

Avalan, LLC

Form CRS Relationship Summary (06/2020)

There are different ways you can get help with your investments. You should carefully consider which types of accounts and services are right for you. Free and simple tools are available to research firms and financial professionals at www.Investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers, and investing.

We are an investment adviser registered with the Securities and Exchange Commission that offers advisory accounts and services rather than brokerage accounts and services. This document gives you a summary of the types of services we provide and how you pay. Please ask us for more information. There are some suggested questions to ask us at the end of each section.

RELATIONSHIPS AND SERVICES

WHAT INVESTMENT SERVICES AND ADVICE CAN YOU PROVIDE TO ME?

We offer asset management, financial planning and automated portfolio management services to retail investors.

Asset Management Services

- We will provide you advice on a regular basis. We will discuss your investment goals and help you design a strategy to achieve your investment goals.
- We will regularly monitor your account.
- You can choose an account that allows us to buy and sell investments in your account without asking you in advance (a “discretionary account”) or we may give you advice and you decide what investments to buy and sell (a “non-discretionary account”). If you choose a non-discretionary account, you will make the ultimate decision to buy or sell an investment.
- We will review your account at least quarterly and contact you by phone or email at least annually to discuss your portfolio.
- We have no minimum investment amount to obtain our asset management services, but we do have a minimum annual management fee of \$10,000, which may be lower for some long-term clients of Avalan and may also be reduced on a case by case basis.

Financial Planning Services

- We offer financial planning services that involve preparing a financial plan for you based on information and documentation you provide to us including your financial objectives, risk tolerance, financial resources, family situation, and future financial goals. The plan will include general recommendations for a course of activity or specific actions for you to take. You decide to implement any recommendations.
- Once we deliver your financial plan, we do not monitor your financial situation on an ongoing basis. You must contact us if you have any significant changes in your financial situation and we will update your plan upon your request.

Automated Portfolio Management Services

- We offer portfolio management services using an automated investment platform. We will build a diversified portfolio of exchange-traded funds (ETFs) based on your investment goals and monitor your portfolio on an ongoing basis.
- Based on the information you provide to us, we will recommend a portfolio via the automated system. You may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio; however, we will make the final decision and select a portfolio based on all the information that you have provided. We will then manage your portfolio on an ongoing basis through automatic rebalancing.
- We review your portfolio no less than quarterly and will reach out to you via email at least annually to discuss your portfolio.
- Our investment advice will cover a limited selection of investments. Other firms could provide advice on a wider range of choices, some of which might have lower costs.
- We require that you invest at least \$100 to obtain our automated portfolio management services.

Our investment advice will cover a limited selection of investments. Other firms could provide advice on a wider range of choices, some of which might have lower costs.

FOR ADDITIONAL INFORMATION, please see our Form ADV Part 2A at <https://adviserinfo.sec.gov/> brochure Items 4, 7, and 13.

QUESTIONS TO ASK US:

- ▶ *Given my financial situation, should I choose an investment advisory service? Why or why not?*
- ▶ *How will you choose investments to recommend to me?*
- ▶ *What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?*

FEES, COSTS, CONFLICTS, AND STANDARD OF CONDUCT

WHAT FEES WILL I PAY?

Fees and costs affect the value of your account over time. The following summarizes the fees and costs you will pay for our advisory services.

Asset Management and Automated Portfolio Management Fees

- The amount you pay to our firm and your financial professional generally does not vary based on the type of investments we select on your behalf. The asset-based fee reduces the value of your account and will be deducted directly from your account.
- Our fees vary and are negotiable. The amount you pay will depend, for example, on the services you receive and the dollar value of assets in your account.
- For **asset management accounts** you will sometimes pay a transaction fee when we buy and sell an investment for you. This fee is paid to the custodian.
- You may also pay fees to a broker-dealer or bank that will hold your assets such as custodian fees and account maintenance fees.
- For **automated portfolio accounts**, you do not pay a transaction fee when we buy and sell an investment for you or a custody fee to the broker-dealer that holds your assets. However, the broker-dealer earns other revenue in connection with the automated investment program such as the profit earned when your cash is swept into a bank account at an affiliated entity.
- Some investments (such as mutual funds and variable annuities) impose additional fees that will reduce the value of your investment over time.
- The more assets you have in the advisory account, including cash, the more you will pay us. Therefore, we have an incentive to increase the assets in your account to increase our fees. You pay our fee quarterly even if you do not buy or sell.
- An asset-based fee may cost more than a transaction-based fee, but you may prefer an asset-based fee if you want continuing advice or want someone to make investment decisions for you.

Financial Planning Fees

- We generally charge a fixed fee whereby one-half of the fee is collected at the time the agreement is signed and the second half at the completion of the plan. Our fees vary and are negotiable. The amount you pay will depend on the complexity of your situation and your needs.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

WHAT ARE YOUR LEGAL OBLIGATIONS TO ME WHEN ACTING AS MY INVESTMENT ADVISER? HOW ELSE DOES YOUR FIRM MAKE MONEY AND WHAT CONFLICTS OF INTEREST DO YOU HAVE?

We are held to a fiduciary standard that covers our entire investment advisory relationship with you including monitoring your portfolio, investment strategy, and investments on an ongoing basis, among other requirements.

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means.

- We can make extra money if you act on our financial planning recommendations and you choose to open an advisory account through us.

- We retain a third-party vendor that misuses or fails to protect your confidential information.
- We charge clients different fees for the same investment strategy.

HOW DO YOUR FINANCIAL PROFESSIONALS MAKE MONEY?

- We may compensate our financial professionals with a salary and bonuses based on their added value to the firm. We may also compensate them based on the amount of client assets they service. Therefore, it is possible that the more assets you have in the advisory account, including cash, the more you will pay us and the more your financial professional will earn. Therefore, your financial professional has an incentive to increase the assets in your account to increase the amount he or she earns (i.e., recommending that you rollover your retirement plan account or transfer assets to our firm).
- Avalan, LLC and its principals, Rich Schuette and Kathryn Courain, do hold California Life Insurance licenses. At times there may be a need for life insurance based on a client's goals. Avalan, LLC may receive compensation in the form of insurance commissions if you choose to purchase such products.
- Your financial professional can earn very small, non-cash benefits from certain product sponsors such as software or marketing support. Therefore, your financial professional has an incentive to invest in those products whose sponsors provide the non-cash benefits.

FOR ADDITIONAL INFORMATION, please see our Form ADV Part 2A at <https://adviserinfo.sec.gov/> brochure Items 4, 5, and 10 and any brochure supplement your financial professional provides.

QUESTIONS TO ASK US:

- ▶ Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?
- ▶ How might your conflicts of interest affect me, and how will you address them?

DISCIPLINARY HISTORY

DO YOU OR YOUR FINANCIAL PROFESSIONALS HAVE A LEGAL OR DISCIPLINARY HISTORY?

NO. Please visit www.Investor.gov/CRS for a free search tool to research us and our financial professionals.

QUESTIONS TO ASK US:

- ▶ Do you or your financial professionals have a disciplinary history? For what type of conduct?

ADDITIONAL INFORMATION

HOW DO I GET ADDITIONAL INFORMATION ABOUT YOUR FIRM AND SERVICES?

FOR ADDITIONAL INFORMATION ABOUT OUR SERVICES, see our Form ADV brochure on www.Investor.gov/CRD, www.adviserinfo.sec.gov/IAPD, and any brochure supplement your financial professional provides.

Call us at 805-962-7725 to request up-to-date information and request a copy of the relationship summary.

QUESTIONS TO ASK US:

- ▶ Who is my primary contact person?
- ▶ Is he or she a representative of an investment adviser or a broker-dealer?
- ▶ Who can I talk to if I have concerns about how this person is treating me?