

**ITEM 1 – COVER PAGE**



**GUERRA**  
WEALTH ADVISORS

**Guerra Advisors Inc.**

**DBA Guerra Wealth Advisors**

**6401 SW 87 Avenue, Suite 119  
Miami, FL 33173**

**Web: <https://www.guerrawealth.com>**

**March 20, 2026**

**Form ADV Part 2A Brochure**

This brochure provides information about the qualifications and business practices of Guerra Wealth Advisors (“Guerra”). If you have any questions about the contents of this brochure, please contact us at (305) 448-1011. 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. Guerra Wealth Advisors is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training. Additional information about Guerra Wealth Advisors is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as an IARD number. The IARD number for Guerra Wealth Advisors is CRD #282409.

## ITEM 2 – MATERIAL CHANGES

### Summary of Material Changes

This section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The following lists material changes since the Firm’s previous updating amendment, dated June 16, 2025:

- Guerra Wealth Advisors is owned by Sebastian Guerra and Fabian Guerra. Fabian Guerra is the Chief Compliance Officer of the Firm.
- Due to the relationship with our platform provider, our Firm provides its advisory services on a wrap fee basis as a wrap program sponsor. Under our wrap program, you will receive advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified advisory fee.
- For clients engaging our Firm for financial planning services, financial planning is offered under a separate agreement and separate fee. Fees may vary based on the extent and complexity of your individual or family circumstances. Our fee will be agreed in advance of services being performed and negotiated with you. Financial planning fees are fixed fees. 50% if the fees are billed upon engagement and the remaining 50% are billed at time of delivery. Fixed fees start at \$500 and may be more depending on the complexity of the engagement. The specific fee for your financial plan will be discussed with you and specified in your planning agreement with Guerra.

Currently, a free copy of our Brochure may be requested by contacting us at 305-448-1011 or by email at [support@guerrawealth.com](mailto:support@guerrawealth.com). We encourage you to read this document in its entirety.

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## **ITEM 4 – ADVISORY BUSINESS**

This Disclosure document is being offered to you by Guerra Wealth Advisors (“Guerra” or “Firm”) about the investment advisory services we provide. It discloses information about the services that we provide and the way those services are made available to you, the client.

Guerra Wealth Advisors became an SEC registered investment advisory firm in November 2023. Guerra Wealth Advisors is a Florida corporation owned by Sebastian Guerra and Fabian Guerra. Fabian Guerra is the Chief Compliance Officer of the Firm.

We are committed to helping clients build, manage, and preserve their wealth. Our Firm provides services that help clients to achieve their stated financial goals. We will offer initial complimentary meetings upon our discretion; however, investment advisory services are initiated only after you and Guerra execute an Investment Management Agreement (“Agreement”).

### **Investment Management and Supervision Services**

We manage advisory accounts on a discretionary basis. For discretionary accounts, once we have determined a profile and investment plan with a client, we will execute the day-to-day transactions without seeking prior client consent but within the expected investment guidelines. Account supervision is guided by the client’s written profile and investment plan. We will accept accounts with certain trading restrictions if circumstances warrant. We primarily allocate client assets among various equities, cash and cash equivalents, Exchanged Traded Funds (“ETFs”), no-load or load-waived mutual funds in accordance with their stated investment objectives.

During personal discussions with clients, we determine the client’s objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review a client’s prior investment history, as well as family composition and background. Based on client needs, we develop a client’s personal profile and investment plan. We then create and manage the client’s investments based on that policy and plan. It is the client’s obligation to notify us immediately if circumstances have changed with respect to their goals. Once we have determined the types of investments to be included in a client’s portfolio and have allocated the assets, we provide ongoing investment review and management services.

With our discretionary relationship, we will make changes to the portfolio, as we deem appropriate, to meet client financial objectives. We trade these portfolios based on the combination of our market views and client objectives, using our investment process. We tailor our advisory services to meet the needs of our clients and seek to ensure that your portfolio is managed in a manner consistent with those needs and objectives. Clients have the ability to leave standing instructions with us to refrain from investing in particular industries or invest in limited amounts of securities.

Clients may engage us to advise on certain investment products that are not maintained at our Firm’s recommended custodian, such as variable life insurance, annuity contracts, and assets held in employer sponsored

retirement plans. Where appropriate, we provide advice about any type of held away account that is part of a client portfolio.

You are advised and are expected to understand that our past performance is not a guarantee of future results. Certain market and economic risks exist that adversely affect an account's performance. This could result in capital losses in your account.

### **Use of Model Managers and Platform Providers**

The determination to use a particular model or models is based on each client's individual investment goals, objectives and mandates. Our Firm has entered into an agreement with a platform provider that offers asset management services that include:

- model money managers
- portfolio managers
- strategists
- marketing services
- billing/administrative services

As part of the platform provider program, Clients provide our Firm and the platform provider discretion to select third party, non-affiliated investment managers ("Model Managers") to design and manage model portfolios.

Guerra has access to the platform provider's reporting systems, client relationship management systems and workflow systems to assist clients to establish an advisory account. Due to this arrangement, the platform provider will have access to client information, but the platform provider will not serve as an investment advisor to our clients. Guerra and the platform providers are non-affiliated companies. The platform providers charge our Firm an annual fee for each account administered by them. The annual fee is paid from the portion of the management fee retained by us. Clients receive continuous investment advice based on investment objective, risk profile and time-horizon. While investment strategies and recommendations are tailored to the individual needs of each client, they consist of an asset allocation consistent as outlined in Item 8 of this Brochure.

We will not enter into an investment adviser relationship with a prospective client whose investment objectives are considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines. However, Clients have the ability to impose reasonable restrictions on the management of their accounts, including the ability to instruct the firm not to purchase certain securities.

We do have limited authority to direct the Custodians to deduct our investment advisory fees from accounts, but only with the appropriate written authorization from clients.

Clients may engage us to advise on certain investment products that are not maintained at our Firm's recommended custodian, such as variable life insurance, annuity contracts, and assets held in employer sponsored retirement plans. Where appropriate, we provide advice about any type of held away account that is part of a client portfolio.

You are advised and are expected to understand that our past performance is not a guarantee of future results. Certain market and economic risks exist that adversely affect an account's performance. This could result in capital losses in your account.

### **Financial Planning Services**

Through the financial planning process, our team strives to engage our clients in conversations around the family's goals, objectives, priorities, vision, and legacy – both for the near term as well as for future generations. With the unique goals and circumstances of each family in mind, our team will offer financial planning ideas and strategies to address the client's holistic financial picture, including estate, income tax (Guerra does not prepare or file tax returns. Firm and you should always consult a tax professional), charitable, cash flow, wealth transfer, and family legacy objectives. Our team partners with our client's other financial professionals (CPAs, Enrolled Agents, Estate Attorneys, Insurance Brokers, etc.) to ensure a coordinated effort of all parties toward the client's stated goals. Such services include various reports on specific goals and objectives or general investment and/or planning recommendations, guidance to outside assets, and periodic updates.

Our specific services in preparing your plan may include some of the following but would be defined in the executed Agreement with our Firm:

**PERSONAL:** We can review family records, budgeting, personal liability, estate information and financial goals.

**TAX & CASH FLOW:** We can analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.

**INVESTMENTS:** We can analyze investment alternatives and their effect on the client's portfolio.

**INSURANCE:** We review existing insurance policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.

**RETIREMENT:** We can analyze current strategies and investment plans to help the client achieve his or her retirement goals.

**DEATH & DISABILITY:** We can review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.

**ESTATE:** Some personnel that are appropriately licensed can assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

A written evaluation of each client's initial situation or Financial Plan is provided to the client. Our financial planning and consulting services do not involve implementing any transaction on your behalf or the active and ongoing monitoring or management of your investments or accounts. Clients have the sole responsibility for determining whether to implement our financial planning and consulting recommendations. To the extent that

the client would like to implement any of our investment recommendations through Guerra or retain us to actively monitor and manage your investments, the client must execute a separate written investment advisory services agreement with Guerra.

If requested by client, a written financial plan is presented to the client within three (3) months of the contract date, provided that all information needed to prepare the written financial plan has been accurately and promptly provided by the client.

### **Wrap Fee Program**

Due to the relationship with our platform provider, our Firm provides its advisory services on a wrap fee basis as a wrap program sponsor. Under our wrap program, you will receive advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified advisory fee. The benefits under a wrap fee program depend, in part, upon the size of the account, the costs associated with managing the account, and the frequency or type of securities transactions executed in the account. A wrap fee program may not be suitable for all accounts, including but not limited to accounts holding primarily, and for any substantial period of time, cash or cash equivalent investments, fixed income securities or no-transaction-fee mutual funds, or any other type of security that can be traded without commissions or other transaction fees. The terms and conditions of a wrap program engagement are more fully discussed in our Wrap Fee Program Brochure. We manage wrap accounts on a discretionary basis. When managing a client's account on a wrap fee basis, we receive as compensation for our advisory services, the balance of the total wrap fee you pay after custodial, trading, and other management costs (including execution and transaction fees) have been deducted. This means that, in most cases, when we buy and sell these types of securities, we will not have to pay any commissions to the Custodian. We encourage you to review the Custodian's pricing to compare the total costs of entering into a wrap fee arrangement versus a non-wrap fee arrangement. If you choose to enter into a wrap fee arrangement, your total cost to invest could exceed the cost of paying for brokerage and advisory services separately.

### **Consulting Services**

We also provide clients investment advice on a more-limited basis on one or more isolated areas of concern such as estate planning, real estate, retirement planning, or any other specific topic. Additionally, we provide advice on non-securities matters about the rendering of estate planning, insurance, real estate, and/or annuity advice or any other business advisory / consulting services for equity or debt investments in privately held businesses. In these cases, clients will be required to select their own investment managers, custodian, and/or insurance companies for the implementation of consulting recommendations. If client needs include brokerage and/or other financial services, we will recommend the use of one of several investment managers, brokers, banks, custodians, insurance companies, or other financial professionals ("Firms"). Consulting clients must independently evaluate these Firms before opening an account or transacting business and have the right to effect business through any firm they choose. Clients have the right to choose whether or not to follow the consulting advice provided.

### **Disclosure Regarding Rollover Recommendations**

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. 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.

A client or prospect leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) rollover to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). Our Firm may recommend an investor roll over plan assets to an IRA for which our Firm provides investment advisory services. As a result, our Firm and its representatives may earn an asset-based fee. In contrast, a recommendation that a client or prospective client leave their plan assets with their previous employer or roll over the assets to a plan sponsored by a new employer will generally result in no compensation to our Firm. Our Firm therefore has an economic incentive to encourage a client to roll plan assets into an IRA that our Firm will manage, which presents a conflict of interest. To mitigate the conflict of interest, there are various factors that our Firm will consider before recommending a rollover, including but not limited to: (i) the investment options available in the plan versus the investment options available in an IRA, (ii) fees and expenses in the plan versus the fees and expenses in an IRA, (iii) the services and responsiveness of the plan's investment professionals versus those of our Firm, (iv) protection of assets from creditors and legal judgments, (v) required minimum distributions and age considerations, and (vi) employer stock tax consequences, if any. Our Firm's Chief Compliance Officer remains available to address any questions that a client or prospective client has regarding the oversight.

### **Assets**

As of December 31, 2025, the firm has \$406,224,000 of discretionary assets under management. The firm has \$0 of non-discretionary assets under management.

## **ITEM 5 - FEES AND COMPENSATION**

### **Investment Management Fees and Compensation**

Guerra charges a fee as compensation for providing Investment Management services on your account. These services include advisory, trade entry, investment supervision, and other account-maintenance activities. Also refer to Additional Fees and Expenses below for additional details regarding fees.

All of our advisory clients are managed in our Wrap Fee Program which covers all program transaction fees, including ticket charges, commissions, and other charges for trading and custody. Fee billing methods are defined in the client Investment Advisory Agreement. Guerra's annual investment management fees are based upon a percentage of assets under management not to exceed 1.75%. If services commenced in the middle of the billing period, then the prorated fee for that billing period and any fees due to the Firm will be deducted from the Client's account prior to termination.

Although Guerra has established a maximum annual fee as stated above, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These factors include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, reports, among others. The specific annual fee schedule is identified in the contract between the adviser and the client. Fees are assessed on all assets under management, including securities, cash and money market balances. When invested in a managed model there is typically a small percentage invested in cash as part of that model (i.e., 1%). That “cash” will be included in the AUM fee.

Unless otherwise instructed by the client, we will aggregate asset amounts in accounts from your same household together to determine the advisory fee for all your accounts. We would do this, for example, where we also service accounts on behalf of your minor children, individual and joint accounts for a spouse, and/or other types of related accounts. This consolidation practice is designed to allow you the benefit of an increased asset total, which could cause your account(s) to be assessed a lower advisory fee.

The independent qualified custodian holding your funds and securities will debit your account directly for the advisory fee and pay that fee to us. You will provide written authorization permitting the fees to be paid directly from your account held by the qualified custodian. Further, the qualified custodian agrees to deliver an account statement quarterly directly to you indicating all the amounts deducted from the account including our advisory fees. At our discretion, our Firm will allow advisory fees to be paid by check as indicated in the Agreement. You are encouraged to review your account statements for accuracy.

Either Guerra or you may terminate the management agreement immediately upon written notice to the other party. The management fee will be pro-rated to the date of termination, for the month in which the cancellation notice was given and billed to your account. Upon termination, you are responsible for monitoring the securities in your account, and we will have no further obligation to act or advise with respect to those assets. In the event of client’s death or disability, Guerra will continue management of the account until we are notified of client’s death or disability. Once notified, the account will be restricted until alternative instructions are received by an authorized party.

We will not require prepayment of more than \$1,200 in fees per client, six (6) or more months in advance of providing any services. In no case are our fees based on, or related to, the performance of your funds or investments.

### **Use of Model Managers and Platform Providers**

Through an administrative platform arrangement, we have contracted with various platform providers to utilize their technology to support data reconciliation, performance reporting, fee calculation and billing, client database maintenance, quarterly performance evaluations, payable reports, and other functions related to the administrative tasks of managing client accounts. Due to this arrangement, the platform provider will have access to client information. Guerra and the platform provider are non-affiliated companies. The platform provider receives a portion of our advisory fee for each account. The platform provider will not serve as the discretionary

investment advisor to our clients. Please note that the fee charged to the client will not increase due to the annual fee Guerra pays to the platform provider, the fee is paid from the portion of the management fee retained by our Firm.

For accounts where the platform provider is engaged as a platform provider, clients' fees will be calculated and deducted from your account by the platform provider with our portion of the overall fee paid directly by the platform provider to our firm. Fees are billed as defined in the client Investment Advisory Agreement. Billing will begin after the account has trade activity or after two full monthly billing cycles, whichever is sooner.

Under our fee billing described above, only one rate is charged against all of the client's assets under management in this program. The platform provider retains a portion of the advisory fee charged. For some "Model Managers", their fee is included in the portion retained directly by the platform provider and others receive a fee separate in addition to the fee retained by the platform provider. Our Firm does not adjust the overall Program fee depending on selected Model Managers.

The client will provide written authorization permitting the fees to be paid directly from the account held by the qualified custodian through the platform provider. The qualified custodian agrees to deliver an account statement at least quarterly directly to the client indicating all the amounts deducted from the account including our advisory fees. Refer to Item 15 for details. Clients are encouraged to review your account statements for accuracy.

### **Financial Planning Fees**

For clients engaging our Firm for financial planning services, financial planning is offered under a separate agreement and separate fee. Fees may vary based on the extent and complexity of your individual or family circumstances. Our fee will be agreed in advance of services being performed and negotiated with you. Financial planning fees are fixed fees. 50% if the fees are billed upon engagement and the remaining 50% are billed at time of delivery. Fixed fees start at \$500 and may be more depending on the complexity of the engagement. The specific fee for your financial plan will be discussed with you and specified in your planning Agreement with Guerra.

Typically, we complete the plan and present it to you within 90 days of the contract date, if you have provided us all information needed to prepare the financial plan.

If you choose to terminate your financial planning agreement, you must provide the Firm with written notice. Upon termination, fees will be prorated through the date of termination. Any portion of the fee that has been earned will be billed to you based on the actual hours our Firm has spent preparing your financial plan prior to termination. The hourly rate of \$500 will be applied for this calculation and is specified in your executed Financial Planning Agreement.

### **Example:**

If you terminate your agreement after 5 hours of work have been completed, you will be billed \$2,500 (5 hours × \$500/hour) for the services rendered up to the termination date. Any prepaid portion of the planning fee will offset the final planning fee.

## **Estate Planning Fees**

Estate planning services are offered as a separate and distinct engagement from the Firm's investment management and/or financial planning services. Fees for estate planning services are not included in, nor offset against, any investment management or financial planning fees described above.

Clients who elect to engage the Firm for estate planning services will do so under a separate written agreement, which will outline the specific scope of services, applicable fees, and payment terms. Estate planning fees may be structured as fixed fees, hourly fees, or project-based fees, depending on the nature and complexity of the engagement.

Clients are under no obligation to engage the Firm for estate planning services, and such services are entirely optional and independent of any other advisory relationship with the Firm.

We will not require prepayment of more than \$1200 in fees per client, six (6) or more months in advance of providing any services. In no case are our fees based on, or related to, the performance of your funds or investments.

## **Consulting**

In addition, Guerra provides hourly planning services for clients who need advice on a limited scope of work. Guerra will negotiate consulting fees with you. Fees may vary based on the extent and complexity of the consulting project. You will be billed monthly as services are rendered.

Either party may terminate the agreement. Upon termination, fees will be prorated to the date of termination and any unearned portion of the fee will be refunded to you as described above.

You should be aware that lower fees for comparable services may be available from other sources.

## **Unmanaged Assets**

From time to time, a Client may decide to hold certain securities or other property for which our Firm does not provide investment advisory services ("Unmanaged Assets") in the account(s) held at the Custodian or outside the Custodian. Requests to hold an Unmanaged Asset must be made in writing and require the approval of our Firm. Our Firm will have no duty, responsibility or liability whatsoever with respect to these assets, and therefore, our Firm will not charge an investment advisory fee. However, if you have an account that solely contains Unmanaged Assets, the Custodian may charge an account maintenance fee as disclosed in the Custodian account paperwork executed by the Client. In all cases, it is the clients sole responsibility to monitor, manage, and transact all Unmanaged Assets (securities and/or accounts).

## **Other Additional Fees**

*Advisory Fees in General:* Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees. In addition to the advisory fees paid to our Firm, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks, and other financial institutions (collectively "Financial Institutions"). These

additional charges include custodial fees, charges imposed by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, regulatory fees assessed by the SEC and/or FINRA, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Our brokerage practices are described at length in Item 12, below.

*Mutual Fund Fees:* When purchasing mutual funds, our policy is to select institutional share classes whenever possible. The institutional share class generally has the lowest expense ratio relative to other classes. Mutual fund expense ratios are in addition to our fee, and we do not receive any portion of these charges. If an institutional share class is not available, or is not the optimal solution given trading frequency, the advisor will purchase the least expensive share class available. As share classes with lower expense ratios become available, we may convert the existing mutual fund position to the lower cost share class.

*Regulatory Fees:* To facilitate the execution of trades, regulatory Trading Activity Fees (TAF) are added to applicable sales transactions. The Securities and Exchange Commission (SEC) regulatory fee is assessed on client accounts for sell transactions, and a FINRA fee is assessed on client accounts for sell transactions, for certain covered securities. This fee is not charged by our Firm but is assessed and collected by the custodian. The Custodian that our Firm uses is a FINRA member firm. These fees recover the costs incurred by the SEC and FINRA, for supervising and regulating the securities markets and securities professionals. The fee rates vary depending on the type of transaction and the size of that transaction. For more information on the SEC and FINRA fees, please visit their websites: [www.sec.gov/fast-answers/answerssec31htm.html](http://www.sec.gov/fast-answers/answerssec31htm.html) or [www.finra.org/industry/trading-activity-fee](http://www.finra.org/industry/trading-activity-fee).

There are certain securities or investments a client wishes to purchase or hold in their account. These investment products may carry fees from the delivering firm to the Custodian. Custodians may also charge an additional fee for select securities and/or alternative investments to be included in the holdings of their account. Our Firm will communicate in writing to the client on the Advisory Agreement or Addendum if our firm will be reimbursing these "holding" fees.

### **Non-Transaction Fee (NTF) Mutual Funds**

When selecting investments for our clients' portfolios we might choose mutual funds on your account custodian's Non-Transaction Fee (NTF) list. This means that your account custodian will not charge a transaction fee or commission associated with the purchase or sale of the mutual fund. The mutual fund companies that choose to participate in your custodian's NTF fund program pay a fee to be included in the NTF program. The fee that a mutual fund company pays to participate in the program is ultimately borne by the owners of the mutual fund including clients of our Firm. When we decide whether to choose a fund from your custodian's NTF list or not, we consider our expected holding period of the fund, the position size and the expense ratio of the fund versus alternative funds. Depending on our analysis and future events, NTF funds might not always be in your best interest.

## **ITEM 6 - PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Our Firm does not engage in performance-based fees. No supervised person is compensated by performance-based fees. Performance-based fees may create an incentive for the advisor to recommend an investment that may carry a higher degree of risk.

## **ITEM 7 - TYPES OF CLIENTS**

Our Firm works with the following types of clients: individuals, high net-worth individuals, trusts, and small to mid-sized businesses.

We do not impose a minimum account value to initiate our Firm's advisory and money management services.

## **ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

We take an active approach in managing our client's assets. Each account is rebalanced bi-weekly, monthly quarterly, semi-annual, or annual basis. The frequency of rebalancing is based on the account's time horizon, investment objective current economic climate and tax situation. While there may be some similarities in the portfolios created by Guerra, we understand that every client has their own unique planning needs. We have the ability and flexibility to create portfolios to help our client achieve their goals. We may utilize the following forms of analysis:

*Asset Allocation:* Our primary investment philosophy attempts to identify the appropriate ratio of diversified securities, fixed income, and cash suitable to the client's investment goals and risk tolerance. Our asset allocation strategy de-prioritizes individual security selection. We utilize software to monitor each client's mix of securities, fixed income, and cash. If the ratio drifts outside of our target tolerance, then we will evaluate a rebalance of the portfolio back to the target ratio. In addition, we attempt to rebalance on an annual basis each account back to the target ratio of securities, fixed income, and cash. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry, or market sector. Another risk is that rebalancing a portfolio can generate taxable capital gains. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected will no longer be appropriate for the client's goals.

*Fundamental Analysis:* We utilize fundamental analysis when evaluating the intrinsic value of a security by looking at economic and financial factors. Those factors include the overall economy, industry conditions, and the financial condition and management of the company itself. We utilize those factors to determine if the company or fund is underpriced or overpriced. Fundamental analysis does not aid in anticipating market movements. As a result, this presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and/or financial factors evaluated when we considered the investment.

*Quantitative Analysis:* We utilize quantitative analysis by reviewing mathematical ratios and other performance metrics as part of our due diligence research of a fund manager's investment acumen, idea generation, consistency of purpose and overall ability to match or outperform their stated benchmark through a full market cycle. Additionally, we perform periodic measurements to assess the accuracy and authenticity of a manager's published

returns. A risk with quantitative analysis is that the mathematical models and ratios we utilize may be based on assumptions that prove to be incorrect.

*Technical Analysis:* We use this method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance. Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

*Mutual Fund and/or ETF Analysis:* We look at the experience and track record of the manager of the mutual fund or ETF in order to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also monitor the funds or ETFs in order to determine if they are continuing to follow their stated investment strategy.

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

*Model Manager Analysis:* We examine the experience, expertise, investment philosophies, and past performance of Model Managers in attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the Model Manager's compliance and business enterprise risks.

## **Risk of Loss**

A client's investment portfolio is affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic conditions, changes in laws and national and international political circumstances.

Investing in securities involve certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. Guerra will assist Clients in determining an appropriate strategy based on their tolerance for risk.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account(s). Guerra shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform Guerra of any changes in financial condition, goals or other factors that may affect this analysis.

Our methods rely on the assumption that the underlying companies within our security allocations are accurately reviewed by the rating agencies and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Investors should be aware that accounts are subject to the following risks:

**MARKET RISK** – Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities to rise or fall. Because the value of investment portfolios will fluctuate, there is the risk that you will lose money and your investment may be worth more or less upon liquidation.

**FOREIGN SECURITIES AND CURRENCY RISK** – Investments in international and emerging-market securities include exposure to risks such as currency fluctuations, foreign taxes and regulations, and the potential for illiquid markets and political instability.

**CAPITALIZATION RISK** – Small-cap and mid-cap companies may be hindered as a result of limited resources or less diverse products or services. Their stocks have historically been more volatile than the stocks of larger, more established companies.

**INTEREST RATE RISK** – In a rising rate environment, the value of fixed-income securities generally declines, and the value of equity securities may be adversely affected.

**CREDIT RISK** – Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and thus, impact the fund's performance.

**SECURITIES LENDING RISK** – Securities lending involves the risk that the fund loses money because the borrower fails to return the securities in a timely manner or at all. The fund could also lose money if the value of the collateral provided for loaned securities, or the value of the investments made with the cash collateral, falls. These events could also trigger adverse tax consequences for the fund.

**EXCHANGE-TRADED FUNDS** – ETFs face market-trading risks, including the potential lack of an active market for shares, losses from trading in the secondary markets, and disruption in the creation/redemption process of the ETF. Any of these factors may lead to the fund’s shares trading at either a premium or a discount to its “net asset value.”

**PERFORMANCE OF UNDERLYING MANAGERS** – We select the mutual funds and ETFs in the asset allocation portfolios. However, we depend on the manager of such funds to select individual investments in accordance with their stated investment strategy.

**CYBERSECURITY RISK** – In addition to the Material Investment Risks listed above, investing involves various operational and “cybersecurity” risks. These risks include both intentional and unintentional events at our firm or one of its third-party counterparties or service providers, that may result in a loss or corruption of data, result in the unauthorized release or other misuse of confidential information, and generally compromise our Firm’s ability to conduct its business. A cybersecurity breach may also result in a third-party obtaining unauthorized access to our clients’ information, including social security numbers, home addresses, account numbers, account balances, and account holdings. Our Firm has established business continuity plans and risk management systems designed to reduce the risks associated with cybersecurity breaches. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because our Firm does not directly control the cybersecurity systems of our third-party service providers. There is also a risk that cybersecurity breaches may not be detected.

**DIGITAL CURRENCY RISK** - Our firm’s use of digital currency is limited to instances where clients are looking to request some exposure within their portfolio. Advice is only rendered if a client does inquire about the use of digital assets within their portfolio. The shares of certain products are also publicly quoted on OTC markets and shares that have become unrestricted in accordance with the rules and regulations of the sec may be bought and sold throughout the day through any brokerage account. Cryptocurrency (notably, bitcoin), often referred to as “virtual currency”, “digital currency,” or “digital assets,” operates as a decentralized, peer to-peer financial exchange and value storage that is used like money. If deemed appropriate, clients may have exposure to bitcoin, a cryptocurrency. Cryptocurrency operates without central authority or banks and is not backed by any government. Cryptocurrencies (i.e., bitcoin) may experience very high volatility. Cryptocurrency is also not legal tender. Federal, state, or foreign governments may restrict the use and exchange of cryptocurrency, and regulation in the U.S. is still developing. The sec has issued a public report stating U.S. Federal securities laws require treating some digital assets as securities. Cryptocurrency exchanges may stop operating or permanently shut down due to fraud, technical glitches, hackers, or malware. Due to its relatively recent launch, bitcoin has a limited trading

history, making it difficult for investors to evaluate investments in this cryptocurrency. It is possible that another entity could manipulate the blockchain in a manner that is detrimental to the bitcoin network. Bitcoin transactions are irreversible such that an improper transfer can only be undone by the receiver of the bitcoin agreeing to return the bitcoin to the original sender. Digital assets are highly dependent on their developers and there is no guarantee that development will continue or that developers will not abandon a project with little or no notice. Third parties may assert intellectual property claims relating to the holding and transfer of digital assets, including cryptocurrencies, and their source code. Any threatened action that reduces confidence in a network's long-term ability to hold and transfer cryptocurrency may affect investments in cryptocurrencies. Investments in the products are speculative investments that involve high degrees of risk, including a partial or total loss of invested funds. The shares of each product are intended to reflect the price of the digital asset(s) held by such product (based on digital asset(s) per share), less such product's expenses and other liabilities. Because each product does not currently operate a redemption program, there can be no assurance that the value of such product's shares will reflect the value of the assets held by such product, less such product's expenses and other liabilities, and the shares of such product, if traded on any secondary market, may trade at a substantial premium over, or a substantial discount to, the value of the assets held by such product, less such product's expenses and other liabilities, and such product may be unable to meet its investment objective.

## **ITEM 9 - DISCIPLINARY INFORMATION**

We do not have any legal, financial or other "disciplinary" item to report.

## **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **Insurance**

Guerra Advisors Inc, a licensed Insurance Agency with the State, is a separate entity but affiliated by common ownership. Some of the registered advisory personnel of Guerra are licensed insurance agents and may recommend insurance products through the affiliated insurance entity. They may sell various life insurance products, long term care and fixed annuities. IARs receive compensation (commissions, or other compensation from the respective product sponsors) as a result of effecting insurance transactions for clients. A portion of the time IARs spend (generally 50%) is in connection with these insurance activities and it represents 50% of the ongoing revenue for our IARs. The advisor has an incentive to recommend insurance and this incentive creates a conflict of interest between your interests and our Firm. Clients should note that they have the right to decide whether or not to engage the services of our IARs. Further, clients should note they have the right to decide whether to act on the recommendations and the right to choose any professional to execute the advice for any insurance products through our IAR or any licensed insurance agent not affiliated with our Firm. We recognize the fiduciary responsibility to place your interests first and have established policies in this regard to avoid any conflicts of interest.

## **Tax Services**

Guerra Advisors, Inc., a related entity under common ownership with the Firm offers tax planning services. The Firm and its IARs has an incentive to recommend tax services, and this incentive creates a conflict of interest between your interests and our Firm. Any fees received through the tax services do not offset the advisory fees the client may pay for investment advisory services under this separate entity.

## **Third Party Platform Providers**

Our Firm has entered into an agreement with platform providers that offer asset management services that include model money managers, portfolio managers, strategists, marketing and billing/administrative services. As part of the program, Clients provide our Firm and the platform provider discretion to select third party, non-affiliated investment managers (“Model Managers”) to design and manage model portfolios. The Firm will utilize the services of the platform provider to select appropriate products. Platform providers may offer special incentive compensation to meet certain overall sales goals by placing annuities and/or other insurance products through their platform. The receipt of commissions and additional incentive compensation itself creates a conflict of interest. Clients are not required to purchase any insurance products through us in our separate capacity as insurance agents. The purpose of the platform provider is to assist us to find the insurance company that best fits the client’s situation.

Platform providers offer marketing assistance and business development tools to acquire new clients, technology with the goal of improving the client experience and our firm’s efficiency, back office and operations support to assist in the processing of our insurance and investment services for clients, business succession planning, business conferences and incentive trips for our firm. Although some of these services can benefit a client, other services obtained by us from the platform providers, such as marketing assistance, business development and incentive trips will not benefit an existing client. The Firm can also receive bonus payments from an insurance company for selling a targeted number of annuities during a specified period of time which creates a conflict of interest. Our Firm has taken steps to manage these conflicts of interest by requiring that each investment adviser representative:

- only recommend insurance and annuities when in the best interest of the client and without regard to the financial interest of our Firm and its investment adviser representative.
- not recommend insurance and/or annuities which result in its investment adviser representative and/or our Firm receiving unreasonable compensation related to the recommendation; and,
- disclose material conflicts of interest related to insurance or annuity recommendations.

## **Other Affiliations**

Additionally, management personnel of Guerra may engage in outside business activities. As such, these individuals can receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of investment advisory Clients. Clients are not under any obligation to engage these

individuals when considering implementation of these outside recommendations. The implementation of any or all recommendations is solely at the discretion of the Client.

Our Firm does not have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities.

Neither our firm nor any of its management persons are registered or have an application pending to register as a broker-dealer.

### **Disclosure of Conflicts of Interest**

Clients should be aware that the ability to receive additional compensation by our Firm and its management persons or employees creates conflicts of interest that impair the objectivity of the Firm and these individuals when making advisory recommendations. Our Firm endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps, among others to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for the Firm and our employees to earn compensation from advisory clients in addition to the Firm's advisory fees.
- we disclose to clients that they have the right to decide to purchase recommended investment products from our employees.
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives, and liquidity needs.
- the Firm conducts regular reviews of each client advisory account to verify that all recommendations made to a client are in the best interest of the client's needs and circumstances.
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed.
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by the Firm.

### **ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Our Firm and persons associated with us are allowed to invest for their own accounts, or to have a financial investment in the same securities or other investments that we recommend or acquire for your account and may engage in transactions that are the same as or different than transactions recommended to or made for your account. This creates a conflict of interest. We recognize the fiduciary responsibility to act in your best interest and have established policies to mitigate conflicts of interest.

We have developed and implemented a Code of Ethics that sets forth standards of conduct expected of our advisory personnel to mitigate this conflict of interest. The Code of Ethics addresses, among other things, personal trading, gifts, and the prohibition against the use of inside information.

The Code of Ethics is designed to protect our clients to detect and deter misconduct, educate personnel regarding the Firm's expectations and laws governing their conduct, remind personnel that they are in a position of trust and must act with complete propriety at all times, protect the reputation of Guerra, safeguard against the violation of the securities laws, and establish procedures for personnel to follow so that we may determine whether their personnel are complying with the Firm's ethical principles.

We have established the following restrictions in order to ensure our Firm's fiduciary responsibilities:

- No supervised employee of Guerra shall prefer his or her own interest to that of the advisory client.
- We maintain a list of all securities holdings of anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of Guerra.
- We emphasize the unrestricted right of the client to decline implementation of any advice rendered, except in situations where we are granted discretionary authority of the client's account.
- We require that all supervised employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- Any supervised employee not in observance of the above may be subject to termination.
- None of our associated persons may affect for himself/herself or for accounts in which he/she holds a beneficial interest, any transactions in a security which is being actively recommended to any of our clients, unless in accordance with the Firm's procedures.

You may request a complete copy of our Code by contacting us at the address, telephone, or email on the cover page of this Part 2; ATTN: Fabian Guerra, Chief Compliance Officer.

## **ITEM 12 - BROKERAGE PRACTICES**

Clients must maintain assets in an account at a "qualified custodian," generally a broker-dealer or bank. We generally recommend that clients utilize the custody, brokerage and clearing services of Fidelity Institutional Wealth Services ("Fidelity") or Charles Schwab & Co., Inc. ("Schwab"), collectively ("Custodian(s)"). We may recommend other custodians beside Fidelity or Schwab based on your needs and the services offered.

We recommend that you establish accounts with these Custodians to maintain custody of your assets and to affect trades for your accounts. Some of the products, services and other benefits provided by our Custodians benefit us and may not benefit you or your account. Our recommendation/requirement that you place assets with one of these Custodians may be based in part on benefits they provide us, and not solely on the nature, cost or

quality of custody and execution services provided by the custodian. The Custodian we utilize makes available to us other products and services that benefit us but may not benefit your accounts in every case.

The Custodians provide various benefits and payments to registered investment advisers that are new to the custodial platforms to assist the firm with the costs associated with starting a Registered Investment Advisory firm and transitioning the business to each Custodian. Some of the other Custodian products and services assist us in managing and administering your accounts. These include software and technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our fees from your account, and assist with back-office functions, recordkeeping and reporting.

We are independently owned and operated and not affiliated with these Custodians. They provide us with access to their institutional trading and custody services. These services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors.

You have the right to not act upon any recommendations, and if you elect to act upon any recommendations, you have the right to not place the transactions through any broker/dealer we recommend. Our recommendation is generally based on the broker's cost and fees, skills, reputation, dependability, and compatibility with the client. You may be able to obtain lower commissions and fees from other brokers and the value of products, research and services given to us is not a factor in determining the selection of broker/dealer or the reasonableness of their commissions.

We place trades for your account subject to our duty to seek best execution and other fiduciary duties. You may be able to obtain lower commissions and fees from other brokers and the value of products, research and services given to us is not a factor in determining the selection of broker/dealer or the reasonableness of their commissions. The Custodian's execution quality may be different than other broker-dealers.

Many of these services generally may be used to service all or a substantial number of our accounts. The Custodians also make available to us other services intended to help us manage and further develop our business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, the custodians may make available, arrange and/or pay for these services rendered to us by third parties. The Custodians may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to us.

While as a fiduciary, we endeavor to act in your best interest, our recommendation that you maintain your assets in accounts at our recommended custodians may be based in part on the benefit to us or the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a conflict of interest. IARs endeavor at all times to put the interest of our clients first as a part of their fiduciary duty.

There is no direct link between our participation in a Custodian's platform and the investment advice we give to our clients. We/you may receive economic benefits through our participation in the platforms that may not be available to other advisors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. The Custodians may also have paid for business consulting and professional services received by some of our related persons. Some of the products and services made available by the Custodians through the program may benefit us but may not benefit your account. These products or services may assist us in managing and administering your account, including accounts not maintained at the Custodians. Other services made available by the Custodians are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to the Custodians. As part of our fiduciary duties to clients, we endeavor at all times to act in the best interest of our clients. You should be aware, however, that the receipt of economic benefits by us or our related persons in and of itself creates a conflict of interest and may indirectly influence our choice of the Custodians for custody and brokerage services.

### **Brokerage for Client Referrals**

Guerra does not receive client referrals from our Custodians or any third party in exchange for using our Custodians or any third party.

### **Aggregation and Allocation of Transactions**

We may aggregate transactions if we believe that aggregation is consistent with the duty to seek best execution for our clients and is consistent with the disclosures made to clients and terms defined in the client Investment Advisory Agreement. No advisory client will be favored over any other client, and each account that participates in an aggregated order will participate at the average share price (per custodian) for all transactions in that security on a given business day. We will aggregate trades for ourselves or our associated persons with your trades, providing that the following conditions are met:

Our policy for the aggregation of transactions shall be fully disclosed separately to our existing clients (if any) and the broker/dealer(s) through which such transactions will be placed;

We will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek the best execution (which includes the duty to seek best price) for you and is consistent with the terms of our Investment Advisory Agreement with you for which trades are being aggregated.

No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all our transactions in a given security on a given business day, with transaction costs based on each client's participation in the transaction. We will prepare a written statement ("Allocation Statement") specifying the participating client accounts and how to allocate the order among those clients. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the allocation statement; if the order is partially filled, the accounts that did not receive the previous trade's positions should be "first in line" to receive the next allocation.

Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for difference of allocation is explained in writing and is reviewed by our compliance officer. Our books and records will separately reflect, for each client account, the orders of which aggregated, the securities held by, and bought for that account.

We will receive no additional compensation or remuneration of any kind because of the proposed aggregation; and Individual advice and treatment will be accorded to each advisory client.

### **Trade Errors**

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with the Firm's fiduciary duty, it is the Firm's policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes a trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and we will absorb any loss resulting from the trade error if the error was caused by the firm. If the error is caused by the custodian, the custodian will be responsible for covering all trade error costs. We will never benefit or profit from trade errors.

### **Directed Brokerage**

We do not routinely recommend, request or require that the Clients direct us to execute transactions through a specified broker dealer. Additionally, we typically do not permit the Client to direct brokerage. We place trades for Client accounts subject to the Firm's duty to seek best execution and other fiduciary duties.

## **ITEM 13 - REVIEW OF ACCOUNTS**

### **Account Reviews and Reviewers – Investment Supervisory Services**

Our Investment Adviser Representatives will monitor client accounts on a regular basis and perform annual reviews with each client. All accounts are reviewed for consistency with client investment strategy, asset allocation, risk tolerance, and performance relative to the appropriate benchmark. More frequent reviews may be triggered by changes in an account holder's personal, tax, or financial status. Geopolitical and macroeconomic specific events may also trigger reviews. You are urged to notify us of any changes in your personal circumstances.

### **Statements and Reports**

Reports from our Firm are generated for clients on an annual basis or as requested. These reports show the rate of return of accounts under management of Guerra.

The custodian for the individual client's account will also provide clients with an account statement at least quarterly. You are urged to compare the reports provided by Guerra against the account statements you receive directly from your account custodian.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

Our Firm does not receive nor pay compensation for client referrals.

Certain supervised persons of the Firm are also licensed insurance agents and may recommend fixed insurance or annuity products to clients. These insurance products are offered through a separate insurance agency or third-party insurance marketing organization that is independent from the Firm's investment advisory business.

When clients purchase insurance or annuity products through these arrangements, the supervised person—and in some cases, the Firm or the affiliated insurance entity—may receive commissions, marketing allowances, or other forms of compensation from the insurance carrier or marketing organization. In some cases, additional bonus or incentive compensation may be paid based on the overall level of insurance or annuity sales. They also provide indirect compensation by providing marketing assistance and business development tools to acquire new clients, technology with the goal of improving the client experience and the Firm's efficiency, back office and operations support to assist in the processing of the Firm's insurance services for clients, business succession planning, business conferences and incentive trips for the Firm

This creates a conflict of interest, as it provides a financial incentive to recommend insurance or annuity products that generate higher compensation. The Firm addresses this conflict by disclosing it to clients and by requiring that any insurance recommendations be made in the client's best interest, based on the client's objectives, financial situation, and needs.

Clients are under no obligation to purchase any insurance or annuity product through the Firm, its supervised persons, or any affiliated or third-party insurance organization.

Our Firm may be asked to recommend a financial professional, such as an attorney, accountant, or mortgage broker. In such cases, our Firm does not receive any direct compensation in return for any referrals made to individuals or firms in our professional network. Clients must independently evaluate these firms or individuals before engaging in business with them and clients have the right to choose any financial professional to conduct business. Individuals and firms in our financial professional network may refer clients to our Firm. Again, our Firm does not pay any direct compensation in return for any referrals made to our Firm. Our Firm does recognize the fiduciary responsibility to place your interests first and have established policies in this regard to mitigate any conflicts of interest.

From time to time, we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing-expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made.

## **ITEM 15 – CUSTODY**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.

While our firm does not maintain physical custody of client assets (which are maintained by a qualified custodian, as discussed above), our Firm is deemed to have constructive custody over those client accounts where we are able to deduct our fees directly from the account. As long as we comply with certain regulatory requirements, this constructive custody does not mandate that we undergo a surprise audit for those accounts. Our clients receive account statements directly from the qualified custodian at least quarterly. We also send clients quarterly reports that we produce using our portfolio accounting system. We strongly urge our clients to compare such reports with the statements received from the qualified custodian. Furthermore, when we calculate our investment management fees and instruct the custodian to remit these fees to us directly from clients' accounts, the custodian does not verify our calculation of fees. We perform quarterly testing to ensure that our fees are charged in accordance with the client's Agreement.

### **Standing Letters of Authorization – Third Parties**

Our Firm is 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 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.

The SEC issued a no-action letter ("Letter") with respect to the 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 custodians:

1. 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.
2. 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.
3. 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.
4. The client has the ability to terminate or change the instruction to the client's qualified custodian.
5. 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.
6. 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.
7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

## **ITEM 16 – INVESTMENT DISCRETION**

For discretionary accounts, prior to engaging Guerra to provide investment advisory services, you will enter a written Agreement with us granting the Firm the authority to supervise and direct, on an on-going basis, investments in accordance with the client's investment objective and guidelines. In addition, you will need to execute additional documents required by the Custodian to authorize and enable Guerra, in its sole discretion, without prior consultation with or ratification by you, to purchase, sell, or exchange securities in and for your accounts. We are authorized, in our discretion and without prior consultation with you to: (1) buy, sell, exchange and trade any stocks, bonds or other securities or assets and (2) determine the number of securities to be bought or sold, and (3) place orders with the custodian. Any limitations to such discretionary authority will be communicated to our Firm in writing by you, the client.

In some instances, we may not have discretion. We will discuss all transactions with you prior to execution or you will be required to make the trades if in an employer sponsored account.

## **ITEM 17 – VOTING CLIENT SECURITIES**

Our Firm will not vote proxies on your behalf. You are welcome to vote proxies or designate an independent third-party at your own discretion. You designate proxy voting authority in the custodial account documents. You must ensure that proxy materials are sent directly to you or your assigned third party. We do not act with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies. Clients can contact our office with questions about a particular proxy solicitation by phone at 305-448-1011.

## **ITEM 18 – FINANCIAL INFORMATION**

Our Firm does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.

## **PRIVACY POLICY**

Our Firm collects nonpublic personal information about Clients from information provided on applications or other forms, as well as from information regarding Client transactions with our Firm, our affiliates, or others. In accordance with Regulation S-P, our Firm does not disclose any nonpublic personal information about current or former Clients to third parties, except as permitted or required by law, or as necessary to service Client accounts. Access to Client information is restricted to Firm personnel who require such information to provide investment advisory services. Our Firm maintains physical, electronic, and procedural safeguards designed to protect Client information in compliance with federal standards and Regulation S-P. Our Firm provides a copy of its Privacy Policy to Clients at the time of account opening, upon request, and annually if the Policy is amended.