

***STATEMENT OF CAPABILITIES  
BROCHURE  
FORM ADV PART II***

**Fairlead**



*Financial Advisors, LLC*

***400 Murray Avenue  
Larkspur, CA 94939  
415-381-6890  
www.fairlead-fa.com  
December 31, 2023***

## **ITEM 1 - COVER & INTRODUCTION TO ADV PT 2**

### **Form ADV Part II**

The Investment Advisers Act of 1940 requires that a Registered Investment Adviser provide to each client a copy of FORM ADV Part II, or a brochure outlining qualifications, methods of operations, fees, etc. This brochure is designed to fulfill that requirement. 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.

Fairlead Financial Advisors, LLC is a registered investment adviser. Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of an Advisor provide you with information about which you determine to hire or retain an Advisor.

Additional information about Fairlead Financial Advisors, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Fairlead Financial Advisors, LLC who are registered, or are required to be registered, as investment adviser representatives of Fairlead Financial Advisors, LLC.

## **ITEM 2 - MATERIAL CHANGES**

This Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes.

No advisor affiliated with FFA, LLC is licensed to engage in the sale of any insurance products. This has been the case since June 2020 and has now been updated in the brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting John Vreeland, Member at [jv@fairlead-fa.com](mailto:jv@fairlead-fa.com). Our Brochure is also available free of charge on our web site: [www.fairlead-fa.com](http://www.fairlead-fa.com)

## **ITEM 3 - TABLE OF CONTENTS**

Item 1 - Cover Page.....	Page 1
Item 2 -Introduction to ADV Part II and Material Changes.....	Page 2
Item 3- Table of Contents.....	Page 3
Item 4 – Advisory Business.....	Page 4
Item 5-Fees and Compensation.....	Page 4
Item 6- Performance Based Fees & Side by Side Management.....	Page 4
Item 7- Types of Clients.....	Page 5
Item 8- Methods of Analysis, Investment Strategies.....	Page 5
Item 9- Disciplinary Information.....	Page 7
Item 10 – Other Financial Industry Activities and Affiliations.....	Page 8
Item 11- Code of Ethics Partipation or Interst in Client Transactions and Personal Trading.....	Page 9
Item 12 – Brokerage Practice.....	Page 10
Item 13 – Review of Accounts.....	Page 10
Item 14 – Client Referrals & Other Compensatin .....	Page 10
Item 15 – Custody.....	Page 11
Item 16 – Investment Discretionary.....	Page 12
Item 17 - Voting Client Securities.....	Page 10
Item 18 - Financial Information.....	Page 10
Item 19 - Requirements of State Registered Advisors .....	Page 19

## **ITEM 4 – ADVISORY BUSINESS**

### **The Concept**

Each of our client’s is on a voyage – a voyage to their own personally selected destination. There are constant threats to reaching this destination, but proper planning and implementation improve the clients’ chances of reaching their goals. Our objective is to utilize our knowledge, skill, and constant vigilance, in order to provide for smooth passage.

## **Our Mission Statement**

Our firm was founded in 2003 by John Vreeland with the objective of bringing *institutional quality resources and investment management services* to portfolios of \$500,000 and greater, and to seamlessly combine those services with *comprehensive financial planning capabilities*. Our mission is to deliver investment and financial planning solutions that are appropriate and that have the highest probability of accomplishing the client's objectives. At the end of December 2023, we managed approximately \$86 million on a discretionary basis.

### ***Investment Management Services***

**1. Portfolio Design/ Asset Allocation** - The process begins with our **Strategic Asset Allocation Models**, each representing a long-term asset allocation decision, based on the investor's expectation of long-term returns and risks. These Strategic models serve as the foundation for our **Tactical Asset Allocation Models**. At times, market conditions might dictate a deviation from our Strategic Models. During such periods we may recommend incremental shifts in your Strategic Model weightings. Finally, each client's **Personal Portfolio Allocation Target** is developed. This is a portfolio design tailored to you based on age, time horizon, risk tolerance, tax bracket, and special circumstances. Here we give special attention to your personal situation and needs.

**2. Research and Manager Selection** - We conduct in-depth research on funds and fund managers using proprietary screens, public data, and direct conversations with the managers to identify funds for use in our portfolios.

**3. Portfolio Implementation** – Portfolios are implemented with our custodian (Charles Schwab & Co.) using managers and products identified by our research and the research of outside sources. Portfolios may be implemented using a combination of Mutual Funds, Exchange traded Funds (ETF's), and individual stocks and bonds.

**4. Portfolio Reporting** - Customized Quarterly reports produced in our office are provided to the client along with a Quarterly market newsletter discussing the current environment.

**5. Portfolio Rebalancing** - Periodic Rebalancing is a discipline which may be used to preserve the client's risk profile and enhance returns over market cycles.

### ***Financial Planning Services***

**1. Investment and Retirement Planning** -Looks at retirement resource modeling, risk tolerance, asset allocation, investment selection, and portfolio diversification to determine the ability of your asset base, to provide for your retirement in a manner consistent with your risk profile.

**2. Estate Planning** - Includes a review of wills & trusts; estate tax planning; and a full review of applicable advanced planning techniques (Family Limited Partnerships; Grantor Trusts; Charitable Giving, Life Insurance Trusts) available for estate preservation and distribution.

**3. Business Planning** - Reviews **Fringe Benefit Planning** (Qualified Plans - 401(k), Profit Sharing; Non-Qualified Deferred Compensation; Employee Benefits - Disability, Life, Health) with an emphasis on integrating personal planning and employer benefit offerings to achieve the best result.

## **ITEM 5 - FEES & COMPENSATION**

### ***Investment Management Fee***

Our primary service involves managing investments on a *fee only* basis. The fee is calculated as a percentage of assets, charged quarterly to the account. Minimum account size is \$500,000. The annual fee is 1.0% on the first \$500,000. For amounts above \$500,000 the fee drops to 0.75%, for amounts between \$1,000,000 and \$2,000,000 the fee is 0.50% and above \$2,000,000 the fees are by agreement. *There is no financial compensation paid to (e.g., no commissions) Fairlead Financial Advisors, LLC on these accounts other than the agreed upon fee paid by the client*

### ***Financial Planning Fee***

For financial planning we are compensated through the payment of a fee, the size of which depends upon the scope of the assignment, and the complexity of your situation. A fee is applicable in all true “financial plans” and consulting assignments but may not apply to situations where investment management services are the specific objective of the client.

After an initial consultation to determine what your needs are, we will determine whether or not a fee is appropriate. If so, the prospective client will receive a “Scope of the Assignment” letter outlining the parameters of the assignment and the associated fee. Fees can be charged on an hourly basis or as a fixed amount. The fixed fee is based upon an estimation of the number of hours needed to prepare and present a written financial plan. Fees for a full plan typically range from \$1,500 to \$10,000, payable upon completion. The hourly rate is \$250. With the understanding of your situation gained through the preparation of a plan, we are often in the best position to help you implement an investment program or choose suitable insurance products to satisfy plan objectives.

## **ITEM 6 – PERFORMANCE BASED FEES & SIDE-BY-SIDE MANAGEMENT**

Performance based fees and Side-by-Side Management do not apply.

## **ITEM 7 – TYPES OF CLIENTS**

Our clients include individuals, trusts, charities and foundations and closely held entities (Corporations, LLC’s, Partnerships, etc.) Fundamentally, however, we deal with individuals; the trusts and entities we deal with are vehicles utilized by individuals to assist them in achieving their objectives to accumulate, protect, and ultimately distribute their wealth.

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

### ***Defining Objectives/Setting A Course through Strategic Allocation***

In the investment management process, we assist clients in developing investment policies and asset allocations that reflect their stated goals and objectives and are consistent with their risk tolerance. Initial Models are established which provide a snapshot of asset class allocation and serve as a platform for investing decisions. For individuals, investment planning can be fully integrated with personal financial planning to ensure clients are introduced to those strategies that will assist them in achieving non-portfolio related financial objectives.

### ***Research & Fund Selection***

This is a critical part of our process. We have access to numerous sources of stock and mutual fund data and analysis services from which we select investments and investment vehicles to help meet a client's investment objectives. Portfolios are generally globally diversified with bonds, stocks, ETF's and mutual funds and are typically diversified across industries and market capitalization.

### ***Portfolio Implementation***

Portfolios will be implemented using primarily actively managed mutual funds, individual bonds, individual stocks, exchange traded funds (ETF's) and index products. Individual bonds and individual stocks may also be utilized in some cases to assist in achieving a client's specific objectives.

### ***Tax Management***

Taxable accounts are reviewed for opportunities to reduce the tax burden to the client by offsetting gains and losses. While minimization of taxes can be important, it should generally not be the controlling factor in making investment decisions.

### ***Risk of Loss***

Investments are not guaranteed, and all investments have the potential for loss of principal. Historic market returns are used to try and help quantify the potential magnitude of loss, but history is merely a guide and there is no guarantee that future market losses will not be in excess of historical losses.

## **ITEM 9 - Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Fairlead Financial Advisor, or the integrity of Fairlead Financial Advisors, LLC's management. Fairlead Financial Advisor, LLC has no information applicable to this Item.

## **ITEM 10 – Other Financial Industry Activities & Affiliations**

Fairlead Financial Advisors, LLC has no other Financial Industry Activities and Affiliations.

## **ITEM 11 - Code of Ethics**

Fairlead Financial Advisors, LLC has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended. Subject to satisfying this policy and applicable laws, officers, directors and employees may trade for their own accounts in securities which are recommended to and/or purchased for clients.

### **ITEM 12 – Brokerage Practice**

This item does not apply to our business model. We are fee only and exclusively use Charles Schwab & Company as our custodian and trading platform.

### **ITEM 13 – Review of Accounts**

Clients receive quarterly performance reports that detail how the portfolio has performed over various time frames (past quarter, past year, since inception). Our outlook and commentary is summarized in our quarterly newsletter. Your situation is monitored on a regular basis to evaluate program performance in light of changes in your objectives, changes in your circumstances, changes in tax law, and changes in the competitive environment

### **ITEM 14 – Client Referrals & Other Compensation**

We do not provide compensation to individuals or organizations for their referrals nor are we compensated for referring out clients to others (e.g. accountants, attorneys, mortgage brokers, etc) who might provide services to our clients. We utilize Charles Schwab as our trading platform; it offers a wide variety of mutual funds many on a “no load”, “no transaction fee” basis and offers competitive trade charges for exchange traded funds (ETF’s) and individual stocks and bonds. They provide us access to research, both Schwab proprietary research and that of other organizations which is considered a form of “soft dollar” compensation.

### **ITEM 15 - Custody**

We currently utilize Charles Schwab & Co. as custodian. Our business platform has been established to minimize conflicts of interest such that our recommendations are influenced only by an evaluation of the merits of the investment. The client has an account directly with the custodian that is linked to our "Master Account". This allows us, with the proper authorization, to make changes to the composition of the account and to access the raw data necessary to produce the detailed Quarterly Performance Reports provided to Managed Assets clients. Fairlead Financial Advisors, LLC has the authority to deduct management fees directly from the client’s account.

### **ITEM 16 - Investment Discretion**

Fairlead Financial Advisors, LLC receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with

the stated investment objectives for the particular client account. When selecting securities and determining amounts, we observe the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided in writing.

### **ITEM 17 -Voting Client Securities**

The client determines if they would like to retain the right to vote or transfer that right to Fairlead Financial Advisors, LLC. If the client retains authority the client receives proxies and related investor communications from the issuer and the Advisor receives an information copy. Client is free to contact Advisor to discuss such information. Alternatively, if it is their preference, the client may authorize the Advisor to vote on their behalf.

### **ITEM 18 - Financial Information**

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

### **ITEM 19 – Requirements of State Registered Advisors**

Fairlead Financial Advisors, LLC is registered with and overseen by the California State Department of Financial Protection and Innovation. Further detail can be found in the following Brochure Supplement.

## **FORM ADV PT IIB- DISCLOSURES OF SUPERVISED PERSONS Brochure Supplement**

**John B. Vreeland, Jr.**  
**Fairlead Financial Advisors, LLC**  
**400 Murray Avenue**  
**Larkspur, CA 94939**  
**415-381-6890**

#### **FORMAL EDUCATION**

**Tulane University, New Orleans, LA**  
**BA Philosophy 1980**

**Columbia University, New York, NY**  
**MBA Finance 1989**

#### **PROFESSIONAL CREDENTIALS**

***Certified Financial Planner (CFP)*** - designation awarded by the Certified Financial Planning Board of Standards in Denver, CO. There are six required courses each with a three-hour



examination. Upon completion of the course requirements the candidate is eligible to sit for the two day, 10-hour comprehensive examination. The curriculum is evenly distributed between Financial Planning Process, Insurance Planning, Investment Planning, Income Tax Planning, Retirement Planning and Estate Planning. There are continuing education requirements to maintain this designation.

### **PROFESSIONAL LICENSES**

**California Life Insurance License #OA97938** – was licensed for Life, Health, Disability from 1994 to 2020 – license has expired.

**California Real Estate Broker’s License #01088108** – was licensed as a real estate broker from 1991 to 2021 - license has expired.

### **PROFESSIONAL EXPERIENCE**

From 1982 to 1987 John was employed in New York City by Coldwell Banker Commercial (now CB Commercial) providing real estate leasing, investment sales and consulting services to companies in Midtown Manhattan. From 1987 to 1989 John attended Columbia University to gain a more solid foundation in finance. In 1990 John moved to Mill Valley, acquired a California Real Estate Broker’s License and worked with two different real estate investment organizations until 1992 when he began working for CIGNA Financial Advisors (a registered investment advisor) in San Francisco specializing in servicing the unique financial needs of high-net-worth individuals. He worked there until the summer of 1997 when he decided to branch off and become independent and create Vreeland Financial Designs, a registered investment advisor. John felt this move was necessary in order to expose his clients to a broader range of products with greater independence and to enable him to structure a business focusing primarily on fee-based relationships with clients seeking a very high-quality service.

### **OTHER**

- Member, Mill Valley School District Community Financial Advisory Committee, Retired
- Treasurer, Board Member 142 Throckmorton Theatre, Mill Valley, Retired
- Assistant Coach, Tamalpais High Varsity Girls Lacrosse 2011-2015
- PADI Scuba Instructor

### **DISCIPLINARY PROCEEDINGS**

John Vreeland has never been the subject of any disciplinary proceedings

### **OTHER BUSINESS ACTIVITIES**

Not engaged in any other investment related business or occupation and spends all of his time managing Fairlead Financial Advisors, LLC.

### **ADDITIONAL COMPENSATION**

No compensation is received from outside sources with the following exception: Charles Schwab provides research which is considered “soft dollar” (i.e., non-monetary) compensation.

### **REQUIREMENTS OF STATE REGISTERED ADVISORS**

John Vreeland has not been involved in any arbitration claim or a civil, self-regulatory organization or administrative proceeding. No compensation is received from outside sources, nor has he ever been the subject of a bankruptcy petition.