

**Item 1 Cover Page for Part 2A of Form ADV - Firm Brochure**

**Dated: June 30, 2020**



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This brochure provides information about the qualifications and business practices of South Bay Financial Partners Group, Inc d/b/a South Bay Financial Partners. If you have any questions about the contents of this brochure, please contact us at 310-792-4189 and/or [tara@southbayfinancialpartners.com](mailto:tara@southbayfinancialpartners.com). Please know that the information in this brochure is accessible on our website at all times. 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 South Bay Financial Partners also is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

Being a Registered Investment advisor (RIA) does not imply a certain level of skill or training.

As a CFP® certificant, South Bay Financial Partners acknowledges its responsibility to adhere to the standards established in the CFP Board's Standards of Professional Conduct, including the duty of care of a fiduciary, as defined by the CFP Board. If Client believes that South Bay Financial Partners has violated the Standards, Client may file a complaint online with the CFP Board at [www.cfp.net/complaint](http://www.cfp.net/complaint). Company also has a more stringent Code of Ethics that all employees adhere to. A copy of this Code of Ethics is provided upon request.

## **Item 2 Material Changes**

Item 4 – F. Online Environment – Your Amazing Financial Life (YAFL) now includes an option for additional services offered at an hourly rate

Item 5 – Fresh Start Program was added

Item 5 - Fee ranges updated

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

|   |    |
|---|----|
| Item 1 Cover Page for Part 2A of Form ADV - Firm Brochure                                     | 1  |
| Item 2 Material Changes   | 2  |
| Item 3 Table of Contents  | 3  |
| Item 4 Advisory Business  | 4  |
| A. Investment Advisory Services   | 4  |
| B. Financial Planning   | 5  |
| C. Financial Coaching   | 5  |
| D. Publication of periodicals or newsletters  | 5  |
| E. Educational seminars/workshops   | 6  |
| F. Online Environment – Your Amazing Financial Life (YAFL)                                    | 6  |
| Item 5 Fees and Compensation  | 7  |
| Young Adult Environment   | 7  |
| Fresh Start Program   | 7  |
| Financial Coaching Service Plans  | 7  |
| Financial Planning Service Plans  | 7  |
| Item 6 Performance-Based Fees and Side-By-Side Management                                     | 9  |
| Item 7 Types of Clients   | 9  |
| Item 8 Methods of Analysis, Investment Strategies and Risk of Loss                            | 9  |
| Item 9 Disciplinary Information   | 11 |
| Item 10 Other Financial Industry Activities and Affiliations                                  | 11 |
| Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading | 13 |
| Item 12 Brokerage Practices   | 13 |
| Item 13 Review of Accounts  | 16 |
| Item 14 Client Referrals and Other Compensation   | 17 |
| Item 15 Custody   | 17 |
| Item 16 Investment Discretion   | 17 |
| Item 17 Voting Client Securities  | 18 |
| Item 18 Financial Information   | 18 |

## **Item 4 Advisory Business**

South Bay Financial Partners (advisor) provides custom financial planning, financial therapy, investment advice, and tax preparation services to high net worth individuals, individuals, families, and small companies. We provide integrated service that facilitates all aspects of a clients' financial life including budgeting, goal setting, risk management, estate planning advice, investment advice, portfolio management, interfacing with clients' other professional advisors with matters relating to finances. We specialize in multi-generational family financial planning including later life transitions and financial coaching for young adults. Each client is evaluated individually and advice is solely based on their needs and goals. We don't sell financial products nor do we receive commissions or fees for products that we recommend. All advisor income is paid directly for services rendered.

Client should be aware that in general the interests of the advisor may not be the same as the interests of the Client. Clients are under no obligation to act on advisor's recommendations. If Client elects to act on any of the recommendations, Client is under no obligation to effect the transaction through advisor.

Advisor is incorporated in the state of California and is wholly owned by Tara T. Unverzagt and Robert M. Unverzagt. Tara has been a financial advisor since 1992. Robert is not involved in the day to day operation of the firm.

Janet Tussing works for the firm as a Consultant. Janet has recently retired from Albanese, Hemsley & Tussing, Ltd. and brings over 30 years of experience in the financial and tax industry.

Stuart Pyne joins the firm as an Assistant Advisor focusing on insurance analysis, life planning, and financial coaching for younger adults.

### **A. Investment Advisory Services**

Advisor manages portfolios that trade primarily in individual domestic stocks and investment grade bonds. We also invest in exchange traded funds (ETFs), mutual funds, options, lower grade bonds, and international securities.

Clients' needs and risk preferences are established to determine portfolio design with the aim of meeting financial goals and objectives. Advisor and Client will review goals, objectives, and risk levels at least annually.

Client has the ability to provide restrictions on investments including: types of

securities to select, particular securities or industries that they do or do not want to invest in, or other parameters.

While advisor doesn't open brokerage accounts, Client can request assistance.

## **B. Financial Planning**

Advisor provides a variety of financial planning services to Client which, depending on level of service can include:

- Full financial plan that includes analysis of current financial situation based on information provided by Client, determining financial goals, analyzing risk management (including insurance and investment risk), developing a plan to meet goals, estate plan analysis.
- Monitoring plan and goals.
- Any portion of the financial plan may be completed independently.
- Plans to achieve goals can include planning for college, retirement, debt reduction, major purchase or life change (e.g. changing jobs or careers), among others.
- Charitable giving planning.
- Small business planning including benefit plan.

## **C. Financial Coaching**

Advisor provides financial coaching services that, depending on level of coaching, can include life planning, budgeting, developing financial habits to fulfill life plan, and beginning an investment plan.

## **D. Publication of periodicals or newsletters**

Advisor will periodically publish a blog entry on the company website. The information is general in nature and is not meant to represent financial or tax advice. Each person's financial situation is unique and advice needs to be customized to their particular situation. The information is meant to be a starting point in determining potential financial needs to be addressed.

Advisor may publish other newsletters written by the company or purchased from

a third party. Newsletters may be distributed on paper or electronically. No specific information about performance, past or expected, or particular securities will be discussed except for publicly known facts such as prices and benchmark performance such as the S&P 500 Index and Dow Jones Industrial Average.

#### **E. Educational seminars/workshops**

Advisor will conduct workshops free of charge and open to the public, on various topics of financial planning, investments, and tax preparation. These are general in nature and are not meant to represent financial or tax advice for a specific person. No specific information about performance, past or expected, or particular securities will be discussed except for publicly known facts such as prices and benchmark performance such as the S&P 500 Index and Dow Jones Industrial Average.

#### **F. Online Environment – Your Amazing Financial Life (YAFL)**

Advisor provides a service that allows young adults low cost access to financial planning, financial coaching, financial therapy, investment, and tax advice. The information provided is general in nature that allows members to make decisions for themselves. Advisor does not open accounts, execute trades, and decide what custodian the members should use, etc. Additional services are available at an hourly rate.

Each client's needs are defined at the beginning of the relationship and outlined in Client Contract. Changes are allowed to the contract after commencement of service. A client's portfolio and financial planning services are unique to the individual based on their current situation, their goals, and their risk tolerance. Client's personal preferences are integrated into the investment advice as well as financial planning services. Restrictions may be requested and will be integrated if reasonable.

Advisor does not participate in a wrap fee program.

Advisor has \$156,567,336.83 of non-discretionary assets and 58 clients under management as of December 31, 2019.

## **Item 5 Fees and Compensation**

Advisor has a relationship with TD Ameritrade or Charles Schwab & Co. (“Broker”) but receives no payment from Broker at any time. See advisor Brochure for more information about the relationship between advisor and Broker.

### **Young Adult Environment**

There is one service available. Fees of \$49.99 monthly. In addition, workshops, classes, and hourly meeting rates range from \$100-\$500 per hour. Discounts are available.

### **Fresh Start Program**

The Fresh Start Program is designed as a service that all new clients must experience. In this program, we work with clients to create an achievable plan built around their goals and life intentions. Delivered in six sessions, we begin with a Discovery call, that costs between \$400-\$600, in which we spend 90 minutes covering your current financial situation, discuss what you’re looking for from an advisor, deliver a net worth statement and summary of your KMSI and Wealth Builder survey results, and ultimately decide if we are a good fit for each other. If we decide to move forward, we begin our financial planning process to develop a plan that will be delivered during session six. Fees for the entire program range from \$2,000 - \$5,000. Discounts are available.

### **Financial Coaching Service Plans**

These levels of service are primarily financial planning services to assist in developing financial literacy, financial skills, and developing financial habits that result in asset accumulation to fulfill the clients’ life plan. They also include some investment advice. Fees are monthly, flat fees from \$125 to \$400 depending on the level of service provided. Discounts are available.

### **Financial Planning Service Plans**

Recommendations given are for only accounts under management. Any accounts shall be held under advisor’s Broker’s agreement or Client shall provide account information or access to accounts to be part of this agreement. All other accounts will not be considered in recommendations including Client’s savings and checking accounts. Fees are quarterly flat fees from \$1,000 to \$10,000. Fees may be paid monthly.

The seven levels of service, as described in the client contract, are flat fees which are

withdrawn automatically from Client's brokerage account(s), charged to a credit card, or checking account on a monthly or quarterly basis as indicated in a signed contract before a relationship is established. An invoice indicating fees charged is sent directly to Client. Charges are made at the end of each quarter being charged. The client has the right to cancel the contract at any time.

Fees charged to clients are the only fees that the advisor receives. There are no other fees, commissions, bonuses, etc. received by advisor. Discounts are available.



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

Advisor does not charge performance-based fees.

## **Item 7 Types of Clients**

Advisor provides investment advice to high net worth individuals, individuals, families, small businesses, church, trusts, pension plans. Clients represent all age groups, working, and retired and incorporate multigenerational families. A typical financial coaching client has low assets, possibly in debt, and as much as \$50,000 in investments. A typical financial planning client has at least \$1 million of investment assets, but there are no minimum asset requirements.

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

We primarily invest in high quality stocks, investment grade bonds and cash. We may also invest in mutual funds, ETFs, investment grade corporate bonds, U.S. Government bonds, and Municipal bonds in particular situations. We do not invest in options or derivatives.

Each client's current situation, goals, and risk tolerance is used to determine specific investments to meet the goals with an acceptable risk level. We may invest in securities that employees of the advisor also personally invest in, but we always make recommendations with solely the client's interest in mind. We do not use the Modern Portfolio Theory. Advisor will review each employee's personal trading activity at least quarterly to ensure no conflicts of interest arise.

Investments are researched using a variety of research tools that analyzes past performance, as well as future projections, in addition to integrating economic, industry, and other external factors that will affect the investment.

Asset allocation is determined based on Client's goals and risk tolerance and is updated based on economic and investment environment changes.

Risk is minimized using asset allocation, diversification, and high-quality investments. Aggressive investments will be utilized if it fits the Clients goals and risk tolerance.

Investment is generally long term. Our investment philosophy is that you should buy stocks in companies in which you want to have ownership. We aim to buy investments at a low price and sell at a high price. Advisor buys bonds with the expectation to hold them to maturity. We do not recommend securities that are not publicly traded or investments that do not have publicly published prices.

Investing in securities involves risks and investments may experience a loss to Client.

- **Market Risk:** The prices of securities held by clients may decline due to certain events including economic, political, and social changes domestically or globally. Financial changes, such as those described below, affect the overall market. And market sentiment to the market in general or a particular stock affects each stock price.
- **Inflation Risk:** Inflation reduces the value of goods. If investments do not increase by at least the value of inflation, the funds invested will lose value over time.
- **Interest-Rate Risk:** Fluctuations in interest rates cause investment prices to fluctuate. Typically, as interest rates go up, prices of fixed income securities go down.
- **Currency Risk:** The change in foreign currency relative to US dollars affects companies that are headquartered internationally, as well as domestic companies that have large parts of their business abroad.
- **Reinvestment Risk:** Future proceeds from investments may have to be reinvested at a time when the market prices are high and/or interest rates are low. This affects securities with maturity dates.
- **Liquidity Risk:** The ability to readily convert an investment into cash. The more buyers available every day, the higher the liquidity. US bonds are very liquid while real estate and private partnerships are not.
- **Management Risk:** advisor's investment approach may not produce expected results. If advisor assumptions regarding performance of assets classes or specific securities are incorrect, the overall portfolio will perform below expectations.
- **Equity Risk:** Stocks are generally more volatile than other securities. Specific

securities will be more or less volatile than the market as a whole. While stocks typically perform well over the long term, within any given timeframe, they may fail to produce expected results.

- **Fixed Income Risk:** Issuers of fixed income securities may not be able to make interest and/or principal payments when due. Issuers are rated to identify likelihood of defaulting. Higher rated issuers typically pay less interest while lower rated issuers have to pay higher interest to make up for higher risk. These ratings can change which affects the price of the security.
- **Mutual Fund/ETFs Risk:** Since mutual funds and ETFs are made up of underlying securities, they carry the same risks as described above. They can have additional risks if they hold derivatives (such as options). Mutual funds also have management risk that the managers of the fund will not invest to achieve expected results. ETFs may trade at a market price that is above or below the net asset value.

Clients should know that all investments carry a risk ranging from the variability of market values to the possibility of permanent loss of capital.

## **Item 9 Disciplinary Information**

We have no reportable disciplinary events to disclose.

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

Advisor also prepares tax returns for Clients upon request. Tara Unverzagt is a Registered Tax Preparer in the state of California and an IRS Annual Filing Season Program Participant. Tax preparation is integrated into South Bay Financial Partners business and may be charged separately from or included in Financial Planning services and Investment Advice.

South Bay Financial Partners has not registered, nor has an application pending to register as a broker-dealer or a registered representative of a broker-dealer. South Bay Financial Partners is not registered, nor has an application pending to register as futures commission merchant, commodity pool operator, a commodity trading advisor or an associated person of the foregoing entities.

No payment is made or received for referrals of the clients from the other investment

advisors.

advisor does not receive compensation directly or indirectly from recommending or selecting other advisors for Client.

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

As outlined in California Code CCR 260.238: As an investment advisor Licensed with the Commissioner, advisor and all representatives are fiduciaries and have a duty to act primarily for the benefit of our clients. As a fiduciary we should act in good faith and exercise the highest standard of care. We are expected to be loyal to our clients and to avoid or disclose any conflict of interest that could impair the advice given to our clients. We also have the duty and responsibility to only engage in activities that promote fair equitable and ethical principles. Activities that do not promote fair, equitable and ethical principles are found in CCR 260.238.

Our Code of Ethics includes general requirements that our supervised persons comply with their fiduciary obligations to clients and applicable securities laws. It also contains specific requirements relating to insider trading, conflicts of interest, and confidentiality of client information.

Advisor may buy or sell securities for their personal accounts identical to those recommended to and held by clients. Employees may not trade their own securities in a manner that causes conflict with client trades.

The client's best interest always takes precedence when making decisions for Client or advisor.

## **Item 12 Brokerage Practices**

Advisor does not maintain custody of Client assets on which we advise, although we may be deemed to have custody of Client assets given authority to withdraw assets from the account. Client assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that Client use Charles Schwab & Co or TD Ameritrade, (BROKER), registered broker-dealers, members of SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with the above mentioned BROKER. BROKER will hold assets in a brokerage account and buy and sell securities when instructed. While we recommend that Client use BROKER as Client's custodian/broker, Client will decide whether to do so. Client will open an account with BROKER by entering into an account agreement directly with them. We do not open the account for Client, although we may assist in

doing so. If Client does not wish to place Client assets with BROKER, then Client may be required a higher level of service at a higher fee from advisor to handle investments held away from BROKER. Even though Client account is maintained at BROKER, Client can still use other brokers to execute trades for Client account as described below (see “Your brokerage and custody costs”.)

## **How We Select Brokers/Custodians**

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. We consider a wide range of factors, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see “products and services available to us from BROKER)

For Clients’ accounts that BROKER maintains, BROKER generally does not charge separately for custody services but is compensated by charging Client commissions or other fees on trades that they execute or that settle into BROKER account. In addition to commissions, BROKER charges Client a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by different broker-dealer but

where the securities bought or the funds from the securities sold are deposited (settled) into your BROKER account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize Client trading costs, advisor has BROKER execute most trades for Client account. We have determined that having BROKER execute most trades is consistent with our duty to seek “best execution” of trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How We Select Brokers/Custodians.”)

BROKER serves independent investment advisory firms like us. They provide us and our Clients with access to its institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to retail customers. BROKER also makes available various support services. Some of those services help us manage or administer our Clients’ accounts; while others help us manage and grow our business. BROKER’s support services are generally available on an unsolicited basis (i.e. we don’t have to request them) and at no charge to us. Following is a more detailed description of BROKER’s support services:

**Services that Benefit Client.** BROKER’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of Client assets. The investment products available through BROKER include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by Clients. BROKER’s services described in this paragraph generally benefit Client and Client’s account.

**Services that May Not Directly Benefit Client.** BROKER also makes available to us other products and services that benefit advisor but may not directly benefit Client. These products and services assist us in managing and administering Client’s accounts. They include investment research, both BROKER’s own and that of third parties. We may use this research to service all or a substantial number of our clients’ accounts, including accounts not maintained at BROKER. In addition to investment research, BROKER also makes available software and other technology that:

- Provides access to Client account data (such as duplicate trade confirmations and account statements)
- Provide pricing and other market data
- Facilitate payment of advisor fees from Clients’ accounts
- Assist with back-office functions, recordkeeping, and Client reporting

**Services that Generally Benefit Only advisor.** Schwab also offers other services intended to help advisor manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, pension plan consultants, and insurance providers.

BROKER may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to advisor. BROKER may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. BROKER may also provide us with other benefits, such as occasional business entertainment of our personnel.

### **Our Interest in Custodian's Services**

The availability of these services from BROKER benefits advisor because advisor did not have to produce or purchase them. Advisor doesn't have to pay for BROKER's services. These services are not contingent upon advisor committing any specific amount of business to BROKER in trading commissions or assets in custody. advisor may have an incentive to recommend that Client maintain account with BROKER, based on advisor interest in receiving BROKER's services that benefit advisor's business rather than based on Client's interest in receiving the best value in custody services and the most favorable execution of Client's transactions. This is a potential conflict of interest. Advisor believes, however, that the selection of BROKER is in the best interests of Clients. Advisor selection is primarily supported by the scope, quality, and price of BROKER services (see "How We Select Brokers/Custodians") and not BROKER's services that benefit only advisor. Also, services and products provided by BROKER reduce the cost to advisor of maintaining Client's account and therefore reduce Client's overall fees.

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

Client accounts are reviewed at least quarterly by advisor and a report is sent to Client. Client account may be reviewed more often if the market or other conditions arise to



warrant a review. Transactions in the Client's account will be reported by BROKER.

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

We receive an economic benefit from BROKER in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at BROKER. These products and services, how they benefit advisor, and the related conflicts of interest are described above (see Item 12-Brokerage Practices). The availability to advisor of BROKER's products and services is not based on advisor giving particular investment advice, such as buying particular securities for Clients.

advisor provides no compensation to any person or business for referrals.

## **Item 15 Custody**

Advisor will obtain previous written authorization from Client to deduct advisory fees from the account held with BROKER. BROKER will send statements, at least quarterly, to Client showing all disbursements for the investment account, including the amount of the advisory fees. Each time a fee is directly deducted from Client account, advisor concurrently sends Broker an invoice of the amount of the fee to be deducted from Client's account; and sends Client an invoice or statement itemizing the fee. BROKER maintains actual custody of Client's assets. They will be sent to the email or postal mailing address Client provided to BROKER. Client should carefully review those statements promptly when received. advisor also urges Client to compare BROKER's account statements with the periodic portfolio reports Client will receive from advisor.

## **Item 16 Investment Discretion**

Advisor does have the ability to make trades in accounts at BROKER, but the relationship with Client's account is non-discretion in that Client approves all transactions prior to execution. Client approves BROKER used and the commission rates paid to BROKER. advisor does not receive any portion of the transaction fees or

commissions that Client pays to the custodian. advisor does not have discretion over accounts held away from Charles Schwab and TD Ameritrade.

Client is responsible for all trades made.

### **Item 17 Voting Client Securities**

We do not have authority to vote proxies for Client's securities.

### **Item 18 Financial Information**

Advisor has no financial impairment to report that would affect its ability to provide service to Client. advisor has never been the subject of a bankruptcy petition at any time. advisor does not require or solicit prepayment of more than \$500 in fees from Client, six months or more in advance.