

**Item 1 - Cover Page**

Lakeside Advisors, Inc.

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206-285-1730

<https://www.lakesideadvisors.com>

April 15, 2021

This brochure provides information about the qualifications and business practices of Lakeside Advisors, Inc.

If you have any questions about the contents of this brochure, please contact us at 206-285-1730, or by email at [bob@lakesideadvisors.com](mailto:bob@lakesideadvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities regulatory authority.

Lakeside Advisors, Inc. is a registered investment adviser with the SEC. Our registration as an Investment Adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this brochure, is information you use to evaluate us (and other advisers) which are factors in your decision to hire us.

Additional information about Lakeside Advisors, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using our name or a unique identification number, known as a CRD number. Our CRD number is 104540.

## **Item 2 - Material Changes**

This is our annual update of Form ADV Part 2A. There are no material changes to report since the last interim update to this document on December 1, 2020.

We are obligated to deliver, or offer to deliver any updates to this form as they occur, or at least annually. When updates occur, we will identify all material changes to the Form in this section.

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## **Item 4 – Advisory Business**

### **About Our Advisory Business**

Lakeside Advisors, Inc. (Lakeside, us, we, our) is an independent investment management firm registered with the SEC. Lakeside Advisors, Inc., formerly Financial Planning Resources, Inc., was founded by Robert E. Frey, CFP® in 1984 to assist individuals with all aspects of financial planning. Since 1984 we have focused on financial planning, however, our primary business is portfolio management for Clients (Clients, you, your). We serve individual investors and we also manage assets for corporations, trusts and retirement plans.

Lakeside Advisors, Inc. is 100% owned by Robert E. Frey, CFP®, President and Chief Compliance Officer. We have one office in Seattle, Washington.

Additional investment professionals include:

Kristi A. Mandt, CFP®, AIF®, Vice President  
Miki Okamoto-Swanson, CFA®, Vice President

### **Investment Advisory Services**

#### **A. Discretionary Portfolio Management**

We manage each investment portfolio based on the client's unique and specific needs. Our initial meeting with you starts by understanding who you are in a financial sense. Our service includes one meeting per year. Topics addressed, among others, include:

- A review of your investment accounts
- Retirement plans (401k plan accounts or IRAs, etc.)
- Insurance contracts
- Tax related matters
- Estate documents
- Personal and family obligations
- Family and college plans

The result of this fact finding is to determine:

- Your financial position
- Financial goals and objectives for today and tomorrow

- Liquidity needs including cash flow demands
- Risk tolerance
- Investment constraints / restrictions

This information is used to construct a portfolio(s) that represent a blend of asset classes (stocks, bonds, alternatives, cash) for your risk and return characteristics.

If you have specific investment restrictions, these will be documented in the written agreement we have with you. We reserve the right to not open an account or close an account if the investment restrictions are so extensive that in our sole determination we cannot properly invest or diversify your portfolio(s).

You update your investment restrictions in writing. Investment restrictions are not implemented until accepted by Lakeside.

Lakeside and our associated person create no specific proprietary products or services which are recommended to clients.

We provide investment advice on the following types of securities or investment products:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign securities (via American Depository Receipts – traded on an exchange)
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States government securities
- Options contracts on securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests
- Interests in partnerships investing in other forms of assets such as equipment leasing and Community Access Television (CATV)

Mutual funds or Exchange Traded Funds (ETFs) are typically used when they provide diversified access across a sector where we desire exposure but lack specific expertise (for example, investing in offshore securities, including foreign equities, high yield bonds or alternative strategies).

## **Class Action Claims**

We work with a third-party service provider, Chicago Clearing Corporation (CCC), which provides class action litigation monitoring and securities claim filing services. CCC will complete claims for all of our clients who have accounts custodied at Pershing, LLC (Pershing) and do not opt out of such a service. You may change your opt-out election at any time by notifying us in writing. In return for this service, CCC receives 15% of any settlement collected. Lakeside does not receive any fees or remuneration in connection with this service nor does it receive any fees from the third-party provider(s).

Because we are providing this service through CCC, we no longer monitor class action suits or process claim forms on your behalf (whether or not you participate in the service CCC provides). We are not responsible or liable for: (a) any assistance we provide to CCC concerning monitoring or processing class action claims or (b) any CCC act in monitoring or processing such claims.

## **B. Non-Discretionary Portfolio Services**

We provide non-discretionary investment advice to ERISA Plan Sponsors, the Plan and Plan Participants. Advice to ERISA plans is generally provided under ERISA Section 3(21) and include the following fiduciary services:

- Provide non-discretionary investment advice to Trustees of the plan about investment alternatives available for the plan in accordance with the Plan's investment policies and objectives. Trustees shall have the final decision-making authority regarding the initial selection, retention and removal of investment options.
- Assist Trustees with the selection of a broad range of investment options.
- Assist in the development of an Investment Policy Statement (IPS). The IPS establishes the investment policies and objectives for the Plan and shall set forth the asset classes and investment categories to be offered under the Plan, as well as criteria and standards for selecting and monitoring investments. Trustees shall have the ultimate responsibility and authority to establish such policies and objectives and to adopt the IPS.
- Prepare periodic investment advisory reports that document consistency of fund management and performance to the guidelines set forth in the IPS and make recommendations to maintain or remove and replace investment options.
- Meet with Trustees on a periodic basis to discuss reports and recommendations.
- Provide investment advice to Trustees with respect to the selection of a qualified default investment alternative (QDIA) for participants who fail to make an investment election. Trustees retain the sole responsibility to provide all notices to participants required under ERISA section 404(c)(5), if applicable.

Non-discretionary portfolio services advice provided to ERISA Plan Sponsors and Trustees are charged only a fee. We do not receive, directly or indirectly any additional fees or compensation.

### **C. Financial Planning Services**

Financial planning services involve our review and recommendations, including consultations related to your:

- Federal income tax
- Retirement planning / pension plans
- Estate planning
- Risk management, i.e., insurance policies (life, medical, disability and casualty)
- College education planning
- Savings
- Any issue related to your financial health or well-being

If you purchase Financial Planning Services, you will receive a written report. This report would provide an analysis of your current financial position and personal facts with the recommendations designed to assist you in achieving your stated financial goals and objectives.

### **D. Financial Consulting Services**

Consulting services are limited financial planning services which are topical in nature. Clients hire us to provide consulting services on some or all of the following topics over time:

- Financial goals and objectives
- Current financial position
- Retirement planning
- Real estate investments
- Insurance policies (life, medical, disability and casualty coverage)
- Federal income tax planning
- Estate plans
- Annual updates of your balance sheet
- Updates of capital accumulation programs (as recommended in your financial plan)
- Purchase or sale of a house
- Rental property
- Purchase or lease of a vehicle
- College education planning

Consulting services are oriented towards your long-term goals and objectives.

### **Assets Under Management (as of January 31, 2021)**

<b>Type</b>	<b>Assets Under Management</b>
Discretionary	\$326,063,558.90
Non-Discretionary	\$9,667,082.26
Total	\$335,730,641.16

## **Item 5 – Fees and Compensation**

### **Initial Consultation**

When you contact us for an initial consultation, we provide a list of documents for you to gather before the initial meeting is scheduled. The list includes your employee benefits, investment accounts, insurance contracts, tax returns, and personal documents such as estate documents, mortgage, etc.

Our fee for the initial consultation starts at \$1,500 and the fee varies depending upon the complexity of your situation. We will provide you with the initial consultation fee estimate after we receive the documents from you. The initial consultation fee covers our review of the documents you provided to us and a one to two-hour meeting.

### **Discretionary Management of Accounts**

Our annual asset based fee is:

0.6% per year of the net assets we manage for you which is billed quarterly in advance of our services

Our fees are negotiable and vary from the standard fee above based on the complexity of the account, size of the account, number of accounts, client-specific facts or circumstances, and other considerations. We sometimes agree to offer certain clients a fee schedule that is lower than that of any other comparable clients in the same investment style. We sometimes also choose to waive all or a portion of our negotiated fee for a given period. Finally, we commit that we have provided and will continue to provide certain clients the



lowest fee for a particular investment style and for comparable services.

Although we do not impose a minimum account size to open or maintain an account, we do impose a minimum annual fee of \$600 (\$150.00 per quarter or \$50.00 per month).

We pro-rate the fee for the number of days in a calendar quarter that we provide services to you. In cases where an account is terminated during a calendar quarter, we pro-rate the fee for the number of days the services were provided. We promptly refund any of the pre-paid and unearned fees to you.

Fees are charged on the value of the assets we manage as reported by your independent third party, qualified custodian (see Item 12, Brokerage Practices).

### **Payment of Advisory Fees:**

#### **Direct Debiting**

Most clients authorize us to have our advisory fees directly debited from your custodial account by your custodian upon the presentation of a debit request from Lakeside. The month following the deduction of our advisory fees by your custodian, you will receive a statement from your custodian which shows all the holdings in your account(s) and the deposits or withdrawals from your account (including the advisory fees paid to Lakeside).

Please note that your custodian does not verify the accuracy of our fee calculations. Should you have questions on our fee calculations, please contact us.

#### **Pay by Check**

If you prefer, you can elect to pay our advisory fee upon presentation of an invoice. In this case we will mail you an invoice and you send us a check. We request our fees be paid within 15 days of the date of our invoice.

### **Financial Planning and Consulting Services**

Fees for financial planning or consulting services are not negotiable. Fees are offered two ways for financial planning or consulting services:

1) **Hourly:** at \$250.00 per hour

2) **Fixed Fee:** based upon an estimate of the hours at \$250.00 per hour or as agreed to by

Lakeside and the specific client.

We estimate the number of hours and fee to meet with, work on and present your financial plan. One half of the estimated fee is paid in advance of our service with the execution of the Planning Agreement. We consider the “Plan” completed when the Planning Report is delivered to you. At this time, we will present the final invoice to you and request payment within 15 days.

If you choose the Fixed Fee, we will bill one quarter of the fee with the signing of the Agreement. We then bill you each quarter for the balance of the annual service. Each fixed fee agreement is subject to re-negotiation. It does not automatically renew.

Exception: if we mutually agree and document an additional service over and above those specified in the original contract covering planning services for the year, we will bill at our standard hourly rate, in addition to the fixed annual fee.

If you terminate a Financial Planning agreement before the plan is delivered to you, we will bill you for the time spent on your Plan at \$250 per hour. Unearned fees are promptly refunded, earned fees due are billed to you.

### **Other Fees**

Our management fees do not include the following fees and expenses. All of these fees or expenses are borne by you:

- Ticket charges on security transactions
- Transaction fees
- Other related costs and expenses
- Charges imposed by custodians and other third parties, including but not limited to:
  - Advisory fees and administrative fees charged by mutual funds and ETFs
  - Advisory fees charged by sub-advisers (if any are used for your account)
  - Custodial fees, if there are any
  - Odd-Lot differentials
  - Transfer taxes
  - Reorganization fees
  - Bond redemption fees
  - Paper statement fees

Please see “Other Fees in Connection with Trading” on Item 12 on this Brochure for additional information and disclosure related to “other costs” incurred.

## **Additional Compensation**

Lakeside and our employees do not receive any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale or redemption of mutual funds.

### Insurance Agent Transactions

Kristi A. Mandt, CFP®<sup>®</sup>, AIF®<sup>®</sup> is a life insurance agent and receives commission compensation through third party insurance companies by implementing specific life insurance needs of clients. Insurance commissions are not offset against advisory or financial consulting fees you pay to Lakeside. See also, Item 10 for additional information.

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

We do not manage Client accounts with so-called performance-based fees. Our fees are described under Item 5.

## **Item 7 – Types of Clients**

**Portfolio Management Services (Discretionary Management of Accounts)** are provided to:

- Individuals and high net worth individuals
- Trusts and estates
- Individual retirement plan participant accounts
- Not for profit entities
- Corporation or other business entities (Limited Liability Companies, Limited Partnerships, etc.)

We do not impose a minimum asset level to open and maintain a portfolio management account. However, we do impose a minimum annual fee of \$600 per year billed quarterly. If your asset is less than \$100,000, please realize that the minimum annual fee is higher than 0.60%.

**Financial Planning and Consulting Services** are provided to:

- Individuals and high net worth individuals

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

### **Methods of Analysis**

Lakeside uses fundamental and technical analysis in formulating our investment advice to you. Please see Item 4 for a list of the types of securities we use for client portfolios.

Fundamental and Technical Analysis: Fundamental analysis attempts to determine a security's intrinsic value. Technical analysis uses data to determine patterns and trends related to the securities price. We believe the value of any security is permanently linked to fundamentals which determine the expectations of the present value of the cash flows a company can generate, the ability to grow the cash flow and the uncertainty of the discount rate applied to the cash flows available to the owners of the company (stockholders) that is reflected in the company's stock price. Our investment decisions begin with fundamental values and expectations. The marketplace helps to make the final decision to buy or sell. Our investment philosophy involves recognizing the direction of supply and demand forces for specific assets and taking appropriate actions.

### **Sources of Information**

The main sources of information include financial newspapers and magazines, third party research papers, corporate rating services, timing services, corporate filings with the SEC and company press releases.

### **Investment Strategies and Portfolio Composition**

Consulting Services: Our strategy for consulting clients is typically oriented toward long-term investments, including both mutual funds and individual securities, with good fundamentals.

Portfolio Management: All the discretionary accounts are managed using an active approach. Although each client's account is managed based on your unique needs, we have three main strategies:

#### **1) Fixed Income Strategy**

Preservation of capital and low volatility is the goal for this strategy. Portfolios consist of laddered taxable bonds, non-taxable bonds and certificates of deposit. We employ this strategy as a conservative approach for preservation of capital and income generation.

## 2) **Balanced Strategy**

Fixed Income and Equity Strategies are blended for your specific needs as appropriate. Balanced account allocations are never static, they move with the markets. Some clients might be 50-50 (equity to fixed income) but others might be 30-70 (equity to fixed income), or 70-30 (equity to fixed income).

The percentage allocated to either strategy is based upon your income needs, safety of principal and risk tolerances.

- For the fixed income allocation we follow our fixed income strategy above.
- For the equity allocation we follow our equity strategy described below.

## 3) **Equity Strategy**

This strategy aims for capital appreciation primarily through the following equity based securities:

- Mutual funds
- ETFs
- Individual equities listed on an exchange or over-the-counter (OTC) market

The equities used include small and large capitalization securities and growth, value or turnaround situations. Positions are initiated based on strict sell targets.

Investment strategies used to implement investment advice include:

- Long term purchases (securities held at least a year)
- Short term purchases (securities sold within a year)
- Trading (securities sold within 30 days)
- Short sales
- Margin transactions (Margin involves borrowing money from your custodian using the securities in your account as collateral. As a result, you pay interest on the additional dollars you are borrowing to increase your opportunity for profit by leveraging your purchasing power. Margin is often an excellent strategy for clients with large, low cost stock positions where selling the stock creates excessive tax liability. Margin allows you to borrow against securities positions and using the borrowed dollars to diversify your holdings / exposure to the markets).
- Option writing, including covered options, uncovered options or spread strategies

All investments carry the risk of loss of your invested assets. There is no guarantee that any investment strategy will meet its objective or be profitable. Depending on the types of

securities purchased or sold for your accounts, you may face the following risks:

- **Interest Rate Risk:** Fluctuations in interest rates may cause the price of fixed income securities to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond or mutual fund may decline due to the move in market factors such as interest rates, foreign exchange rates and market volatility.
- **Inflation Risk:** Inflation will erode purchasing power.
- **Currency Risk:** The change in value of investments overseas due to currency fluctuation (exchange rate risk) which may affect foreign issuers (through American Depository Receipts) or ETFs which replicate offshore indexes or sectors.
- **Reinvestment Risk:** The proceeds and interest income from an investment would be reinvested at a lower interest rate.
- **Business Risk:** The risk associated with a particular industry or a particular company within an industry.
- **Financial Risk:** A company which uses debt to finance growth or operations would face difficulties meeting financial obligations.
- **Liquidity Risk:** Holding illiquid securities would restrict the ability to sell the investment in a timely manner or at an advantageous price. Lakeside does not typically invest in illiquid securities for clients.

## Item 9 – Disciplinary Information

There are no disciplinary activities past or present to disclose.

## Item 10 – Other Financial Industry Activities and Affiliations

### Insurance Agent – Broker

Kristi A. Mandt, Vice President, is a life insurance agent appointed with various insurance companies. Kristi is also Owner / President of Millikin Mandt Associates, Inc., from which she receives compensation. Through Millikin Mandt Associates, Inc., Kristi provides certain advising and technical services to Lakeside Advisors, Inc.

Kristi receives commission compensation through third party insurance companies by implementing specific insurance needs of clients, though, this does not often occur.

Lakeside also provides insurance recommendations for:

- Health
- Disability
- Long term care
- Property and casualty coverage

Frequent consultation occurs with specialists, who are most often agents, brokers or insurance company representatives. Lakeside makes client referrals to such persons or companies but receives no compensation for doing so if you decide to purchase or exchange insurance products.

## **Item 11 – Code of Ethics**

### **Code of Ethics**

We are required by regulation to have certain internal procedures to address potential and actual conflicts of interest. At Lakeside we follow our own advice. As a result, when appropriate we often purchase or sell the same securities that are recommended to you, our client.

The Code of Ethics (Code) applies to all of our employees. The Code describes our fiduciary obligations to clients, the standard of conduct expected of fiduciaries.

The Code includes, but not limited to, the following topics:

- Confidentiality of client information (described in our Privacy Disclosure you receive)
- A prohibition on the use of material, non-public information (insider trading)
- Limitations and restrictions on the acceptance of gifts, including reporting of certain gifts and business entertainment items
- Personal securities trading procedures including disclosure of all holdings, all members of an employee's household / beneficial ownership accounts (for example, husband / wife accounts, minor children accounts, individual retirement accounts, trusts, etc.) and brokerage accounts

Upon initial hire and annually thereafter, all employees of Lakeside must acknowledge their receipt, review of and understanding of the Code as amended.

### **Personal Trading**

Employees may have a position in securities recommended to clients. In addition, we

permit employees to purchase or sell securities which we recommend to clients for their own account or accounts controlled by them. Trading in the same securities is a conflict of interest between you and our employees. Our Code mitigates this conflict due to the topics covered by the Code and the periodic reviews we conduct of all employee's personal holdings and trading.

The Code restricts trading in securities by our employees while the securities are being traded by us or being considered to be included in the list of securities currently held in client's accounts. In general, employees are expected to trade a security for their personal accounts only after trading of that same security has been completed in client accounts. Except we sometimes combine the transactions of employees and clients together on an aggregated basis. When this occurs, employee and client accounts will share any commission costs equally and receive securities at a total average price.

We create a trade order (specifying each participating account) and its allocation prior to the entry of the aggregated order. As required, we retain the records of each order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated to clients first, and to employees after client orders are completely filled. If there are any exceptions, it will be explained on the order.

The Code requires the personal trades by our employees to be approved by our Chief Compliance Officer (CCO) before execution. These are called reportable transactions.

Transactions, which do not require prior approval, include:

- 1) Ongoing participation in an issuer's dividend and stock purchase plan
- 2) Any transaction over which the employee does not have any direct or indirect influence or control or involuntary transactions, such as mergers, inheritances and gifts
- 3) Ongoing participation in a systematic investment in mutual funds or other securities
- 4) Transactions involving the purchase and sale of mutual funds (open-end) and money market instruments such as certificates of deposits (CDs)
- 5) US Government Bonds / Bills / Notes

Our Code requires employees to report all personal securities transactions except for exempt or non-reportable securities listed above.

Our employees are also required to receive preclearance by the CCO for the purchase and/or sale of any Private Placement. Our Code also prohibits participation in Initial Public



Offerings (IPOs) by our employees.

We review personal trading records on a quarterly basis.

As stated above, initially upon hire and annually thereafter we require:

- Disclosure of all brokerage accounts owned by the employee and family members
- Disclosure of all security holdings in brokerage accounts or in certificate form
- Disclosure of all members of the employee's household
- Disclosure of all beneficial ownership accounts (those where the employee has the rights or authority to the account and assets)
- Certification to the Code, its requirements and the individual's understanding and compliance with the Code

### **Prohibition on Use of Insider Information**

We prohibit our employees from the use of material, non-public inside information. This includes taking any action for their own account(s), accounts of any client or communicating the information to any person outside of our President / Chief Compliance Officer until such time the information is available to the general public. Material, non-public inside information is defined as information that an investor would find useful to determine to purchase or sell a security. The information is material and non-public if the information is not available to the investing public via newspaper, internet or other broadly distributed media.

Clients can request a copy of our Code of Ethics by contacting our Chief Compliance Officer, Robert E. Frey at (Tel: 206-285-1730, Fax: 206-267-2316) or [bob@lakesideadvisors.com](mailto:bob@lakesideadvisors.com).

## **Item 12 – Brokerage Practices**

### **Portfolio Management Clients Recommended Broker**

We use Pershing Advisor Solutions, LLC (PAS), a member of the Financial Industry Regulatory Authority (FINRA) and the Security Investors Protection Corporation (SIPC) as introducing broker and Pershing as clearing broker. PAS and Pershing are wholly owned subsidiaries of the Bank of New York Mellon Corporation (BNY Mellon). We require individual clients to open and maintain their advisory accounts at PAS. Trust accounts custodied at Dorsey & Whitney Trust Company (D&W Trust) are held at SEI Investments Company (SEI).

Although client assets are custodied at Pershing, we do have brokerage discretionary authority that we use on a limited basis for fixed income security transactions. This means that we will “trade away” from PAS for your account in the purchase or sale of fixed income securities (corporate bonds, municipal bonds, government bonds, etc.). In such a case, PAS charges a \$10.00 “trade away fee” per each ticket per account when we execute a trade with another broker or dealer.

These transactions are typically handled by Pershing on an agency basis, clearly showing the ticket and any other minor handling charges.

When we evaluate third party brokers or dealers for fixed income transactions, we evaluate those brokers or dealers on a number of factors, including the following:

- Execution capability
- Financial responsibility and responsiveness
- Expertise in corporate, municipal and US Government bonds
- Reputation, integrity and financial stability
- Competitiveness of price negotiation and spreads
- Promptness of execution
- Past history of execution of trades
- Clearance and settlement capabilities
- Quality of confirmations and account statements
- Access to markets
- Sophistication of trading facilities
- Fixed income inventory

Our relationship with PAS allows Lakeside to use the Pershing platform. Pershing provides both brokerage and custodial services to our clients. We evaluated Pershing based on the same criteria we use when we evaluate third party brokers or dealers for fixed income securities. For other types of securities (mutual funds, ETFs, individual stocks (equity), options, warrants, etc.), we believe that Pershing offers Lakeside and our clients value, quality execution and service. Pershing, as one of the largest, most respected custodians / brokers in the United States, offers global financial services to many clients and investment advisory firms.

We periodically evaluate all the brokers or dealers we use for our client transactions to ensure we are using brokers who provide best execution. Note that best execution is a concept and not a defined term. Best execution is driven in part from the types of securities we use in client accounts, the factors listed above and includes commissions and price negotiation. However, not all factors apply to any specific transaction. This means that we negotiate bond prices at all brokers including Pershing, taking into account the

quantity of bonds available.

## **Trade Aggregation and Allocation**

### **Block Trading**

To facilitate our obligations of best execution, we often aggregate multiple client transactions in the same security together in a block or bunched trade. When using block trading, we are provided with a larger order which gives us the opportunity to negotiate a better price on the security. When employing a block trade:

- All clients participating in the block are known at the time of the order's entry, including each client's percentage of the block.
- Blocks are completed by day-end. If they are not completed, the securities purchased are average priced and allocated across all participating clients. We decide the next day whether to implement the balance of the order.
- Block Trade Allocations:
  - Partially filled order are allocated on a pro-rata basis.
  - When a block is filled (full or partial) at several prices through multiple trades, an average price (and commission) is used when allocating the transactions to client accounts.
  - Only trades executed within the block on the single day are combined for purposes of calculating the average price.
  - To protect clients from multiple ticket charges or commissions on smaller allocations we will allocate as indicated:
    - If a partial fill for a block is completed, we allocate the full amount of smaller participating clients (100 shares or under) to fully complete the order. This eliminates multiple charges for smaller allocations, thus saving clients' money. The balance of the block will then be pro-rated to the balance of the participating client accounts.
  - If employee trades are blocked with those of customers in a block with a partial fill, employee transactions are excluded until all client accounts are filled. Please note that block trades are sometimes executed at a different price for different custodians and are not aggregated across custodians.

We also enter trades individually and randomly pursuant to client contributions or withdrawals from their accounts, to rebalance an account or re-allocate an account due to a change in a client's personal facts or circumstances.

As part of our account review process we conduct random reviews which often cause us

to re-balance an account or to apply a new target security to the account. We typically manage all client accounts on an individualized basis. It is this personal and customized approach that we believe is a key to our customer service. As a result, block trading is most often used in a trade away for fixed income securities. Block trading is utilized only when there is a client benefit to do so.

Block trading in open-end mutual funds does not derive a price or execution benefit as open ended mutual funds are purchased and sold at the day's net asset value.

### Trade Allocation

The prime determinants for allocating securities to client accounts are overall market exposure, industry sector exposure and cash availability of clients' portfolio. Other factors include account cash percentage, asset class allocation, duration, and security trade minimums, the need for liquidity in an account, each account's own investment restriction, the size of the account and the avoidance of odd lots or excessive transaction costs relative to the size of the account, and the need to rebalance positions held by an account due to capital infusions or withdrawals.

### Prohibited Trading Practices

Lakeside by policy does not participate in:

- Cross transactions where the buying or selling of securities from one client portfolio management account directly into another client account (called cross transactions or agency cross transactions)
- Principal transactions where the securities sold by clients are purchased by Lakeside and then sold to another client. As indicated above, we do purchase or sell fixed income securities to other broker-dealers who buy or sell fixed income securities on a principal basis (the price includes a mark-up or mark-down retained by that third party dealer)
- Soft dollars – we do not compensate broker-dealers for third-party research services (known as soft dollar agreement) with the use of client commissions. We pay for our research tools directly to the provider via check.

### Directed Brokerage

Although we require individual clients to custody their accounts at PAS/Pershing, we do not consider this a directed brokerage relationship as it does not meet the criteria for soft dollars contained under Section 28(e) of the Exchange Act.

Clients should understand that when we trade away from your custodian we do so typically

for fixed income securities only.

We do not have clients who direct us to use a specific broker or dealer for their transactions. Clients could do so, and we reserve the right to accept, or not accept such direction, in our sole discretion.

We place most transactions at Pershing for the following reason:

Pershing as a globally recognized name has one of the best reputations in the United States as a broker, dealer and custodian. For the type of business we conduct, our size and the securities we use, we believe that Pershing provides us and our clients with quality execution. We trade away from Pershing for fixed income securities so we can access specialty brokers or dealers in state specific municipal bonds and other specialty fixed income situations we believe are of benefit to our clients and the services we provide.

## **Ticket Charges**

PAS charges the following ticket charges for security transactions:

<b>Type of Security</b>	<b>Ticket Charge</b>	<b>Note / Comment</b>
Mutual Funds	None	FundVest Platform at Pershing
Mutual Funds	\$15.00 to \$20.00	Depends on the fund at Pershing
Equities	\$8.00	Per transaction
Fixed Income	\$8.00	Per transaction
Trade Away Fees (Fixed Income)	\$10.00	Per transaction
Trade Away Fees (Equity)	\$10.00	Per transaction

In addition, PAS charges \$2.00 for paper delivery to clients of trade confirmations and account statements. These fees can be eliminated by electing e-delivery in your PAS account opening paperwork.

## **Item 13 – Review of Accounts**

### **Periodic Review – Portfolio Management Accounts**

Our President and two Vice Presidents are responsible for reviewing portfolio management accounts. Our portfolio management accounts are reviewed indirectly on a continuous basis by reviewing the securities held by all of our clients. Client accounts are reviewed at least quarterly for account level compliance. We request meetings to review your accounts annually in person or via telephone.

Please contact us immediately when your personal or family circumstances change. These impact the investment advice and decisions we make on your behalf in managing your assets.

The following factors trigger more frequent reviews:

- Client's investment exposure (for example, major shift in stock market trends)
- Federal income tax (estimate of quarterly income tax payments)
- Changes in the client's personal life (marriage, birth of a child, retirement, etc.)
  - Please remember to contact us immediately when life changing events occur to you or your family.

### **Periodic Reviews for Financial Planning**

Not applicable for Financial Planning Clients unless contracted for in the agreement for service.

### **Regular Reports**

#### Portfolio Management accounts:

You receive a quarterly report from us which documents the performance of your account at the end of each quarter for the calendar year to date. The report includes:

- A portfolio appraisal (holdings / positions)
- Performance
- The Statement of Management Fees

Our reports are provided separate from and in addition to the statements you receive from your custodian. These statements are typically delivered directly to you in addition to all transaction confirmations from the custodian. We receive electronic copies of all of the confirmations and monthly reports sent to you.

We encourage you to compare your statements provided directly to you by your independent, third party, qualified custodian to the reports provided by Lakeside. We use

the information provided by your custodian to price the securities and generate our reports. Please note the total value of your accounts at Pershing sometimes differ from the reports we provide. This is due to a number of factors including but not limited to:

- Price errors which occur from time to time and which we would overwrite
- Accrued interest due or payable
- Posting (or not posting) dividends or interest
- The difference between trade date and settlement date accounting

Each discretionary client receives Lakeside reports at least quarterly. We will provide special reporting upon request.

All clients should receive statements directly from Pershing or other qualified custodian that holds and maintains your investment assets at least quarterly, but possibly more frequently (monthly). If you do not receive your custodial reports, please contact us.

#### Financial Planning:

Each financial planning client receives at least once per year:

- An updated balance sheet
- A summary of the progress of your investments

Other additional reports may include:

- Retirement funding progress
- Real estate investment performance depending on the client needs

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

We do not compensate any person or company, directly or indirectly, for the introduction of clients to our firm.

### **Item 15 – Custody**

Lakeside does not have physical custody of your funds or securities (see Items 4 and 5 regarding the directly debiting of advisory fees and Item 13).

Your assets are held at a third party qualified custodian in a separate account in your name.

In the written agreement with you, we are authorized to directly debit our fees from your

custodial accounts (see Item 5).

## **Item 16 – Investment Discretion**

We are provided with your written authority to utilize investment discretionary authority in the agreement we have with you.

This means that we have the authority to select the securities and the amount of securities to purchase and sell for your account(s) consistent with your stated investment objectives and limitations, if any.

When selecting securities and determining amounts, we base the investment decision on the investment policy, cash flow needs and client specific restrictions.

## **Item 17 – Voting Client Securities (i.e., Proxy Voting)**

We do not have, for any client, the authority or responsibility to vote proxies on your behalf. As a result, we do not have or maintain proxy voting policies or procedures. Proxy materials are sent directly to you by your custodian. If we inadvertently receive proxy materials for you / your account, we forward those immediately to you.

Clients are responsible for voting proxies for all securities maintained in their portfolios.

If you have questions regarding proxy matters, please call us. We will provide assistance in making the determination on how to vote the proxy. However, you have the authority (final decision) of how you will vote the proxy.

In addition, we do not provide guidance or advice on corporate action matters, including lawsuits among others.

## **Item 18 – Financial Information**

Registered investment advisers are required to provide you with certain financial information or disclosures. We do not have any financial commitment or issue that impairs its ability to meet contractual and fiduciary commitments to clients. We have not been, nor have any principals been the subject of a bankruptcy proceeding.



## Part 2B of Form ADV: *Brochure Supplement*

Item 1 Cover Page

Lakeside Advisors, Inc.  
1115 East Denny Way  
Seattle, WA 98122  
(206) 285-1730  
(206) 267-2316

This brochure supplement provides information about our employees:

**Robert E. Frey**, President, Chief Investment Officer, Chief Compliance Officer,  
CRD# 214260  
[bob@lakesideadvisors.com](mailto:bob@lakesideadvisors.com)

**Kristi A. Mandt**, Vice President, CRD# 1095765, [kristi@lakesideadvisors.com](mailto:kristi@lakesideadvisors.com)

**Miki Okamoto-Swanson**, Vice President, Portfolio Analyst, CRD# 5870077  
[miki@lakesideadvisors.com](mailto:miki@lakesideadvisors.com)

You should have received a copy of the Part 2 A brochure as we include this supplement with all copies. Please contact Robert E. Frey if you did not receive Lakeside's Part 2 A Brochure, or if you have any questions related to the brochure or this supplement.

Additional information about Robert, Kristi, and Miki is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

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## Robert E. Frey, CFP®

### Item 2 Educational Background and Business Experience

**Born:** 1944

**Education after High School:**

BS, Illinois Institute of Technology

MS, University of Washington

CFP®<sup>1</sup> certification (Certified Financial Planner), 1975, College for Financial Planning

**Employment History, Past 5 years:**

President, owner, Chief Investment Officer, Chief Compliance Officer, Investment Advisor Representative, 1984 to Present  
Lakeside Advisors, Inc.

Registered Representative, 1972 to 11/20  
KMS Financial Services, Inc.

Insurance Agent, 1971 to 03/21  
Licensed with various insurance companies

Partner, 1981 to 04/20  
Robert Kersten Co. (investment partnership, originally property investments)

Supplemental: Robert has served on the district and consultative committee for FINRA (previously NASD or National Association of Securities Dealers). He has also taught Securities and Syndication coursework as well as Financial Planning courses.

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<sup>1</sup>The CFP® designation is granted by the Certified Financial Planner Board of Standards. To use this mark, individuals must meet education, examination and experience requirements. Education required is an advanced college level course of study related to areas of financial planning AND requires a Bachelor's Degree from an accredited US college or university (or foreign equivalent). Focus areas of the course include insurance, risk management, employee benefit, investments, income tax, retirement and estate planning. Experience requires 3 years of full time financial planning related experience or 2,000 hours per year. Ethics requires us to be bound by the CFP Board's standards of professional conduct for CFP® practitioners and continuing education requirements (30 hours per year).

### **Item 3 Disciplinary Information**

There are no disciplinary events to disclose for Robert E. Frey (legal, disciplinary events, civil or criminal actions or proceedings before any US governmental agency or self-regulatory agency).

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

None related to financial services.

### **Item 5 Additional Compensation**

None.

### **Item 6 Supervision**

Robert is the President and Chief Compliance Officer (COO) for Lakeside. Robert serves as the Chief Investment Officer (CIO) on the investment committee. Investment decisions and portfolio activity are reviewed as a team by all the supervised persons listed in this supplemental brochure.

Robert as CCO is responsible to provide supervisory oversight to the team as well as all employees and officers of Lakeside.

Code of Ethics compliance for Robert is reviewed by Kristi A. Mandt, our compliance administrator. Kristi's telephone number is 206-267-2312.

If you have any questions related to the supervision of Lakeside or our employees, please contact Robert at 206-285-1730 or via email at [bob@lakesideadvisors.com](mailto:bob@lakesideadvisors.com). Thank you.

**Kristi A. Mandt, CFP®, AIF®**

**Item 2 Educational Background and Business Experience**

**Born:** 1957

**Education after High School:**

No Degree, General Studies, Highline Community College  
BA, Finance, University of Puget Sound  
CFP® certification (Certified Financial Planner), 1991, College for Financial Planning  
AIF® designation (Accredited Investment Fiduciary), 2011, fi360

**Employment History, Past 5 years:**

Vice President, Compliance Administrator, Investment Adviser Representative, 2/05 to Present  
Lakeside Advisors, Inc.

Registered Representative, 2/05 to 11/20  
KMS Financial Services, Inc.

Investment Adviser Representative, 5/12 to 11/20  
KMS Financial Services, Inc.

Insurance Agent, 1983 to Present  
Licensed with various insurance companies

President and Owner, 1995 to Present  
Millikin Mandt Associates, Inc.

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<sup>2</sup>The AIF® designation certifies the recipient has received specialized knowledge of fiduciary standard of care and their application to the investment management process. To receive the AIF® designation, individuals must complete a training program, pass a comprehensive, closed-book final examination under the supervision of a proctor and consent to compliance with the AIF Code of Ethics. In order to maintain the designation, individuals must annually renew his/her affirmation of the Code and complete six hours of continuing education credits. The certification is managed and administered by the Center of Fiduciary Studies (an affiliate of Fiduciary 360).

### **Item 3 Disciplinary Information**

There are no disciplinary events to disclose for Kristi A. Mandt (legal, disciplinary events, civil or criminal actions or proceedings before any US governmental agency or self-regulatory agency).

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

As indicated immediately above (Item 2) and in Part 2 A of this Brochure, Kristi is involved in a number of other business activities:

- President and Owner of Millikin Mandt Associates, Inc. Through Millikin Mandt Associates, Inc., Kristi provides certain advising and technical services to Lakeside Advisors, Inc.
- Insurance Agent for various insurance companies

### **Item 5 Additional Compensation**

Kristi receives separate and additional compensation (which is not credited against Financial Planning or Consulting Fees paid to Lakeside). Additional compensation comes from activity as:

- Insurance Agent for various insurance companies

See above, Item 2 (and Part 2 A of Form ADV) for complete details.

### **Item 6 Supervision**

Kristi is supervised by Lakeside's President, Robert E. Frey. Supervision is conducted by a sampling of the client work produced by Kristi, a sampling of portfolios and through day-to-day interaction between Lakeside's investment professionals. Kristi also serves on the Investment Committee which reviews investment decisions and portfolio activity of clients.

If you have any questions related to the supervision of Lakeside or our employees, please contact Robert at 206-285-1730 or via email at [bob@lakesideadvisors.com](mailto:bob@lakesideadvisors.com). Thank you.

## Miki Okamoto-Swanson, CFA®

### Item 2 Educational Background and Business Experience

**Born:** 1976

**Education after High School:**

BA, Kansai Gaidai University (Japan)

Huron College (Canada – exchange student, 1 year)

CFA® designation (Chartered Financial Analyst), 2010, CFA Institute

**Employment History, Past 5 years:**

Portfolio Analyst, 7/06 to Present

Lakeside Advisors, Inc.

Investment Advisor Representative, 5/12 to Present

Lakeside Advisors, Inc.

### Item 3 Disciplinary Information

There are no disciplinary events to disclose for Miki Okamoto-Swanson (legal, disciplinary events, civil or criminal actions or proceedings before any US governmental agency or self-regulatory agency).

### Item 4 Other Business Activities

None related to financial services.

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<sup>3</sup>The Chartered Financial Analyst designation is an international professional designation awarded by the CFA Institute (formerly AIMR) to financial professionals. To earn the CFA charter candidates must pass each of three sequential six-hour exams, possess a bachelor's degree from an accredited institution (or have equivalent education or work experience) and have at least 48 months of qualified, professional investment experience. CFA charterholders are also obligated to adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct.

## Item 5 Additional Compensation

None.

## Item 6 Supervision

Miki is supervised by Lakeside's President, Robert E. Frey. Miki, as a portfolio analyst assists Robert in the management of client's portfolios. As a result, there is significant day-to-day interaction between Robert and Miki. In addition to activity as a portfolio analyst, Miki supports Lakeside through client service, client reporting, compliance support and operational activity. Miki also serves on the Investment Committee which reviews investment decisions and portfolio activity of clients.

If you have any questions related to the supervision of Lakeside or our employees, please contact Robert at 206-285-1730 or via email at [bob@lakesideadvisors.com](mailto:bob@lakesideadvisors.com). Thank you.