



**Forrest Financial Services, L.L.C.**

Fee-Only Financial Planning

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**Firm Brochure**

(Part 2A of Form ADV)

This brochure provides information about the qualifications and business practices of Forrest Financial Services, L.L.C. If you have any questions about the contents of this brochure, please contact us at: (515) 277-3495, or by email at: [info@forrestfinancialservices.com](mailto:info@forrestfinancialservices.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 Forrest Financial Services, L.L.C. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Forrest Financial Services, L.L.C. is a registered investment advisor. Registration does not imply a certain level of skill or training.

**March 31, 2022**

## Principals

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### **Pete Deacon MBA, CPA, CFP®**

*Date of Birth:* 09/30/1967

*Post-Secondary Education:*

BBA Accounting, The University of Iowa  
Master of Business Administration, Drake University

*Business Background:*

2001 - Present: Partner, Forrest Financial Services

### **Steve Forrest MBA**

*Date of Birth:* 03/15/1947

*Post-Secondary Education:*

BS Economics, Iowa State University  
Master of Business Administration, Drake University

*Business Background:*

1996 - 2016: Founder and Managing Partner, Forrest Financial Services  
2017 - Present: Advisor and counselor to the firm and clients

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## Education and Business Standards

Forrest Financial Services, L.L.C. requires that any employee whose function involves determining or giving investment advice to clients must hold a master's degree in business administration and must:

1. Have at least ten years' experience in personal financial planning, investments, or accounting;
2. Hold the Series 65 Investment Adviser Representative license or its equivalent;
3. Hold the Certified Financial Planner™ (CFP®) designation
4. Hold the Certified Public Accountant (CPA) designation
5. Subscribe to the Code of Ethics of the CFP® and CPA Board of Standards;
6. Be properly licensed for all advisory activities in which they are engaged.

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## Professional Certifications

Mr. Forrest (previously) and Mr. Deacon have earned certifications and credentials that are required to be explained in further detail.

## **CERTIFIED FINANCIAL PLANNER™**

A professional certification granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”). The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification.

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

- **Education** – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- **Examination** – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- **Experience** – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- **Ethics** – Agree to be bound by CFP Board’s Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP® professionals.
- **Continuing Education** – Complete 30 hours of continuing education hours every two years, including two hours on the Code of Ethics and other parts of the Standards of Professional Conduct. CFP® professionals maintain competence and keep up with developments in the financial planning field.

Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. **This means CFP® professionals must provide financial planning services in the best interests of their clients.** As a fiduciary we must make full disclosure to all clients of all material facts relating to the advisory relationship. Forrest Financial Services, L.L.C. seeks to avoid conflicts of interest.

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

## **Certified Public Accountant (CPA)**

CPAs are licensed and regulated by their state boards of accountancy. While state laws and regulations vary, the education, experience and testing requirements for licensure as a CPA generally include minimum college education typically 150 credit hours with at least a baccalaureate degree and a concentration in accounting), minimum experience (most states require at least one year of experience providing services that involve the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA), and successful

passage of the Uniform CPA Examination. In order to maintain a CPA license, states generally require the completion of 40 hours of continuing professional education (CPE) each year (or 80 hours over a two-year period or 120 hours over a three-year period). Additionally, all American Institute of Certified Public Accountants (AICPA) members are required to follow a rigorous *Code of Professional Conduct* which requires that they act with integrity, objectivity, due care, competence, fully disclose any conflicts of interest (and obtain client consent if a conflict exists), maintain client confidentiality, disclose to the client any commission or referral fees, and serve the public interest when providing financial services. The majorities of state boards of accountancy have adopted the AICPA's *Code of Professional Conduct* within their state accountancy laws or have created their own.

### **Master's Degree in Business Administration (MBA)**

The Master of Business administration (MBA) degree program uses an integrative approach that emphasizes real-world application of knowledge and problem-solving strategies and techniques. Drake University's MBA degree program offers core course designed to provide a framework for decision making and long-run sustainability of organizations. Past topics of specialization include behavioral finance, tax, and business strategy.

## **Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

Pete Deacon is the sole owner of Forrest Financial Services. Steve Forrest will continue to serve in an advisory role to the firm.

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### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (515) 277-3495 or by email at: [info@forrestfinancialservices.com](mailto:info@forrestfinancialservices.com)

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# Advisory Business

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## Firm Description

Forrest Financial Services, L.L.C. was founded in 1996 by Steve Forrest.

Forrest Financial Services, L.L.C. provides investment management and personal financial planning to individuals, families and their related entities, trusts and estates, and family businesses. Approximately 80% of our time is spent on asset management and 20% on tax services.

Forrest Financial Services, L.L.C. works with clients to define financial objectives and to develop strategies for reaching those objectives, some of which may include: investment management, retirement planning, tax planning, and education funding. Identification of risk, cash flow and budget management may be involved. Detailed financial planning could also include estate planning, charitable goals, special needs planning, family business succession issues, fringe benefits, and/or other issues specific to the client.

The firm's compensation is solely from fees paid directly by clients. The firm does not receive commission based on the client's purchase of any financial product. No commissions in any form are accepted. No referral fees are paid or accepted. No benefits are received from custodians/broker-dealers based on client securities transactions ("soft dollar benefits"). Assets under the direct management of Forrest Financial Services, L.L.C. are held by independent custodians, including Charles Schwab, in the client's name. Forrest Financial Services, L.L.C. does not act as a custodian of client assets.

We may recommend other professionals (e.g., lawyers, accountants, insurance agents, real estate agents, etc.) at the request of the client. Other professionals are engaged directly by the client on an as-needed basis even when recommended by the Advisor. Any conflicts of interest will be disclosed to the client and managed in the best interest of the client.

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## Types of Advisory Services

### Investment Management Services

Forrest Financial Services, L.L.C. provides investment supervisory services (i.e. "asset management"). We provide asset management services to clients in accordance with the investment objectives stated by the client and confirmed by us. In providing these services, we exercise discretion with respect to the purchase and sale of investment securities on behalf of the client in accordance with the stated objectives. All investment securities shall be the sole property of the client and shall be held at an independent custodial institution.

In addition to providing discretionary portfolio management services, the Company

provides investment advice through consulting relationships under negotiated fee arrangements. Forrest Financial Services provides a broad range of fundamental advisory services, as well as non-investment advice including tax, and in the case of small businesses, a review of their business practice and structure.

Services could include:

- Development of a financial plan through analysis of current financial conditions to meet specified goals and objectives of the family or business.
- Tax planning and analysis that may require certain investment strategies and could include estate planning, and
- Retirement planning with an emphasis on investment goals.

### **Financial Planning**

This service includes financial planning, implementation, and ongoing asset management/monitoring services.

Financial planning may include identification of financial problems, cash flow and budget management, tax planning, risk exposure review, investment management, education funding, retirement planning, estate planning, charitable goals, small business planning issues, fringe benefits, special needs planning or other issues specific to the client.

A written evaluation of the client's current situation and their goals is provided to the client. The degree of detail may range from basic allocation to in depth analysis and is agreed to prior to the engagement.

### **Tax Planning**

Our planning services are established for clients to identify and plan for changing tax circumstances to help understand actions and set expectations for tax liability. Tax planning involves an evaluation of the following:

- Individual Rates and how a particular tax strategy will affect the tax liability.
- Life changes including employment, marital status, and children that can alter taxes.
- Paying for education including tax incentives that may benefit our clients. Section #529, education savings accounts, student loan interest deductions, and tuition deductions and credits are among the items that may be utilized.
- Planning for retirement using tax favored plans available to our clients like 401(K)'s, funding IRA's, and taking required minimum distributions in retirement.
- Capital gains reviews of your investments outside of tax deferred plans to make best use of unrealized gains and losses. Specific identification, average cost, or first-in first-out treatment may apply.
- We will help maximize expenses that are potentially tax deductible such as medical, taxes, interest, and charitable contributions.
- Small business assistance including review and recommendation of incorporating or Schedule C decisions.

### **Special Projects**

Projects may be undertaken that are not described in other types of agreements, including assisting with implementation of Financial Planning or other recommendations, periodic investment portfolio review, assistance with tax planning, or other services specifically described in an engagement letter.

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### **Tailored Relationships**

At Forrest Financial Services, L.L.C., advisory services are tailored to the individual needs of clients. Client goals and objectives are clarified in meetings and via correspondence, and are used to determine the course of action for each individual client. The goals and objectives for each client are documented in our client relationship management system and in client files, either in hard copy or in electronic files. The Company manages client portfolios on an individualized basis. Asset allocations for clients vary based upon a variety of factors, including the client's investment objectives, risk tolerance, time horizon, net worth, income, tax situation and other factors. Any restrictions and guidelines imposed by the client affect the composition and performance of portfolios. For these reasons, performance of portfolios within the same investment objective may differ.

Clients may impose restrictions on investing in certain securities or types of securities. This must be done in writing and be signed by the client. Individual clients may, at their discretion, limit investment alternatives.

Forrest Financial Services tailors our advisory services to each individual client based on various factors such as risk tolerance, age of individual, financial situation, and life goals and objectives. Investment advice is provided to clients through consultation, as part of the development of a comprehensive financial plan. In addition, some clients are provided non-investment advice, including tax preparation, or in the case of small businesses, a review of their business practices and structure.

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### **Managed Assets**

As of December 31, 2021, Forrest Financial Services, L.L.C. managed money for approximately 100 households in about 400 accounts with \$106,000,000 in assets on a discretionary basis. Client assets held outside of our relationship with Charles Schwab Institutional may be provided with general direction but are not quantified or managed on a non-discretionary basis.

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## Fees and Compensation

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### Description

Forrest Financial Services, L.L.C. bases its fees on a percentage of Assets Under Management. Other projects may be billed on an hourly or fixed item rate. All fees are negotiable. For discretionary portfolio management services, the company charges clients an annual fee based upon a percentage of the assets under management. Fees are payable in arrears on a quarterly basis and are due within 15 days after the start of each calendar quarter. Fees are based on the market value of all assets in the client's account at the close of the last business day of the preceding quarter. Clients typically grant the Company authorization to instruct the custodian to deduct fees from the account.

### Investment Management Services

Fees are calculated starting at 1% of Assets Under Management. The fee decreases as managed assets increase. A typical annual fee for a client with a \$1,000,000 managed portfolio at 0.75% would be \$7,500. Fees are negotiable in some situations and there are no minimums.

### Financial Planning

Financial planning fees for Comprehensive Financial are calculated on an individual level based on the size and complexity of the situations. Fees are determined at the outset by an engagement letter and are based on a variety of factors, including but not limited to historical relationship, total assets, investable assets, types of assets, anticipated future additional assets, gross income, anticipated future earning capacity, complexity of financial planning needs, relationships with other professionals, related accounts, or negotiations with clients. Financial planning fees can range from \$400 to \$4,000.

### Special Projects

Special Projects are billed at an hourly or project rate.

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### Fee Billing

Asset management clients may choose to have fees deducted quarterly from a designated brokerage account at their qualified custodian to facilitate billing, or to be invoiced quarterly. Typically, clients consent in advance to direct debiting of their investment account for advisory fees. Other fees are billed upon completion. These fees cannot be paid by direct debit of a brokerage account.

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### Other Fees

Custodians may charge transaction fees on purchases or sales of certain mutual funds, stocks, bonds, and exchange-traded funds. These transaction charges are usually relatively small and are incidental to the purchase or sale of a security. Mutual funds and exchange traded funds generally charge a management fee for their services as investment managers. The management fee is included in the expense ratio. Mutual fund

fees also include transaction charges for the purchase or sale of securities within the fund and may charge other fees as disclosed in the fund prospectus. These fees are in addition to the fees paid by the client to Forrest Financial Services, L.L.C. In some cases, custodians also charge monthly, quarterly or annual custody fees (applicable for example if the holding is considered an alternative asset that is not traded or valued on a regular basis such as private company stock or real estate). Fees for custody are disclosed to clients when this type of arrangement is recommended.

Please see the section entitled “Brokerage Practices” on page 20 for more information.

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### **Compensation for Sales of Investment Products**

Since we do not sell any products, our firm’s compensation is solely from fees paid directly by clients. Our revenues are generated from three sources, asset management fees, financial planning projects, and tax return preparation. The firm does not receive commission based on the client’s purchase of any financial product. No commissions in any form are accepted.

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## Performance-Based Fees

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Forrest Financial Services, L.L.C. does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client. However, the nature of asset-based fees allows Forrest Financial Services, L.L.C. to participate in the growth of the client's wealth. This also means that our fees can decline when the client's portfolio declines in value.

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## Types of Clients

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### Description

Forrest Financial Services, L.L.C. generally provides investment advice to individuals, families, trusts and estates. Advice may extend to entities related to the client such as small businesses. Client relationships vary in scope and length of service.

Many of our investment management clients are individuals who also utilize Forrest Financial Services for tax preparation and / or financial planning and other investment services. Investment advice is often included when doing tax or business planning. Services related to investment advice include account management, financial planning, and administering investment accounts (i.e. cash management, setting up accounts, paperwork, etc.).

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## **Methods of Analysis, Investment Strategies and Risk of Loss**

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### **Methods of Analysis**

Security analysis methods at Forrest Financial Services, L.L.C. include fundamental analysis. The main sources of information include Morningstar reports, fund prospectuses, S&P reports, Advisor Products (Advisors4Advisors), financial newspapers and magazines, filings with the Securities and Exchange Commission, and annual reports. Mr. Forrest and Mr. Deacon also attend in-person and on-line seminars with industry experts, fund and portfolio managers, conference calls, and industry conferences.

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### **Investment Strategies**

Our investment management process is completed internally. We do not outsource our investment process to any third-party firms. The primary investment strategy we use for client accounts is strategic asset allocation. Tactical allocation may also be utilized. We may use passively-managed index and exchange-traded funds, individual stocks, and individual bonds where there are opportunities to make a difference by security selection. Portfolios are generally diversified to control the risk associated with traditional markets. The investment strategy for a specific client is based upon the objectives, income needs, and tax situation stated by the client during consultations. The client may change these objectives at any time. The client's goals and objectives are recorded during meetings and via correspondence with the client. Each client portfolio is constructed solely for that client. We do not use model portfolios, and we do not utilize composites to illustrate results.

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### **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Our investment approach keeps the risk of loss in mind. However, as with all investments, clients face investment risks including the following: loss of principal, interest-rate, market, inflation, currency, reinvestment, business, liquidity, and financial.

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## **Disciplinary Information**

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### **Legal and Disciplinary**

The firm and its employees have not been involved in any legal or disciplinary events related to past or present activities.

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## Other Financial Industry Activities and Affiliations

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### Activities

Forrest Financial Services, L.L.C. does not participate in any other industry business activities.

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### Affiliations

Forrest Financial Services, L.L.C. does not have arrangements that are material to its advisory business or its clients with any related person. We may at times recommend unrelated, third parties who have a greater expertise in certain disciplines when appropriate for the client; we do not receive any compensation for the recommendation or selection of these investment advisors.

Forrest Financial Services is an independent Schwab Investment Advisor. We do not work for Schwab or any affiliate of Schwab, but utilize Schwab's accounts, advisory services, and software in the business. Schwab provides monthly client statements, literature, and on-line training, etc., to the applicant. Trading is done through a client LPOA and executed by Schwab as the broker.

Schwab has custody of all client funds and client's may at their discretion change the authority for management of these accounts at any time from the applicant to another advisor or do it themselves.

Name of Broker dealer and Investment Company:

Charles Schwab & Co  
Schwab Institutional  
4722 N. 24th St  
Suite 260  
Phoenix, AZ 85016  
1-800-515-2157

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

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## **Code of Ethics**

Forrest Financial Services, L.L.C. is committed to putting the clients' interest first. We endeavor to act in the interest of the client rather than our own. Our ethics call for objectivity, confidentiality, competence, fairness and suitability, integrity and honesty, regulatory compliance, full disclosure, and professionalism. We will gather reliable information about the client's personal financial situation to determine goals and objectives and then prepare recommendations consistent with those objectives.

CFP® and CPA designees are also held to a Code of Ethics as outlined by the CFP® Board of Standards and American Society of CPA's. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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## **Participation or Interest in Client Transactions**

Forrest Financial Services, L.L.C. and its employees may at times buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the Forrest Financial Services, L.L.C. "Policies & Procedures Manual". The Chief Compliance Officer of Forrest Financial Services, L.L.C. is Pete Deacon. Mr. Deacon reviews all employee trades each quarter. His personal trades are reviewed by Mr. Forrest. The personal trading reviews ensure that the personal trading of employees was not based on inside information and that clients of the firm receive preferential treatment. The trades are not of a significant enough value to affect the securities markets.

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## Brokerage Practices

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### Selecting Brokerage Firms

Forrest Financial Services, L.L.C. does not have any affiliation with product sales firms. Specific custodian recommendations are made to clients based on their need for such services. Forrest Financial Services, L.L.C. recommends custodians based on the proven integrity and financial responsibility of the firm, best execution of orders at reasonable commission rates, and the quality of client service. Forrest Financial Services, L.L.C. recommends discount brokerage firms and trust companies (qualified custodians), such as Charles Schwab. Forrest Financial Services, L.L.C. does not receive fees or commissions from any of these arrangements, although Forrest Financial Services, L.L.C. may benefit from electronic delivery of client information, electronic trading platforms and other services provided by custodians for the benefit of clients. Forrest Financial Services, L.L.C. may also benefit from other services provided by custodians, education, and practice management advice. These benefits are standard in a relationship with these custodians and are not in return for client recommendations or transactions. Forrest Financial Services, L.L.C. reviews the execution of trades at each custodian annually. The review is documented in the Forrest Financial Services, L.L.C. “Policies & Procedures Manual”. Trading fees charged by the custodians are also reviewed on an annual basis. Forrest Financial Services, L.L.C. does not receive any portion of the trading fees.

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### Soft Dollars

Forrest Financial Services, L.L.C. does not receive soft dollar (products) benefits from the custodians to whom we recommend clients.

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### Directed Brokerage

We do not direct brokerage for specific client transactions. Trades in mutual funds do not garner any client benefit. However, when more than one account is trading a particular stock or ETF on the same day, block trading may be used to get identical pricing on the trades.

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### The Custodian and Brokers We Use

Forrest Financial Services does not maintain custody of your assets that we manage. Your assets must be maintained in an account at a “qualified custodian,” generally a broker dealer or bank. We request that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when instructed. While we request that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do

not open the account for you, although we may assist you in doing so. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see “*Your Brokerage and Custody Costs*”).

### **How We Select Brokers/Custodians**

We seek to select a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us 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 the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see “*Products and Services Available to Us From Schwab*”)

### **Your Brokerage and Custody Costs**

For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab’s commission rates applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a total of at least \$10,000,000. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. In addition to commissions, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “*How We Select Brokers/Custodians*”).

Products and Services Available to us from Schwab - Schwab Advisor Services™ is Schwab’s business serving independent investment advisory firms like us. They provide

us and our clients with access to its institutional brokerage, trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts; while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Following is a more detailed description of Schwab's support services.

### **Services That Benefit You**

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

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

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

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

### **Services That Generally Benefit Only Us**

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

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

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees

for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

**Our Interest in Schwab's Services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to request that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "*How We Select Brokers/Custodians*") and not Schwab's services that benefit only us. We have \$106 million in client assets under management, and we do not believe that requesting our clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

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## **Review of Accounts**

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### **Periodic Reviews**

The frequency of reviews is individually negotiated with each client. Investment Management clients are provided with quarterly, semi-annual, or annual reviews, which vary in focus by quarter and may include asset allocation updates and rebalancing, performance reviews, tax and estate plan reviews, investment reviews, cash flow monitoring, and more. Account reviews are performed by Steve Forrest or Pete Deacon. The number of households for which each reviewer is responsible varies. The current total number of households is approximately 100.

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### **Review Triggers**

Account reviews are performed more frequently when market conditions dictate, or when a client's objectives change. A review may be triggered by client request, changes in market condition, new information about an investment, changes in tax laws, or other important changes.

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### **Regular Reports**

Written reports are sent to Investment Management clients based on their negotiated frequency of reviews. The reports may consist of an individualized letter summarizing the results of the review and our general thoughts on the economy, a statement of holdings from our portfolio accounting software, a Morningstar "Snapshot" report or other such portfolio reports, asset allocation analysis, tax-related information, updates to financial plan reports, portfolio graphs, or other reports as needed. For supervised accounts, a written quarterly update of values and transactions will be given. Clients may request additional items for special reports or plans.

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## **Client Referrals and Other Compensation**

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### **Incoming Referrals**

Forrest Financial Services, L.L.C. has been fortunate to receive many client referrals over the years. The referrals have come from current clients, attorneys, accountants, employees, personal friends, and other sources. The firm does not pay for referrals.

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### **Referrals to Other Professionals**

Forrest Financial Services, L.L.C. does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them. We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 – Brokerage Practices*). The availability to us of Schwab’s products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

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## **Custody**

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### **Account Statements**

All assets are held at qualified custodians, who provide account statements directly to clients at their address of record at least quarterly. Occasionally, qualified clients may invest in private placements which are not held at qualified custodians. In these cases, statements are generally provided directly by the investment principal at least annually. Clients are encouraged to carefully review the statements provided by their custodians.

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### **Statements Provided by Forrest Financial Services, L.L.C.**

Clients are at times provided account statements, net worth statements, and net worth graphs that are generated from our portfolio accounting and financial planning software. Net worth statements contain approximations of bank account balances provided by the client, as well as the value of land, real estate, limited partnerships, and other hard-to-price assets. The net worth statements are used for long-term financial planning. The book values of hard to price assets are reviewed whenever supplemental information relating to valuation is received. Otherwise, these assets are valued by the client. Clients are urged to compare the statements they receive from us to those they receive from their qualified custodians.

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### **SEC “Custody”**

According to a recent ruling by the SEC, investment advisers are deemed to have “custody” of client funds if certain conditions are met. Advisers may be technically considered to have “custody” of certain types of accounts, such as when a staff member acts as a trustee of an unrelated trust and acts as the investment adviser to that trust. In this case, the SEC requires an annual surprise audit of those “custody” accounts by an independent CPA firm. Forrest Financial Services, L.L.C. does not serve as trustee in any capacity and as such is not the custodian of any funds.

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## **Investment Discretion**

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### **Discretionary Authority for Trading**

Forrest Financial Services, L.L.C. accepts discretionary authority to manage securities accounts on behalf of clients. Forrest Financial Services, L.L.C. has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, if discretionary authority or a limited power of attorney has not been given, Forrest Financial Services, L.L.C. consults with the client prior to each trade to obtain concurrence. Discretionary trading authority facilitates placing trades in clients' accounts on their behalf so that we may promptly implement the investment policy that they have approved. In most cases, clients are provided with an opportunity for review and discussion prior to implementation of recommendations.

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### **Limited Power of Attorney**

Clients must sign a limited power of attorney before Forrest Financial Services, L.L.C. is given discretionary authority. The limited power of attorney is included in the qualified custodian's account application for our main custodians. For accounts not held with our main custodians, clients may sign a separate limited power of attorney document giving discretionary authority to Forrest Financial Services, L.L.C.

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# Voting Client Securities

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## Proxy Votes

Unless the client designates otherwise, Forrest Financial Services, L.L.C. votes proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy.

In accordance with SEC Rule 206(4)-6, Forrest Financial Services, L.L.C. has established the following policies and procedures:

### I. Voting Mutual Fund Shares:

- a. Funds recommended by Forrest Financial Services:
  - i. Forrest Financial Services monitors the activity of funds it recommends to clients.
  - ii. Forrest Financial Services will review the issues on a case-by-case basis and vote proxies when the proxies are delivered to Forrest Financial Services or when a client requests information on how to vote. The primary purpose and fiduciary responsibility of Forrest Financial Services in voting proxies is to maximize shareholder value.
  - iii. Forrest Financial Services does not vote proxies that are based solely on social issues.
- b. Funds in client portfolios that were not recommended by Forrest Financial Services:
  - i. Forrest Financial Services due diligence on funds not recommended by us is limited to performance review relative to peers.
  - ii. In the case where we recommend other funds in a fund family, but not the specific fund requiring voting, we will make recommendations based on our knowledge of general issues and procedural changes common to funds we do recommend.

### II. Voting Shares of Equities

- a. For individual equities we have directly recommended, we review the issues on a case-by-case basis to determine how to vote, with the knowledge that the primary purpose and fiduciary responsibility of Forrest Financial Services in voting proxies is to maximize shareholder value.
- b. When we receive proxy statements for equities recommended by a third party investment manager, we will call the investment manager for voting instructions or will mail the proxies to the investment manager.
- c. When clients request advice on proxy voting for shares of stock in their portfolios that Forrest Financial Services has not recommended, we will review the material provided by the client and educate the client on the issues involved. It is the client's responsibility to understand the issues and to vote the shares.

### **III. Records of Proxy Votes**

- a. Forrest Financial Services, L.L.C. maintains a separate file recording the history of all proxy votes. Clients may obtain, free of charge, a record of how Forrest Financial Services voted proxy issues on their behalf by submitting a written request or calling us at (515) 277-3495.

### **IV. Conflicts of Interest**

- a. Should a conflict of interest exist between Forrest Financial Services and client(s) regarding the outcome of certain proxy votes, Forrest Financial Services is committed to resolving the conflict in the best interest of clients before it votes the proxy in question. Forrest Financial Services may take any of the following courses of action to resolve the conflict:
  - i. Disclose the conflict to clients and obtain consent before voting
  - ii. Suggest that client(s) engage another party to determine how the proxy should be voted
  - iii. Vote according to the recommendation of an independent third party, such as a proxy consultant, research analyst, proxy voting department of a mutual fund or pension fund, or compliance consultant.

Clients may direct a proxy vote at any time by calling or writing to us to inform us of their desired vote.

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## **Financial Information**

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### **Financial Condition**

Forrest Financial Services, L.L.C. does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients. A balance sheet is not required to be provided because Forrest Financial Services, Inc. does not serve as a custodian for client funds or securities and does not require prepayment of fees.

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# **Business Continuity Plan**

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## **General**

Forrest Financial Services, L.L.C. has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

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## **Disasters**

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, fire, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, communications line outage, internet outage, railway accident and aircraft accident. Electronic files are backed up and archived on - and offsite.

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## **Alternate Offices**

Alternate work locations are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

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## **Loss of Key Personnel**

In the event of death or disability of Mr. Forrest or Mr. Deacon the other will endeavor to continue with the firm and seek a suitable replacement.

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# Information Security Program

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## Information Security

Forrest Financial Services, L.L.C. maintains an information security program to reduce the risk that personal and confidential information may be breached.

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## Privacy Notice

Forrest Financial Services, L.L.C. is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us. The categories of nonpublic information that we collect from our clients may include information about personal finances, information about health to the extent that it is needed for the financial planning process, information about transactions between clients and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help our clients meet their personal financial goals.

With our clients' written permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom they have established a relationship. Clients may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With written client permission, we share a limited amount of information with the client's brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that our clients' information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and personal records as permitted by law. Personally identifiable information will be maintained while still a client of Forrest Financial Services, L.L.C., and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed. We will notify our clients in advance if our privacy policy is expected to change. We are required by law to deliver this Privacy Notice to our clients annually, in writing.

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## Requirements for State-Registered Advisers

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State registered advisers are required to respond to additional questions if not supplied elsewhere in the Form ADV. Forrest Financial Services L.L.C. has responded as noted to the following:

- A. Identify each of your principal executive officers and *management persons*, and describe their formal education and business background. See Principals Section within the document (page 2).
- B. Describe any business in which you are actively engaged (other than giving investment advice) and the approximate amount of time spent on that business. See Advisory Business Section within the document (page 9).
- C. In addition to the description of your fees in response to Item 5 of Part 2A, if you or a *supervised person* is compensated for advisory services with *performance-based fees*, explain how these fees will be calculated. Disclose specifically that performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the *client*. See Performance-Based Fees Section within the document (page 14).