have determined that the recommendation is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Although our firm will seek competitive rates, to the benefit of all clients, our firm may not necessarily obtain the lowest possible commission rates for specific client account transactions. Our firm believes that the selection of Schwab as a custodian and broker is the best interest of our clients. It is primarily supported by the scope, quality and price of Schwab's services, and not Schwab's services that only benefit our firm.

### **Client Referrals**

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Our firm does not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940.

### **Financial Information**

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Our firm is not required to provide financial information in this Brochure because:

- Our firm does not require the prepayment of more than \$1,200 in fees when services cannot be rendered within 6 months.
- Our firm does not take custody of client funds or securities.
- Our firm does not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.

Our firm has never been the subject of a bankruptcy proceeding.

**Please contact Skyline Advisors if you have questions about this ADV brochure at 360-671-1621 or at [info@myskylineadvisor.com](mailto:info@myskylineadvisor.com).**