

## Relationship Summary

January 2024

### Talbot Financial, LLC

Talbot Financial, LLC is an investment adviser registered with the Securities and Exchange Commission. Investment advisory services and fees differ from brokerage services and fees and it is important for you to understand the differences. [Investor.gov/CRS](https://www.investor.gov/CRS) is a website providing free and simple tools to research firms and financial professionals, and which provides educational materials about investment advisers, broker-dealers, and investing. We encourage you to ask us questions and have provided suggested conversation starters in text boxes throughout this Relationship Summary.

#### What investment services and advice can you provide me?

We offer investment advisory services to retail investors, primarily portfolio management employing individual equities, though we can use other types of securities. We first meet with you to gain an understanding of your current financial situation, your short- and long-term goals, and your risk tolerance. We use this information to recommend an investment portfolio specific to your investment objectives and needs.

Our Investment Committee reviews and sets the firm's overall investment philosophy and portfolio composition. We monitor client portfolios as part of an ongoing process with regular account reviews conducted on at least a quarterly basis. Reviews are also triggered by material market, economic or political events, or by changes in your financial situation (such as retirement, termination of employment, or inheritance).

**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?**

We manage portfolios on a discretionary basis. When you grant us discretionary authority, this means we don't need to call you before buying or selling securities in your account. We obtain discretionary authorization through our signed advisory agreement with you. While we build portfolios primarily with individual equities, we do offer advice on different types of securities. We do not impose a minimum account size.

**For more detailed information about our services, please request a copy of our Form ADV, Part 2A brochure. Our brochure can also be found by [clicking on this link](#).**

#### What fees will I pay?

We provide portfolio management for an agreed-upon asset-based fee. Our fee is based on your total assets under management with us. The annual fee starts at .85% for up to \$30 million in assets and decreases to .50% annually on assets over \$30 million. We bill our fee monthly in arrears, usually deducted automatically from your account. When we charge asset-based fees, the more assets under our management, the higher the dollar amount you will pay in fees. We therefore have a financial incentive to increase your portfolio value and encourage you to increase the amount of assets we manage for you.

**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?**

In addition to our advisory fees, you will pay fees charged by third parties for other services provided to you, including fees charged by your custodian and broker-dealer. Examples of costs you might pay include brokerage commissions, transaction fees, custodial fees, and wire transfer fees. While we rarely use them in our portfolios, mutual funds and exchange traded funds also charge internal management fees, which reduce the return of investments over time. We do not receive any portion of these fees or charges; we are compensated only through our own advisory fees.

***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. Our [Form ADV, Part 2A \(Item 5 and Item 12\)](#) contains more detailed information about fees and costs.***

## **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?**

***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.

### **How might your conflicts of interest affect me, and how will you address them?**

Our primary conflict of interest is our receipt of asset-based fees. For example, if you asked us for a recommendation about paying down outstanding debt or making charitable contributions, versus keeping those funds in your accounts with us, we will always make the recommendation that we believe is in your best interest. At the same time, we have a conflict of interest in making the recommendation because we earn more advisory fees when you keep more assets in your account. Similarly, because we don't charge on cash balances, we have an incentive to keep your portfolio fully invested. Accordingly, we recommend that clients maintain cash for liquidity purposes both within and outside of our management.

The only direct revenue we receive is from the advisory fees you pay to us. However, we have an incentive to recommend our clients use Charles Schwab & Co., Inc. ("Schwab") as custodian because we receive other benefits, such as access to research, technology services, and seminars through our relationship with Schwab.

***Our [Form ADV, Part 2A](#) contains detailed information about our conflicts of interest.***

## **How do your financial professionals make money?**

Our financial professionals receive variable compensation related to total advisory fees generated. This creates a financial incentive to find and retain clients. Our majority owner sources commercial real estate opportunities, forms special purpose vehicles ("SPV") to invest in real estate, and serves as the managing member of the SPVs. Neither we nor our majority owners charge management or advisory fees on the SPVs and we cannot use our discretionary authority to have clients invest in them. Our owners, however, make money from their personal investments in the SPVs if they increase in value or generate cash-flow.

## **Do you or your financial professionals have legal or disciplinary history?**

No. Visit [Investor.gov/CRS](https://www.investor.gov/crs) for a free and simple search tool to research our firm and our financial professionals.

***For more detailed information about our investment advisory services, or to request another copy of this Relationship Summary, please contact us at (425) 533-0797 and speak to your advisory professional or our Chief Compliance Officer. You may also visit the SEC's public disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).***

### **Who is my primary contact person? Who can I talk to if I have concerns about the service I'm receiving?**