

# Palladio Consulting LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Palladio Consulting LLC. If you have any questions about the contents of this brochure, please contact us at (503) 928-3229 or by email at: [info@palladioplanning.com](mailto:info@palladioplanning.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 Palladio Consulting LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Palladio Consulting LLC's CRD number is: 309007.*

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*Registration as an investment adviser does not imply a certain level of skill or training.*

Version Date: 03/01/2024

## Item 2: Material Changes

ADV Part 2A Brochure will be amended anytime there is a material change and this section will include a summary of any material changes.

Item 5.A, Fee Schedule was updated to reflect that Palladio Consulting LLC raised its portfolio management fee to 1.45% on client portfolios whose value is between \$0 and \$500,000 as of March 15th, 2023.

Item 5.A, Financial Planning Fees was updated to reflect that Palladio Consulting LLC has removed flat fee monthly planning and the one-time upfront fee from our service model as of March 15th, 2023.

Item 5.A, Hourly Fees was updated to reflect that Palladio Consulting LLC raised its hourly planning fee for special needs financial planning to \$375 as of December 2nd, 2023.

Item 4.B, Selection of Other Advisers was updated to include Palladio Consulting LLC's relationship with third-party investment technology developer, 55 Institutional Partners, LLC "55ip", and any potential conflicts of interest as of February 16th, 2024.

Item 5.F, Rollover Recommendations was updated to reflect that Palladio Consulting LLC's investment advisory services may include rollover recommendations, and any potential conflicts associated with doing so as of February 16th, 2024.

Item 12.A, Factors Used to Select Custodians and/or Broker Dealers was updated to reflect Palladio Consulting LLC's potential conflicts of interest by utilizing Schwab as the custodian for client investment assets as of February 16th, 2024.

We have made various minor changes and updates throughout this Brochure intended to improve transparency and readability. These changes are not material.

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

Palladio Consulting LLC (hereinafter “PCL”) is a Limited Liability Company organized in the State of Oregon. The firm was formed in April 2020 and has been in business since June 2020. The principal owner is Connor William Kavanaugh.

### **B. Types of Advisory Services**

#### ***Portfolio Management Services***

Our investment advisory services focus on the complex investment needs of special needs families, their private trusts and other investment accounts. Our team understands that alongside physical, mental, and emotional health, finances play an important role for people with disabilities and their families. Therefore, the investment plans created by our team are guided by the objectives and vision of our clients.

Our special needs planner is knowledgeable in the areas of financial, estate, and tax planning strategies; as they are related to government benefit programs for people with disabilities. We combine these areas of expertise to create wealth management strategies tailored for special needs families.

PCL seeks to provide investment decisions that are made in accordance with the fiduciary duties owed to its accounts and without consideration of PCL’s economic, investment or other financial interests. To meet its fiduciary obligations, PCL attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, PCL’s policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is PCL’s policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients consistent with the Adviser’s fiduciary duty.

#### ***Selection of Other Advisers***

PCL offers certain investment management services through a third-party managed account platform operated by Envestnet. The platform allows investment advisers, such as PCL, to manage client assets through managed accounts on the Envestnet Platform. Client assets may be allocated to custom model portfolios constructed by the PCL or among various Independent Managers offering advisory services through the Envestnet Platform. PCL conducts due diligence on any third-party investment adviser, which may involve one or more of the following: phone calls, meetings and review of the third-party adviser's performance and investment strategy. PCL then makes investments with a third-party investment adviser by referring the client to the third-party adviser. PCL will review the ongoing performance of the third-party adviser

as a portion of the client's portfolio. Clients may not go directly to the third party investment adviser for advisory services.

PCL may recommend investment strategies utilizing model portfolios provided by 55 Institutional Partners, LLC "55ip", an investment technology developer. These strategies include investment options from BlackRock and J.P. Morgan. It's important for our clients to understand that when they choose to invest in these model portfolios, PCL receives certain benefits from 55ip.

These benefits could include, but are not limited to:

**Access to Institutional Expertise:** By leveraging the model portfolios offered by 55ip, we gain access to the expertise and research capabilities of reputable investment management firms such as BlackRock and J.P. Morgan. This allows us to offer our clients diversified and professionally managed investment solutions.

**Cost Efficiencies:** 55ip may negotiate reduced management fees or other cost benefits with BlackRock and J.P. Morgan, which could result in cost savings for our clients.

These cost efficiencies can enhance the overall value proposition of the investment strategies we recommend.

**Technology and Support Services:** 55ip provides a technology platform and support services that streamline investment management processes, including portfolio construction, rebalancing, and tax optimization. These tools and services can help us deliver more efficient and personalized investment solutions to our clients.

**Enhanced Portfolio Management:** Utilizing model portfolios from BlackRock and J.P. Morgan through 55ip allows us to access sophisticated investment strategies and asset allocation techniques. This can enhance our ability to tailor investment portfolios to the specific needs and objectives of our clients.

It's important to note that while PCL may receive benefits from 55ip for recommending these model portfolios, our primary focus remains on acting in the best interests of our clients. We are committed to providing objective and personalized investment advice that aligns with each client's unique financial goals and risk tolerance.

PCL will review the ongoing performance of the third-party adviser as a portion of the client's portfolio. Clients may not go directly to the third party investment adviser for advisory services.

## ***Financial Planning***

Financial plans and financial planning may include, but are not limited to: investment planning; life insurance; tax concerns; retirement planning; college planning; and debt/credit planning.

PCL offers the following planning services:

### **Special Needs Financial Planning**

Special needs financial plans (SNFP) serve as road maps for people with disabilities and their families. A SNFP can be established to span across multiple generations to help provide support for the lifelong needs of a person with a disability. These plans incorporate financial, estate, and tax planning considerations; as well as government benefit programs like SSI and SSDI, ABLE Accounts, employment, and housing.

### **Government Benefits Planning**

Our experienced planner knows the in's and out's of navigating the complexities of government programs and will help you map out a plan to get you where you and your loved one with a disability want to go. Throughout his time as a planner, he's helped thousands of families in the disability community navigate the following benefits:

- Supplemental Security Income (SSI) and Social Security Disability Insurance (SSDI) benefits
- State specific Medicaid funded programs – Waiver programs and personal support work hours, Vocational Rehabilitation, state funded health plan and more
- Medicare and other entitlement health benefits
- HUD Housing Assistance
- Food Assistance (SNAP Food Benefits)

### **Tax Planning and Estate Design**

Our team works directly with you and your service providers (CPAs, Attorneys, and others) to structure your plans and portfolios to best fit your unique needs.

## **Retirement Planning**

A retirement plan incorporates financial, estate, and tax planning strategies to help ensure it aligns with the special needs financial plan. A SNFP can be established to span across two generations, to help provide support for the lifelong needs of a person with a disability.

- **Retirement Planning** - Special needs families are shouldered with needing to plan for 3 retirements. Mom, Dad and the individual with a disability. We discuss Social Security, cash flow planning and investment planning with that in mind.
- **Estate Planning** - Ensuring that any inheritance that is left when family members pass away does not jeopardize government benefits eligibility.
- **Trust Funding** - Leaving funds to a special needs trust when parents pass away.

## **Settlement Planning**

Settlement planning is appropriate for people with disabilities and their families who are managing a large settlement. Our team can help guide families before and after the proceeds from a settlement arrive. We work together with families to establish the appropriate financial instruments according to the needs of the person with a disability, and the family's vision.

- Estate Planning
- Financial Planning
- Government Benefits Planning
- Tax Planning

## **ABLE Account Strategies**

Our team helps families create ABLE account strategies as a part of their special needs financial plan, in combination with estate planning considerations and government benefits programs, to help create financial support for their loved one with a disability. ABLE accounts are available to people diagnosed with a disability before the age of 26. The annual contribution limit into an ABLE account is \$18,000 (2024) plus employed individuals can contribute the lesser of their annual compensation or the federal poverty line amount for a household of one (\$14,580 in 2024). For Oregon residents, contributions into ABLE accounts are eligible for a tax credit depending on income. \$100,000 can be saved within an ABLE account without affecting SSI benefits. Growth within an ABLE account accrues without income taxation and funds from an ABLE account can be used tax-free for qualified disability expenses such as health, education, housing, transportation and more.

## ***Subscription Services***

PCL provides a newsletter only to clients using PCL's other advisory services and for free; it does not entail an additional fee. The newsletter does not offer recommendations on purchasing and selling specific securities, sectors, asset classes, or other specific groupings of securities at a stated time.

## ***Services Limited to Specific Types of Investments***

PCL generally limits its investment advice to mutual funds, fixed income securities, insurance products including equities, and ETFs. PCL may use other securities as well to help diversify a portfolio when applicable.

PCL will not charge an ongoing advisory fee for unmanaged or static assets held in accounts.

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

PCL offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels).

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent PCL from properly servicing the client account, or if the restrictions would require PCL to deviate from its standard suite of services, PCL reserves the right to end the relationship.

## **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. PCL does not participate in any wrap fee programs.

## **E. Assets Under Management**

PCL has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$75,233,008	\$0	March 2024



## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Portfolio Management Fees*

Total Assets Under Management	Annual Fees
\$0 - \$500,000	1.45%
\$500,001 - \$1,000,000	1%
\$1,000,001 – \$3,000,000	0.85%
\$3,000,001 – \$5,000,000	.65%
\$5,000,001 – and up	Custom Fee

The advisory fee is calculated using the value of the assets in the account on the last business day of the prior billing period. Fees will be prorated based upon the number of days the account was open during the billing period. On occasion, PCL may elect to negotiate these fees dependent upon the needs of the client and the complexity of the their situation, or other factors PCL deems relevant.

In computing the market value of any investment of the account, the securities in the account listed on a national securities exchange or otherwise subject to current last-sale reporting shall be valued at the amount reported on the statement that clients receive from the custodian. Such securities which are not traded nor subject to last-sale reporting shall be valued at the latest available bid price reflected by quotations furnished to PCL by such sources as it may deem appropriate. Any other security shall be valued in such manner as shall be determined consistent with PCL's fiduciary duty by PCL and Client to reflect its fair market value.

Clients may dispute valuations with PCL if they disagree. Clients will request a discussion with PCL to resolve all disputes promptly.

Clients can combine multiple household accounts to receive a lower tiered schedule fee.

**Envestnet CRD# 111694 fee schedule is as follows:**

The Fund Strategist Portfolio:

Total Assets Under Management	Annual Fees
\$0 - \$500,000	0.08 to 0.18%
\$500,000 – And Up	0.08 to 0.17%

The Unified Managed Account:

Total Assets Under Management	Annual Fees
All Assets	0.22%

For services provided by PCL AND Envestnet, the client will be charged one fee. This fee will be no more than 1.47% of AUM. The final fee schedule will be memorialized in the statement of investment selection (SIS) document between Envestnet and the client.

For services provided by PCL ONLY, the final fee schedule will be memorialized in the client's investment advisory contract between PCL and the client. Clients may terminate the agreement without penalty and a full refund of PCL's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract immediately upon written notice.

### **Financial Planning Fees**

#### **Hourly Fees**

The hourly fee for these services is \$375.

Clients may terminate the agreement without penalty and a full refund of PCL's fees, within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement generally upon written notice. If a client terminates its relationship with the PCL before PCL completes the client's written financial plan or analysis, PCL will deliver completed portions of any documents to the client.

#### **Subscription Fees**

PCL offers a monthly subscription newsletter, "Palladio Consulting LLC Newsletter," the price of which is included in the price of other services such as portfolio management. This newsletter will be provided via postal mail or electronic mail and may be canceled immediately upon written notice.

## **B. Payment of Fees**

### ***Payment of Portfolio Management Fees***

In all instances, the Adviser will send the client a written invoice, including the fee, the formula used to calculate the fee, the fee calculation itself, the time period covered by the fee, and, if applicable, the amount of assets under management on which the fee was based. Also, the Adviser will include the name of the custodian(s) on your fee invoice. The Adviser will send these to the client concurrent with the request for payment or payment of the Adviser's advisory fees. We urge the client to compare this information with the fees listed in the account statement.

Fees for selection of Envestnet as third-party adviser are withdrawn directly from the client's accounts by Envestnet with client's written authorization. Envestnet may deliver the invoice to the client. However, under WAC 460-24A-200(1)(cc), Adviser is required to maintain the invoice whether Adviser or the third-party investment adviser sends it to the client.

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis. Fees are paid in advance. Quarterly fee = (Annual fee percentage / 4) x amount of assets under management.

### ***Payment of Selection of Other Advisers Fees***

Fees for selection of Envestnet as third-party adviser are withdrawn directly from the client's accounts by Envestnet with client's written authorization. Envestnet will then pay PCL the portion of the fees earned. Fees are paid quarterly in advance. Quarterly fee = (Annual fee percentage / 4) x amount of assets under management. Fees paid to PCL are in accordance with the PCL's disclosed fee schedule.

## ***Payment of Financial Planning Fees***

Hourly financial planning fees are paid via ACH and check.

Hourly financial planning fees are paid in arrears upon completion of work and no upfront payments or deposits will be accepted.

Hourly financial planning fees will be offset by related advisory services of assets being managed by the PCL.

### **C. Client Responsibility For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by PCL. Please see Item 12 of this brochure regarding broker-dealer/custodian.

Clients have the option to purchase investment products that PCL recommends through other brokers or agents that are not affiliated with PCL.

### **D. Prepayment of Fees**

PCL collects certain fees in advance and certain fees in arrears, as indicated above. Refunds for fees paid in advance but not yet earned will be refunded on a prorated basis and returned within fourteen days to the client via check, or return deposit back into the client's account. In certain circumstances, the client will be refunded with a credit against the following quarters billable amount. In the event of early termination, PCL will provide an invoice to the client upon termination of the relationship showing the amount of unearned fees retained by Adviser and the amount of fees returned to the client.

For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

### **E. Outside Compensation For the Sale of Securities to Clients**

Neither PCL nor its supervised persons accept any compensation for the sale of investment products, including asset-based sales charges or service fees from the sale of mutual funds.

## **F. Rollover Recommendations**

As part of our investment advisory services, we may recommend that you roll assets from your employer's retirement plan, such as a 401(k), 457, or ERISA 403(b) account (collectively, a "Plan Account"), to an individual retirement account, such as a SIMPLE IRA, SEP IRA, Traditional IRA, or Roth IRA (collectively, an "IRA Account") that we will manage on your behalf. We may also recommend rollovers from IRA Accounts to Plan Accounts, from Plan Accounts to Plan Accounts, and from IRA Accounts to IRA Accounts. When we provide any of the foregoing rollover recommendations we are acting as fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA") and/or the Internal Revenue Code ("IRC"), as applicable, which are laws governing retirement accounts.

If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset-based fee as set forth in the advisory agreement you executed with our firm. This creates a conflict of interest because it creates a financial incentive for our firm to recommend the rollover to you (i.e., receipt of additional fee-based compensation). You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm. Due to the foregoing conflict of interest, when we make rollover recommendations, we operate under a special rule that requires us to act in your best interests and not put our interests ahead of yours. Under this special rule's provisions, we must:

- meet a professional standard of care when making investment recommendations (give prudent advice)
- never put our financial interests ahead of yours when making recommendations (give loyal advice)
- avoid misleading statements about conflicts of interest, fees, and investments.
- follow policies and procedures designed to ensure that we give advice that is in your best interests.
- charge no more than a reasonable fee for our services; and
- give you basic information about conflicts of interest.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of a rollover. Note that an employee will typically have four options in this situation:

1. leaving the funds in your employer's (former employer's) plan
2. moving the funds to a new employer's retirement plan
3. cashing out and taking a taxable distribution from the plan; or
4. rolling the funds into an IRA rollover account.

Each of these options has positives and negatives. Because of that, along with the importance of understanding the differences between these types of accounts, we will provide you with a written explanation of the advantages and disadvantages of both account types and the basis for our belief that the rollover transaction we recommend is in your best interests.

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

PCL does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

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

PCL generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals

There is no account minimum for any of PCL's services.

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

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

#### ***Methods of Analysis***

PCL's methods of analysis include modern portfolio theory.

**Modern portfolio theory** is an investment approach that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully choosing the proportions of various assets

#### ***Investment Strategies***

PCL uses long term trading.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## B. Material Risks Involved

### *Methods of Analysis*

**Modern Portfolio Theory** assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

### *Investment Strategies*

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Selection of Other Advisers:** Although PCL will seek to select only money managers who will invest clients' assets with the highest level of integrity, PCL's selection process cannot ensure that money managers will perform as desired and PCL will have no control over the day-to-day operations of any of its selected money managers. PCL would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift" or even regulatory breaches or fraud.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## C. Risks of Specific Securities Utilized

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The

value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Risks in investing in ETFs include trading risks, liquidity and shutdown risks, risks associated with a change in authorized participants and non-participation of authorized participants, risks that trading price differs from indicative net asset value (iNAV), or price fluctuation and disassociation from the index being tracked. With regard to trading risks, regular trading adds cost to your portfolio thus counteracting the low fees that one of the typical benefits of ETFs. Additionally, regular trading to beneficially “time the market” is difficult to achieve. Even paid fund managers struggle to do this every year, with the majority failing to beat the relevant indexes. With regard to liquidity and shutdown risks, not all ETFs have the same level of liquidity. Since ETFs are at least as liquid as their underlying assets, trading conditions are more accurately reflected in implied liquidity rather than the average daily volume of the ETF itself. Implied liquidity is a measure of what can potentially be traded in ETFs based on its underlying assets. ETFs are subject to market volatility and the risks of their underlying securities, which may include the risks associated with investing in smaller companies, foreign securities, commodities, and fixed income investments (as applicable). Foreign securities in particular are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets. ETFs that target a small universe of securities, such as a specific region or market sector, are generally subject to greater market volatility, as well as to the specific risks associated with that sector, region, or other focus. ETFs that use derivatives, leverage, or complex investment strategies are subject to additional risks. The return of an index ETF is usually different from that of the index it tracks because of fees, expenses, and tracking error. An ETF may trade at a premium or discount to its net asset value (NAV) (or indicative value in the case of exchange-traded notes). The degree of liquidity can vary significantly from one ETF to another and losses may be magnified if no liquid market exists for the ETF's shares when attempting to sell them. Each ETF has a unique risk profile, detailed in its



prospectus, offering circular, or similar material, which should be considered carefully when making investment decisions.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither PCL nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither PCL nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Connor William Kavanaugh is a licensed insurance agent with Palladio Consulting LLC, and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a

registered investment adviser. PCL always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services of any representative of PCL in connection with such individual's activities outside of PCL. Connor William Kavanaugh spends 4 hours per week on this activity. PCL owes the client a fiduciary duty to put the client's interest first which includes, but is not limited to, a duty of care, loyalty, obedience, and utmost good faith.

#### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

PCL may direct clients to third-party investment advisers to manage all or a portion of the client's assets. Clients will pay PCL its standard fee in addition to the standard fee for the advisers to which it directs those clients. The arrangement will be identified in the third-party advisor's disclosure document which clients will receive a copy of upon execution of PCL Client Agreement. PCL services some accounts on the Envestnet platform which bills in advance on a quarterly basis. In most cases fees are debited against client accounts. In a few instances, clients are billed directly via quarterly invoice. This relationship will be memorialized in each contract between PCL and each third-party advisor. The fees will not exceed any limit imposed by any regulatory agency. PCL will always act in the best interests of the client, including when determining which third-party investment adviser to recommend to clients. PCL will ensure that all recommended advisers are licensed or notice filed in the states in which PCL is recommending them to clients.

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

#### **A. Code of Ethics**

PCL has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality,

Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. PCL's Code of Ethics is available free upon request to any client or prospective client.

#### **B. Recommendations Involving Material Financial Interests**

PCL does not recommend that clients buy or sell any security in which a related person to PCL or PCL has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

PCL may recommend to clients securities in which the firm or its representatives also invest. This may provide an opportunity for representatives of PCL to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives benefiting from the recommendations they provide to clients. Such transactions may create a conflict of interest. PCL will always document any transactions that could be construed as conflicts of interest and will always transact client business before transacting in the same securities in their proprietary accounts.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

To prevent any potential conflicts of interest and to ensure fairness in the execution of securities trades, PCL has established a policy requiring that PCL always transact client business before its own when similar securities are being bought and sold.

This policy applies to all associates, including investment professionals and staff involved in the execution and decision-making process.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

PCL and Envestnet do not require a client to utilize any particular executing broker-dealer or custodian. As you are opening a managed account through PCL, you agree to the terms and conditions set upon in the investment advisory contract. We do not generally execute securities transactions on behalf of clients. For our services, you authorize and direct us and Envestnet to designate a custodian to provide custody and trade execution services for your account. By authorizing us and Envestnet to direct brokerage, you may not receive "best execution" for transactions in your account. "Best execution" includes various factors such as execution capability, overall efficiency, timeliness of execution, trader expertise, pricing, and responsiveness, amongst others.

Although we are able to negotiate competitive pricing from the custodians utilized on the Envestnet platform, we believe is beneficial to our clients. You also authorize PCL and or Envestnet to effect transactions for your account with or through another broker if Envestnet believes that best execution for such transactions may be obtained through such other broker-dealer or custodian. In the event Envestnet elects to utilize brokers or dealers to effect a transaction in a recommended security, brokerage commissions and other charges for transactions may be included in the price of the security or otherwise charged to you by the executing broker or dealer. However, the client should be aware that, in many cases, the executing broker or dealer may assess a commission or other charges to the transaction and such costs will be in addition to the fee for advisory services.

## **The custodian and brokers we use**

PCL does not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15—Custody, below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian.

We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we or you instruct them to. While we recommend 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. Conflicts of interest associated with this arrangement are described below as well as in Item 14 (Client referrals and other compensation). You should consider these conflicts of interest when selecting your custodian.

We do not open the account for you, although we may assist you in doing so. Even though your account is maintained at Schwab, and we anticipate that most trades will be executed through 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 recommend Schwab, a custodian/broker, to hold your assets and execute transactions. When considering whether the terms that Schwab provides are, overall, most advantageous to you when compared with other available providers and their services, we take into account 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, security and stability
- Prior service to us and our clients
- Services delivered or paid for by Schwab
- 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. Certain trades (for example, mutual funds and ETFs) do not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab's Cash Features Program.

We are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. Although we are not required to execute all trades through Schwab, 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"). By using another broker or dealer you may pay lower transaction costs.

## **Products and services available to us from Schwab**

Schwab Advisor Services<sup>TM</sup> is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through us. 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 are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of 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 do not directly benefit you**

Schwab also makes available to us other products and services that benefit us but do not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts and operating our firm. They include investment research, both Schwab's own and that of third parties. We use this research to service all or 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 and business needs
- Consulting on legal and compliance related needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting and support
- Recruiting and custodial search consulting

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or pays all or a part of a third party's fees. [Schwab also provides us with other benefits, such as occasional business entertainment of our personnel.] If you did not maintain your account with Schwab, we would be required to pay for those services from our own resources.

### **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. Schwab has also agreed to pay for certain technology, research, marketing, and compliance consulting products and services on our behalf [once the value of our clients' assets in accounts at Schwab reaches certain thresholds]. [These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody.] The fact that we receive these benefits from Schwab is an incentive for us to recommend the use of Schwab rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. [In some cases, the services that Schwab pays for are provided by affiliate of ours or by another party that has some pecuniary, financial or other interests in us (or in which we have such an interest). This creates an additional conflict of interest.] We believe, however, that taken in the aggregate our recommendation 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.

## **Brokerage for Client Referrals**

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

## **Clients Directing Which Broker/Dealer/Custodian to Use**

PCL may permit clients to direct it to execute transactions through a specified broker-dealer. Clients must refer to their advisory agreements for a complete understanding of how they may be permitted to direct brokerage. If a client directs brokerage, the client will be required to acknowledge in writing that the client's direction with respect to the use of brokers supersedes any authority granted to PCL to select brokers; this direction may result in higher commissions, which may result in a disparity between free and directed accounts and trades for the client and other directed accounts may be executed after trades for free accounts, which may result in less favorable prices, particularly for illiquid securities or during volatile market conditions. Not all investment advisers allow their clients to direct brokerage.

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

As part of its commitment to securing optimal and fair prices for all client accounts, PCL actively places block trades when purchasing and selling client securities across multiple client accounts. This aids PCL in creating a more equitable approach to market transactions for all clients.

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

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All client accounts for PCL's advisory services provided on an ongoing basis are managed and reviewed at least quarterly by Connor W Kavanaugh, Managing Member, with regard to clients' respective investment policies and risk tolerance levels. All accounts at PCL are assigned to this reviewer. Our clients are encouraged to review trade confirmations and account statements provided by the custodian and contact the Adviser with any questions.

There is only one level of review for subscription services, which is PCL's review prior to rendering the subscription advice. All financial planning accounts are reviewed upon financial plan creation and plan delivery by Connor W Kavanaugh, Special Needs Planner. Financial planning clients are provided a one-time financial plan concerning their financial situation. After the presentation of the plan, there are no further reports. Clients may request additional plans or reports for a fee.

## **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

With respect to financial plans, PCL's services will generally conclude upon delivery of the financial plan.

## **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of PCL's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

PCL does not provide reports relating to its subscription services.

Each financial planning client will receive the financial plan upon completion.

# **Item 14: Client Referrals and Other Compensation**

## **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

PCL receives a portion of the annual management fees collected by the third party money managers to whom PCL refers Clients. This situation creates a conflict of interest because PCL and/or its Investment Advisor Representatives have an incentive to decide what third party money managers to use because of the higher portion of fees to be received by PCL. However, when referring Clients to a third party money manager, the Client's best interest will be the main determining factor of PCL.

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. In addition, Schwab has also agreed to pay for certain products and services for which we would otherwise have to pay once the value of our clients' assets in accounts at Schwab reaches a certain size. [In some cases, a recipient of such payments is an affiliate of ours or another party which has some pecuniary, financial or other interests in us (or in which we have such an interest).] You do not pay more for assets maintained at Schwab as a result of these arrangements. However, we benefit from the arrangement because the cost of these services would otherwise be borne directly by us. You should consider these conflicts of interest when selecting a custodian. The products and services provided by Schwab, how they benefit us, and the related conflicts of interest are described above (see Item 12—Brokerage Practices).



## **B. Compensation to Non – Advisory Personnel for Client Referrals**

PCL does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

### **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, PCL will be deemed to have limited custody of client's assets. Because client fees will be withdrawn directly from client accounts, in states that require it, PCL will:

- (A) Possess written authorization from the client to deduct advisory fees from an account held by a qualified custodian.
- (B) Send the qualified custodian written notice of the amount of the fee to be deducted from the client's account and verify that the qualified custodian sends invoices to the client.
- (C) Send the client a written invoice itemizing the fee upon or prior to fee deduction, including the formula used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee was based. The invoice will also include the fee calculation itself and the name of the custodian(s).

Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy. Clients are urged to compare the account statements they received from custodian with invoices and reports they received from PCL.

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

When a client engages PCL for investment advisory services, PCL receives discretionary authority from the client to select the identity and amount of securities to be bought or sold for the account(s) and the timing of all transactions in such securities without obtaining prior approval of each specific transaction. In all cases, PCL exercises this authority in a manner consistent with its fiduciary duty to the client and its understanding of the client's unique investment profile, objectives, needs, and restrictions. Any investment guidelines and restrictions the client wishes for PCL to follow must be provided to us in writing. PCL's discretionary authority is formalized in a written advisory agreement executed by the client and in the account opening documents of PCL's custodian (typically, Charles Schwab).

### **Item 17: Voting Client Securities (Proxy Voting)**

PCL will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security. Clients can reach out to PCL with any proxy questions.

## **Item 18: Financial Information**

### **A. Balance Sheet**

PCL neither requires nor solicits prepayment of more than \$500 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither PCL nor its management has any financial condition that is likely to reasonably impair PCL's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

PCL has not been the subject of a bankruptcy petition in the last ten years.

## **Item 19: Requirements For State Registered Advisers**

### **A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background**

The education and business backgrounds of PCL's current management persons, Connor William Kavanaugh, can be found on the Form ADV Part 2B brochure supplements for those individuals. Form ADV Part 2B will be delivered in conjunction with Form ADV Part 2A.

### **B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)**

Other business activities for each relevant individual can be found on the Form ADV Part 2B brochure supplement for each such individual.

### **C. Calculation of Performance-Based Fees and Degree of Risk to Clients**

PCL does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

**D. Material Disciplinary Disclosures for Management Persons of this Firm**

There are no civil, self-regulatory organization, or arbitration proceedings to report under this section.

**E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)**

See Item 10.C and 11.B.

*This brochure supplement provides information about Connor William Kavanaugh that supplements the Palladio Consulting LLC brochure. You should have received a copy of that brochure. Please contact Connor William Kavanaugh if you did not receive Palladio Consulting LLC's brochure or if you have any questions about the contents of this supplement.*

*Additional information about Connor William Kavanaugh is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

## **Palladio Consulting LLC**

**Form ADV Part 2B – Individual Disclosure Brochure**

*for*

**Connor William Kavanaugh**

Personal CRD Number: 5941682

Investment Adviser Representative

Palladio Consulting LLC  
525 3rd Street Suite 200  
Lake Oswego, Oregon 97034  
(503) 928-3851  
[connor@palladioplanning.com](mailto:connor@palladioplanning.com)

UPDATED: 03/15/2022

## **Item 2: Educational Background and Business Experience**

**Name:** Connor William Kavanaugh      **Born:** 1988

### **Educational Background and Professional Designations:**

#### **Education:**

Bachelors of Science Finance, Portland State University - 2012

#### **Business Background:**

11/2012 - Present	Managing Member & Chief Compliance Officer Palladio Consulting LLC
06/2012 - 06/2020	Special Needs Planner MML Investors Services
09/2007 - 06/2012	Student

## **Item 3: Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business.

## **Item 4: Other Business Activities**

Connor William Kavanaugh is a licensed insurance agent with Palladio Consulting LLC, and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. PCL always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services of any representative of PCL in connection with such individual's activities outside of PCL.

### **Item 5: Additional Compensation**

Connor William Kavanaugh does not receive any economic benefit from any person, company, or organization, other than Palladio Consulting LLC in exchange for providing clients advisory services through Palladio Consulting LLC.

### **Item 6: Supervision**

As the Chief Compliance Officer of Palladio Consulting LLC, Connor William Kavanaugh supervises all activities of the firm. Connor William Kavanaugh's contact information is on the cover page of this disclosure document. Connor William Kavanaugh adheres to applicable regulatory requirements, together with all policies and procedures outlined in the firm's code of ethics and compliance manual.

## Item 7: Requirements For State Registered Advisers

*This disclosure is required by state securities authorities and is provided for your use in evaluating this investment advisor representative's suitability.*

A. Connor William Kavanaugh has NOT been involved in any of the events listed below.

1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:
  - a) an investment or an investment-related business or activity;
  - b) fraud, false statement(s), or omissions;
  - c) theft, embezzlement, or other wrongful taking of property;
  - d) bribery, forgery, counterfeiting, or extortion; or
  - e) dishonest, unfair, or unethical practices.
2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
  - a) an investment or an investment-related business or activity;
  - b) fraud, false statement(s), or omissions;
  - c) theft, embezzlement, or other wrongful taking of property;
  - d) bribery, forgery, counterfeiting, or extortion; or
  - e) dishonest, unfair, or unethical practices.

B. Connor William Kavanaugh has NOT been the subject of a bankruptcy.