

# Yanni & Associates Investment Advisors, LLC Client Brochure

*This brochure provides information about the qualifications and business practices of Yanni & Associates Investment Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (724) 940-0310 or by email at: [matt@yanniassociates.com](mailto:matt@yanniassociates.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 Yanni & Associates Investment Advisors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Yanni & Associates Investment Advisors, LLC's CRD number is: 142913*

2000 Corporate Drive, Suite 450  
Wexford, Pennsylvania, 15090  
(724) 940-0310  
[www.yanniassociates.com](http://www.yanniassociates.com)  
[matt@yanniassociates.com](mailto:matt@yanniassociates.com)

*Registration does not imply a certain level of skill or training.*

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## Item 2: Material Changes

The material changes in this brochure from the last annual updating amendment of Yanni & Associates Investment Advisors, LLC on 01/10/2024 are described below. Material changes relate to Yanni & Associates Investment Advisors, LLC's policies, practices or conflicts of interests.

- Yanni & Associates Investment Advisors, LLC will no longer ask for, nor accept voting authority for client securities. (Item 17)

## Item 3: Table of Contents

### **Item 2: Material Changes**

### **Item 3: Table of Contents**

### **Item 4: Advisory Business**

- A. Description of the Advisory Firm
- B. Types of Advisory Services
- C. Client Tailored Services and Client Imposed Restrictions
- D. Wrap Fee Programs
- E. Amounts Under Management

### **Item 5: Fees and Compensation**

- A. Fee Schedule
- B. Payment of Fees
- C. Clients are Responsible for Third Party Fees
- D. Prepayment of Fees
- E. Outside Compensation for the Sale of Securities to Clients

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

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

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

- A. Methods of Analysis and Investment Strategies
- B. Material Risks Involved
- C. Risks of Specific Securities Utilized

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

- A. Criminal or Civil Actions
- B. Administrative Proceedings
- C. Self-regulatory Organization (SR) Proceedings

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

- A. Registration as a Broker/Dealer or Broker/Dealer Representative
- B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor
- C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interest
- D. Selection of Other Advisors or Managers and How this Adviser is Compensated for those Selections

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

- A. Code of Ethics
- B. Recommendations Involving Material Financial Interests
- C. Investing Personal Money in the Same Securities as Clients
- D. Trading Securities At/ Around the Same Time as Clients

### **Item 12: Brokerage Practices**

- A. Factors Used to Select Custodians and/or Broker/Dealers
- B. Aggregating (Block) Trading for Multiple Accounts

### **Item 13: Reviews of Accounts**

- A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews
- B. Factors that will Trigger a Non-Periodic Review of Client Accounts
- C. Content and Frequency of Regular Reports Provided to Clients

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

- A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients
- B. Compensation to Non-Advisory Personnel for Client Referrals

**Item 15: Custody**

**Item 16: Investment Discretion**

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

**Item 18: Financial Information**

- A. Balance Sheet
- B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients
- C. How Performance Based Fees are Calculated and Degree of Risk to Clients

**Miscellaneous**

## Item 4: Advisory Business

### A. Description of the Advisory Firm

Yanni & Associates Investment Advisors, LLC is a Limited Liability Company organized in the state of Pennsylvania.

This Firm has been in business since January of 2007, and the principal owner is Matthew Adam Yanni.

### B. Types of Advisory Services

Yanni & Associates Investment Advisors, LLC (hereinafter "YANNI") offers the following services to advisory clients:

#### *Investment Supervisory Services*

YANNI offers ongoing discretionary and non-discretionary portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. In an initial meeting, a complimentary interview is provided by Matthew A. Yanni to determine the scope of services to be provided. Prior to entering into a written contract (Investment Advisory Agreement), YANNI's ADV Part II, ADV Part III and Privacy Policy will be given to the client. Should the client wish to engage YANNI for its services, both parties must sign YANNI's Investment Advisory Agreement. Afterwards, it will be Matthew A. Yanni's responsibility to meet with each client to create a written Investment Policy Statement ("IPS"), which outlines the client's current situation (return expectations, risk tolerance levels, income needs, tax levels, time horizon, and other unique needs). Matthew A. Yanni then constructs a plan (written into the IPS) to aid in the construction of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment Strategy
- Asset Allocation
- Risk Tolerance
- Personal Investment Policy
- Asset Selection
- Security Selection

All clients are strongly encouraged to indicate in writing their agreement with the financial goals and YANNI's strategy to meet them as outlined in the IPS.

YANNI also provides a one-time, portfolio analysis for a fixed fee. This allows YANNI to review asset allocation of existing assets, make general comments on existing assets, recommendations on "other financial assets", and "next steps" should a professional partnership develop.

YANNI requires its clients to notify it of any material change to the client's overall investment objectives. YANNI, in turn, will notify the client if there is any material change in how it believes a client's portfolio should be managed. YANNI will assume the responsibility of managing the client's assets according to the IPS. Typically, the IPS is signed within the first 90 days of the

Form ADV 2A Version: 07/16/2024

relationship as dollar-cost averaging, market circumstances, ongoing discussion with regards to client's goals & objectives, and other reasons may cause some time to lapse before the IPS is written and signed off by the client & YANNI.

As part of the Investment Advisory Agreement, YANNI does request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. However, client's still have the ability to direct or restrict trading of specified securities. Trades can be directed (new trades, retention or exclusion of assets) through written communication from a client to YANNI (email or letter).

All client accounts are reviewed on an ongoing basis to ensure the account's structure and underlying securities are consistent with YANNI's policies and the individual client's needs. Each relationship will be reviewed quarterly through the examination of our quarterly reports.

The overall strategic investment decisions are determined by YANNI's Investment Committee which is currently comprised of Matthew A. Yanni and Komal G. Motwani (while Komal G. Motwani may conduct transactions in client accounts). Additional professionals may be retained or utilized to advise or become a member of this Committee from time-to-time. Tactical implementation of the Committee's strategy will be applied to each client's individual portfolio, if it meets the client's individual circumstances.

YANNI's focus is directed toward portfolios ranging from \$250,000 to \$25 million. YANNI typically invests clients' assets in various no-load mutual funds, exchange-traded funds or index type vehicles through its discretionary authority. Individual stocks and/or bonds as well as certificate of deposits (CDs) may be used depending on each client's unique circumstances. Each client's account will be managed in accordance with its unique situation.

YANNI may have access to some IPOs (not all of them) through Schwab Institutional. Investing in IPOs is not a part of YANNI's investment process and clients who choose to invest in IPOs must provide a written letter of direction (email or signed letter). Further, while YANNI may have access to some IPOs, clients must either ask to be notified of upcoming eligible IPO(s) or inquire regarding specific ones. Unless specifically asked to do so, YANNI will not be broadcasting to clients which IPOs the Firm will have access. It is also not guaranteed clients will be able to invest as much as they desire in these IPOs. If multiple clients desire to invest in the same IPO, proportional allocation will be allotted. Essentially, YANNI is just registering with Schwab to have access to its allocated IPOs, should our clients desire to direct these types of trades.

### ***Newsletter Subscription***

YANNI provides their clients with a free newsletter, YAIA Quarterly or Periodic Newsletter.

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

YANNI typically utilizes a proprietary combination of "core" and "niche" strategies. A large majority of YANNI's recommended investments (core positions) will include exchange-listed securities, securities traded over-the-counter, corporate debt securities, commercial paper,

Form ADV 2A Version: 07/16/2024

certificates of deposit, municipal securities, mutual fund shares, and United States government securities. Other considerably smaller (niche positions) investments may include currencies, commodities, real estate investment trusts (REITs), or derivatives (including options and futures contracts) all usually invested in the form of an exchange-traded fund or mutual fund. The niche positions will generally be under 10% of the consolidated portfolio value at the time of purchase and are invested in based on current or anticipated economic developments. YANNI's investment advice is limited to these types of investments.

Matthew A. Yanni is licensed to sell life insurance, long-term care insurance, short-term disability insurance and annuities. These are commission-based products that Matthew A. Yanni will receive as an Individual, not through his corporate entity. Part 2b, Item 4 has additional detail.

Clients need to be aware that YANNI does not provide legal or accounting services. With the client's consent, YANNI may work with the client's other advisors (lawyers, accountants, etc.) to coordinate efforts for the client's financial situation. Client's still need to be aware that YANNI may only focus on certain areas of client's financial situation and may not fully address client's entire financial situation to limitations.

All material conflicts are disclosed in YANNI's government documents.

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

YANNI offers the same suite of services to all of its clients. However, their implementation is dependent upon the client IPS which outlines each client's current situation and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

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 YANNI from properly servicing the client account, or if the restrictions would require YANNI to deviate from its standard suite of services, YANNI reserves the right to end the relationship. It shall be noted that client restrictions on portfolios may also impact performance.

### **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 any other administrative fees. YANNI DOES NOT participate in any wrap fee programs.

## E. Amounts Under Management

YANNI has the following assets under management:

| Discretionary Amounts: | Non-discretionary Amounts: | Date Calculated: |
|------------------------|----------------------------|------------------|
| \$ 141,000,000         | \$0.00                     | December 2023    |

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Investment Supervisory Services Fees*

| Total Assets Under Management | Annual Fee for Discretionary Accounts | Annual Fee for Non-Discretionary Accounts |
|-------------------------------|---------------------------------------|---|
| \$250,000 - \$2,000,000       | 1.00%                                 | 1.25%                                     |
| Above \$2,000,000             | Negotiable                            | Negotiable                                |

Fees are typically paid quarterly in arrears. YANNI may reduce fees on a percentage basis, waive its \$2,500 annual minimum charge, or charge fixed-fees depending on the total fee the client is paying YANNI, the ability for the client to add to their assets over time, the need / complexity of the client, the relationship the client has with YANNI, or others. YANNI generally incorporates reduced fees for family member clients. All management fees are negotiable and the final fee schedule is written into the Investment Advisory Agreement, a signed letter by both client and YANNI (or email), or the signed IPS.

YANNI may allow accounts from the same household to be grouped to meet negotiated fee breakpoints. For example, a household may be accounts grouped for clients and their children, for spouses that have individual and joint accounts, husband & wife's different types of IRAs, and/or for similarly related accounts. Factors used in deciding if accounts can be considered a household (or grouped) is whether the clients live in the same residence, use the same residence as their primary residence, related, or otherwise agreed upon between Client and YANNI. Grouping may be permitted in other circumstances due to these reasons and or on an ad hoc basis based on specific circumstances. Management fees may also be deducted from each individual account or may be aggregated and then levied on one or another account within the same household.

Clients will pay separate execution (trading) and custodian fees in connection with the execution and custodial services of broker-dealers and custodians. These separate execution and custodian fees may include, but are not limited to, paper delivery fees for client statements and confirmations, clearance and execution fees, outgoing account transfer fees, inactive account fees,



wire fees, bond redemption fees, account termination fees or other fees charged to the client directly by the custodian. YANNI does not collect nor share in these types of fees assessed by custodians. Clients may terminate their accounts without penalty within five business days of signing the Investment Advisory Agreement. After five business days of being in contract with YANNI, clients may terminate their contracts with thirty days written notice. For the rare occasion where fees are charged in advance, refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. Lower fees for comparable services may be available from other sources.

The quarterly billing statements are included with YANNI's quarterly performance reports.

Typically, advisory fees are withdrawn directly from the client's accounts (part of the client written authorization in the Investment Advisory Agreement). Because client fees will be withdrawn directly from client accounts, this advisor will:

- (A) Possess written authorization from the client to deduct advisory fees from an account held by a qualified custodian (again, part of the Investment Advisory Agreement).
- (B) Send the qualified custodian written notice of the amount of the fee to be deducted from the client's account.
- (C) Send the client a written invoice itemizing the fee, including any formulae 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 (included with YANNI's quarterly performance reports).

## **B. Payment of Fees**

### ***Payment of Investment Supervisory Fees***

As noted, Advisory fees that are withdrawn directly from the client's accounts require client written authorization. Most commonly, fees are billed in arrears and collected typically within 30 days of the calendar's quarter-end. Cash-flows throughout the quarter are accounted for in the billing statements. While considerably less common, fees can be billed in advance based on the account value as of the last day of the previous calendar quarter. In those instances for billing in advance, the first initial payment by the client is due and payable upon execution of the Investment Advisory Agreement between the client and YANNI. The advance fee is prorated if an account is opened on any day other than the first day of a calendar quarter.

Advisory fees may also be invoiced and billed directly to the client with payments due within 30 days of receipt. Clients thus have the option of paying advisory fees via check. Clients may select the method in which they are billed. As noted, all client billing statements are included as part of YANNI's quarterly performance reports.

### **C. Clients Are Responsible For Third Party Fees**

The client's account will be subject to separate execution (trading) and custodian fees in connection with the execution and custodial services of broker-dealers and custodians. These additional fee arrangements generally are set forth in separate written agreements between the client and particular broker-dealer and/or custodian and may include, but are not limited to, paper delivery fees for client statements and confirmations, clearance and execution fees, outgoing account transfer fees, inactive account fees, wire fees, bond redemption fees, account termination fees or other fees charged to the client directly by the custodian. In the case of mutual fund investments, exchange-traded funds, or separately managed account investments, the client will also incur charges imposed at the fund level (e.g., management fees and other fund expenses), all of which are set forth precisely in the prospectus for the particular vehicle utilized. Clients are responsible for the payment of all third party fees. Please see Item 12 of this brochure regarding Brokerage Practices.

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

As noted, YANNI typically collects its fees in arrears, whereby prepayment of fees is not a factor with terminated contracts. For terminated contracts that have been paying fees in advance, refunds will be given based on the prorated amount of work completed at the point of termination with regards to the total days for that billing period. Fees will be deposited back into client's account or a separate refund check will be mailed directly to the former client within fourteen days.

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

YANNI does not accept compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

Matthew A. Yanni is licensed to sell life insurance, long-term care insurance, short-term disability insurance and annuities. These are commission-based products that Matthew A. Yanni will receive as an Individual, not through his corporate entity. Part 2b, Item 4 has additional detail.

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

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

## Item 7: Types of Clients

YANNI generally provides management supervisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Trusts, Estates, or Charitable Organizations
- ❖ Corporations or Business Entities
- ❖ Pension & Profit Sharing

### *Minimum Account Size*

There is an account minimum, \$250,000 (with a \$2,500 minimum fee), which may be waived by YANNI, based on the needs of the client, the complexity of the situation, or other reasons.

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

YANNI's methods of analysis include charting analysis, fundamental analysis, technical analysis, and cyclical analysis.

**Charting analysis** involves the use of patterns in performance charts. YANNI uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

**Cyclical analysis** involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.

#### *Investment Strategies*

YANNI primarily utilizes a long term trading strategy whereby positions most commonly are held beyond one year. A large majority of YANNI's recommended investments (core positions) will include exchange-listed securities, securities traded over-the-counter, corporate debt securities, commercial paper, certificates of deposit, municipal securities, mutual fund shares, and United States government securities. Other considerably smaller (niche positions) investments may include positions in specific securities as listed above as well as positions in currencies, commodities, real estate investment trusts (REITs), or derivatives (including options

Form ADV 2A Version: 07/16/2024

and futures contracts) all usually taken in the form of an exchange-traded fund or mutual fund. The niche positions will generally be under 10% of the consolidated portfolio value at the time of purchase and are invested in based on current or anticipated economic developments. On occasion and perhaps due to market circumstances, short term trading strategies (positions sold within a year) will also be utilized.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear. All of the securities listed above that YANNI utilizes (exchanged-listed securities, securities traded over-the-counter, corporate debt securities, etc.) all present the possibility of materially losing money in either the short-term or long-term. Most of these security types follow the general stock and bond markets and thus, would be expected to fluctuate in value based on overall stock and bond market performance. However, it is still possible one or more of the underlying securities chosen could perform substantially different than that of what is considered, general stock or bond market returns. Further, those securities utilized in niche type areas may involve risk different from general stock or bond market investing. Niche holdings will have performance that could be independent from stock or bond investing (for example, a real estate or a gold exchange-traded fund/mutual fund) and will attempt to generally follow that specific investment idea and thus have different, or possibly increased risk associated with them.**

## **B. Material Risks Involved**

### *Methods of Analysis*

**Charting analysis** strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in solely using this method is that only past performance data is considered without using other methods to cross check data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

**Cyclical analysis** assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns and 2) if too many investors begin to implement this strategy, it changes the very cycles of which they are trying to take advantage.

### ***Investment Strategies***

Long term trading is designed to capture approximate market rates of both return and risk; YANNI primarily uses long-term trading strategies.

Short-term trading generally holds greater risk. Short-term trading can affect investment performance, particularly through increased brokerage and other transaction costs as well as taxes.

**Investing in any security, regardless of short-term or long-term trading, could involve a material risk of loss that you, as a client, should be prepared to bear.**

#### **C. Risks of Specific Securities Utilized**

YANNI's core strategies generally do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets or fixed-income markets. YANNI's niche strategies may hold greater risk of capital loss.

**Past performance is not a guarantee of future returns. Investing in any security, regardless of YANNI's core or niche strategies, could involve a material 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 (SR) 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 YANNI nor its representatives are registered as or have pending applications to become a broker/dealer or as representatives of a broker/dealer.

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

Neither YANNI nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

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

Neither YANNI nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

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

YANNI does not utilize nor select other advisors or third party managers. All assets are managed by YANNI management.

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

**A. Code of Ethics**

YANNI has a written Compliance Policies & Procedures and Code of Ethics that covers all employees for policies of ethical conduct and accepts the obligation to comply with all mandates, applicable laws, and other regulation. Further, these documents require all employees to act in an ethical and professional manner in all professional and business activities. The Firm's policies address the following areas; Fiduciary Statement, Use of MyRIACompliance, Marketing, Advisory Agreement, Agency Cross Transactions, Diminished Capacity & Elder Financial Abuse, Anti-Money Laundering, Best Execution, Books & Records, Complaints, Corporate Records, Custody, Disaster Recovery, Disclosure Document, Email & Other Electronic Communications, ERISA, Department of Labor Prohibited Transaction Exemption 2020-02, Insider Trading, Investment Processes, Code of Ethics, Outside Business Activities, Principal Trading, Privacy, Proxy Voting, Registration, Other Regulatory Filings, Supervision / Internal Controls / Annual Reviews, Trading, Directed Brokerage, Soft Dollars, Valuation of Securities, Gifts, Document Destruction Policy, Cybersecurity and Staff Training.

Our Compliance Policies & Procedures and Code of Ethics are reviewed and amended at least annually by Matthew A. Yanni.

All Certified Financial Planner participants (CFP®) or members Financial Planning Association members must also adhere to Certified Financial Planner Board of Standards and Code of Ethics

which include the following sections; Integrity, Objectivity, Competence, Fairness, Confidentiality, Professionalism, and Diligence.

All of these documents are available free upon request to any client or prospective client.

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

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

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

From time to time, representatives of YANNI may buy or sell securities for themselves that they also recommend to clients. YANNI and its employees are permitted to maintain investment accounts for their own benefit (and for the benefit of their family members, etc.). In cases where investment objectives are similar, any of these parties may invest in the same securities and other investments which YANNI advises its clients to purchase. When YANNI provides advice to its clients regarding the purchase or sale of a security or other investment, no action with respect to that security or other investment may be taken for the account of YANNI or any of its employees (or family members, etc.) until the contemplated action has been taken by YANNI's affected clients. YANNI monitors all personal securities transactions made by its representatives to ensure that those transactions do not create conflicts of interest between YANNI and its clients or otherwise compromise YANNI's integrity, such as by insider trading or committing other regulatory violations. At no time will the Firm or its representatives receive preferential treatment over its clients with regards to trading securities.

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

When YANNI buys or sells securities for themselves at or around the same time as clients, no action with respect to that security or other investment may be taken for the account of YANNI or any of its employees (or family members, etc.) until the contemplated action has been taken for YANNI's affected clients.

It would be common for representatives of YANNI to buy or sell securities for themselves at the same time as YANNI'S clients.

While prohibited unless extreme unique circumstances exist, it is possible that YANNI's employees or family members could buy or sell securities for themselves within a few days of trading the same security for one of YANNI's clients. This may then provide an opportunity for representatives of YANNI to profit off the recommendations they provide to clients. Such transactions would create a conflict of interest and by practice, are prohibited (again, unless extreme circumstances exist).

YANNI will always document any transactions that could be construed as conflicts of interest.

## Item 12: Brokerage Practices

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

YANNI's Custodian of Choice is Schwab Advisor Services, which is a division of Charles Schwab & Co., Inc. (Schwab), a FINRA registered broker dealer, and member SIPC. YANNI chose Schwab based on its ability to provide "Best Execution" for YANNI's clients. "Best Execution" can be broadly defined as the relatively inexpensive trading commissions in relation to competitors, access to a wide variety of investment products, various support staff & hours of availability provided to YANNI, supporting research provided to YANNI for the benefit of all YANNI's clients, various software and website capabilities for both YANNI and its clients, accuracy with pricing assets, amongst others. On an ongoing basis, YANNI evaluates its Custodian of Choice. YANNI will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian. Schwab does have various commission pricing tiers and YANNI's clients may at times pay higher rates than others. **Schwab is independent of and unaffiliated with YANNI.**

At times and most commonly with (state regulated) 529 plan accounts, YANNI may elect not to use Schwab as custodian. YANNI does not provide quarterly performance reports for assets that are not using Schwab as custodian; the quarterly billing statement will still be provided though.

#### *1. Research and Other Soft-Dollar Benefits*

YANNI receives research, products, or other services from its broker-dealer (Schwab) or another third-party in connection with client securities transactions ("soft dollar benefits"). At the time YANNI's business started in January 2007, Schwab required \$10 million in assets under management to partner with it. There is no incentive for YANNI to direct clients to this particular broker-dealer (Schwab) over other broker-dealers who offer the same services. The first consideration when recommending broker/dealers to clients is best execution. YANNI considers a number of factors to determine best execution of each client transaction, including the following: (1) The net economic result to the client's account; (2) Commission rates, which, absent instructions to the contrary from clients, YANNI will attempt to negotiate within generally prevailing competitive ranges, but which may not always be the lowest available rate at any given time; (3) The apparent financial strength, stability and competence of the brokerage firms under consideration; (4) The efficiency with which it may be expected that transactions will be effected; (5) The inherent ability of the brokerage firms under consideration to effect the transaction in cases involving a large amount of the security in question; and (6) The availability and willingness of those brokerage firms to stand ready to execute difficult transactions in the future.

In order to achieve these services and products, or "soft dollar compensation", YANNI's clients may incur commissions which are greater than the amount of commission another broker may have charged.



## ***2. Brokerage for Client Referrals***

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

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

YANNI permits clients to direct brokerage to other custodians. Unless the client designates a securities broker(s) to be used, YANNI generally will have complete discretion to select the broker to be used as custodian. YANNI may be unable to achieve favorable execution of client transactions if clients choose to direct brokerage. This may cost clients money because without the ability to direct brokerage YANNI may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices. YANNI reserves the right to elect not to exercise brokerage discretion, and to require the client to direct brokerage. Not all investment advisers allow their clients to direct brokerage.

## ***4. Trade Errors***

From time to time YANNI may make an error in submitting a trade order on a client's behalf. When this occurs, YANNI may place a correcting trade with the broker-dealer which has custody of client's account. If an investment gain results from the correcting trade, the gain will remain in client's account unless the same error involved other client account(s) that should have received the gain, it is not permissible for client to retain the gain, or clients decides to forego the gain (e.g., due to tax reasons). If the gain does not remain in client's account and Charles Schwab & Co. Inc. ("Schwab") is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, YANNI will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in client's account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in client's account, they may be netted.

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

YANNI maintains the ability to block trade purchases across accounts. Occasionally, YANNI will execute portfolio transactions as part of concurrent authorizations to purchase or sell the same security for numerous accounts particularly when accounts have similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to one or more accounts, YANNI will only execute such a transaction when it is believed to be in the best interest of the affected accounts. When such concurrent authorizations occur, the objective will be to allocate the executions in a manner that is deemed equitable to the accounts involved. Block trading may benefit clients by providing YANNI the ability to purchase larger amounts of securities potentially resulting in smaller transaction costs to clients, a potentially more favorable price, and with all client's executing the trade at the same price. Declining to block trade can cause more expensive trades for clients. If limited supply of a certain asset is available (such as a CD or individual bond), then YANNI will allocate portions to clients in a random, non-biasing manner.

## Item 13: Reviews of Accounts

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

Each client account will be reviewed by Matthew A. Yanni and/or Komal G. Motwani, on an ongoing basis. Each relationship will be reviewed quarterly through the examination of our quarterly reports. Within YANNI's firm structure, Matthew A. Yanni is the investment advisor representative and is instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at YANNI are assigned to this reviewer.

### 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, inheritance, change in cash needs, change in perceived risk tolerance, or others).

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

On a quarterly basis, each client will receive a "quarterly performance report" of its account(s) by YANNI. The quarterly performance reports will show total account performance as well as the performance of the S&P 500 equity index and the Bloomberg U.S. Aggregate bond index. Additional items used in calculating the performance are also listed (contributions, capital appreciation, income, expenses, and change in accrued interest). Per the request of the client, these quarterly performance reports can be customized for other time periods and can include other types of performance statistics or indices. Per YANNI's investment software, quarterly performance reports can only be produced for assets that use Schwab as custodian. For accounts that are not held at Schwab (examples include 401ks, 529 plans, etc.), normally those custodians will provide similar statistics within their quarterly reports.

In addition to YANNI's quarterly reports, clients will receive at least quarterly reports directly from the custodian that will show the total account and all individual security positions at market value. On an ongoing basis, each account will be re-examined in terms of its overall objectives, and reassessed in the context of the current investment outlook. If required, a tactical restructuring of the client's account may then be implemented. On a more infrequent basis, unusual economic, political, investment, or macro-economic developments may require a formal review to be conducted intra-quarter.

**It is much more common that YANNI reviews client accounts intra-quarter.**

The custodian will also send trade confirmations directly to the client. Clients will also have their own separate logins to the custodian's website to view their accounts on a daily basis.

## Item 14: Client Referrals and Other Compensation

### A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients

As described in Item 12 above, YANNI receives economic benefits from its broker-dealer, Charles Schwab & Co., Inc. Advisor Services.

Charles Schwab & Co., Inc. Advisor Services provides YANNI with access to Charles Schwab & Co., Inc. Advisor Services' institutional trading and custody services, which are typically not available to Charles Schwab & Co., Inc. Advisor Services retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Charles Schwab & Co., Inc. Advisor Services. Charles Schwab & Co., Inc. Advisor Services includes brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For YANNI client accounts maintained in its custody, Charles Schwab & Co., Inc. Advisor Services generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Charles Schwab & Co., Inc. Advisor Services or that settle into Charles Schwab & Co., Inc. Advisor Services accounts.

Charles Schwab & Co., Inc. Advisor Services also makes available to YANNI other products and services that benefit YANNI but may not benefit its clients' accounts. These benefits may include national, regional or YANNI specific educational events organized and/or sponsored by Charles Schwab & Co., Inc. Advisor Services. Other potential benefits may include occasional business entertainment of personnel of YANNI by Charles Schwab & Co., Inc. Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist YANNI in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts, if applicable), provide research, pricing information and other market data, facilitate payment of YANNI's fees from its clients' accounts (if applicable), and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of YANNI's accounts. Charles Schwab & Co., Inc. Advisor Services also makes available to YANNI other services intended to help YANNI manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, and human capital consultants, insurance and marketing. In addition, Charles Schwab & Co., Inc. Advisor Services may make available,

Form ADV 2A Version: 07/16/2024

arrange and/or pay vendors for these types of services rendered to YANNI by independent third parties. Charles Schwab & Co., Inc. Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to YANNI. YANNI is independently owned and operated and not affiliated with Charles Schwab & Co., Inc. Advisor Services.

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

YANNI has an internal compensation plan for employees referring and retaining clients to the Firm. A thorough understanding of YANNI's business, experience in the investment field, and tenure with YANNI are determining factors to whether employees are eligible for this compensation plan. Not all employees are eligible or participate in this compensation plan. Any employee being compensated for securing new business to the Firm will be properly disclosed on our government documents. We do not compensate non-employees for referrals.

**Clients who have been referred to YANNI will not pay higher advisory fees as a result of the compensation plans.**

### **Item 15: Custody**

When it deducts fees directly from client accounts at a selected custodian, YANNI will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

Firm policies prohibit employees from acting as full power of attorney or trustee on non-family member client accounts.

Custody is also disclosed in Form ADV because YANNI has authority to transfer money from client account(s), which constitutes a standing letter of authorization (SLOA). Accordingly, YANNI will follow the safeguards specified by the SEC rather than undergo an annual audit.

More specifically, YANNI attests to meeting all of the following obligations:

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

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

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

For those client accounts where YANNI provides ongoing supervision, the client has given YANNI written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides YANNI discretionary authority via a limited power of attorney in the Investment Advisory Agreement and in the contract between the client and the custodian. YANNI also offers non-discretionary portfolio management, in which YANNI will obtain the client's permission prior to executing transactions.

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

YANNI 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.

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

#### **A. Balance Sheet**

YANNI does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

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

Neither YANNI nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

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

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

# **Miscellaneous**

## **A. Privacy Policy**

YANNI holds client information in the strictest confidence and is mindful of the trust placed in it by clients. It is Firm policy that no client information obtained by YANNI is sold or made available to third parties for any reason except where third parties may be used by YANNI to assist in the management or maintenance of client accounts (such as a custodian) or client information may be released in accordance with applicable laws.

Neither YANNI nor its employees may act in any fashion which is detrimental to the interests of YANNI's clients, or disclose information concerning the accounts of any of YANNI's clients (including the identity of a client) to any person other than the client, unless such disclosure is authorized by the client or is required by law or other regulation.

YANNI provides each client with a copy of its full privacy policy annually.

## **B. Annual Form ADV Part II to Clients**

Yanni's most current Form ADV Part II will be offered annually to all clients. This document serves as our "brochure" to our clients and contains information and disclosures as required by law. Material changes to YANNI'S ADV Part II will be disseminated to clients as the document is updated.

Upon request, we can provide additional information on any part of our ADV Part II or III.

## **C. Business Continuity Plan**

In the event the key members of YANNI become incapacitated or prematurely pass away, the Business Continuity Plan is such: We would guide all clients to work with any remaining YANNI

employees or to independently contact Schwab (or any other custodian) immediately. Any urgent need to disburse money or execute a transaction will be able to be fulfilled. In the long-run, Schwab has the ability to refer your relationship to its internal Advisors or to another Investment Advisory Firm. Also, the Certified Financial Planner's website also has the ability to execute a planner search to find another Advisor.