



**COMPASS ROSE**  
**FINANCIAL PLANNING**  
A FINANCIAL PLANNING & INVESTMENT MANAGEMENT FIRM

**Compass Rose Financial Planning, Inc.**  
**d/b/a**

**Compass Rose Financial Planning & Investment Management**  
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**February 13, 2025**

**Form ADV Part 2A**  
**Brochure**

This brochure provides information about the qualifications and business practices of Compass Rose Financial Planning & Investment Management. If you have any questions about the contents of this brochure, please contact us at 760-322-5200 and/or [Bob.Machado@CompassRoseFP.com](mailto:Bob.Machado@CompassRoseFP.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Compass Rose Financial Planning & Investment Management also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Compass Rose Financial Planning & Investment Management is 144566.

Any references to Compass Rose Financial Planning & Investment Management as a registered investment adviser or its related persons as registered Advisory Representatives does not imply a certain level of skill or training.

## Item 2 Material Changes

At least annually, this section will discuss only specific material changes that are made to the Compass Rose Financial Planning & Investment Management (referred to as "Compass Rose") brochure and provide you with a summary of such changes. Additionally, reference to the date of the last annual update to this brochure will be provided.

Our last annual update occurred on February 18, 2024. Since that date, we have no material changes to report.

A copy of our updated brochure and brochure supplement is available to you free of charge and may be requested by contacting us at 760-322-5200 and/or [Bob.Machado@CompassRoseFP.com](mailto:Bob.Machado@CompassRoseFP.com).

Additional information about Compass Rose Financial Planning & Investment Management is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The IARD number for Compass Rose is 144566. The SEC's website also provides information about any persons affiliated with Compass Rose who are registered, or are required to be registered, as Advisory Representatives of Compass Rose.

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## Item 4 Advisory Business

Compass Rose Financial Planning & Investment Management (hereinafter referred to as "Compass Rose") is a Fee-Only investment advisory firm offering financial planning and asset allocation and portfolio monitoring services customized to your individual needs. The services are more fully described below.

A. Compass Rose Financial Planning was formed in 2007 under the laws of the State of California and filed for investment adviser registration with the State of California in April 2007. In August 2015, we changed our business name to Compass Rose Financial Planning & Investment Management to better reflect the services offered. In March 2018, we incorporated under the name, Compass Rose Financial Planning, Inc. and continue to use the d/b/a name of Compass Rose Financial Planning & Investment Management. Robert Machado, CRD number 4935167, CEO and Financial Planner, has been in the financial services industry since 2005. Additional business information about Robert is disclosed in the supplemental brochure attached to this brochure.

B. Compass Rose offers the following advisory services, with each service more fully described below:

- Financial Planning
- Asset Allocation/Portfolio Monitoring.

We do not offer stand-alone financial planning or asset allocation/portfolio monitoring services. Compass Rose provides a comprehensive service consisting of both services.

Our services may be broad or may be focused on one or more topics to address your unique situation.

### Financial Planning Services

Compass Rose provides financial planning services based on your financial and tax status, age, risk tolerance, and investment objectives. Depending on your needs, our advice may include topics such as:

- Goal development
- Financial planning
- Insurance planning
- Tax planning
- Estate planning
- College planning
- Retirement planning.

The financial planning process will begin with an initial complimentary consultation to assess if we can help you with your specific needs. If you decide to engage us for services, you will be required to sign our advisory agreement outlining the relationship and specifying our fee.

Planning services are based on your financial situation at the time and on financial information disclosed by you to Compass Rose. You need to be aware that certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. However, past performance is in no way an indication of future performance. Compass Rose cannot offer any guarantees or promises that your financial goals and objectives will be met. Further, together, we must continue to review the plan and update it based on changes in your financial situation, goals, or objectives, or changes in the economy. If your financial situation or investment goals or objectives change, you must notify us promptly of the changes. The advice offered by Compass Rose is limited and you may need to seek the services of other professionals such as an insurance adviser, attorney, and/or accountant.

Compass Rose uses MoneyGuidePro (MGP) Financial Planning Software. MGP provides custom data-gathering forms tailored to data entry into their planning software. We use the "Your Retirement Lifestyle Workbook" and "Budget Data Gathering Workbook" to collect your data. These workbooks include checklists and questionnaires to assess risk tolerance and ensure collection of all your relevant data, such as account statement, wills, and various policies.

We use the Seven-Step Financial Planning Process taught in CFP Certification curricula and as promoted by the CFP Board of Standards, FPA, and NAPFA:

1. Understanding the Client's Personal and Financial Circumstances
2. Identifying and Selecting Goals
3. Analyzing the Client's Current Course of Action and Potential Alternative Course(s) of Action
4. Developing the Financial Planning Recommendation(s).
5. Presenting the Financial Planning Recommendation(s).
6. Implementing the Financial Planning Recommendation(s).
7. Monitoring Progress and Updating.

With most clients, there will be more than one meeting with possibly as many as three or four meetings, depending on the scope of the engagement and the number of iterations of a plan. Generally, all recommendations will be made and discussed with you during our meetings.

### **Planning/Asset Allocation and Portfolio Monitoring Services**

Once we complete your financial plan, we will work with you to determine which of our model portfolios would be most suitable for you and what level of risk is most comfortable for you.

When constructing client portfolios, we use MoneyGuidePro, which offers nine different risk profiles ranging from conservative to aggressive. We will customize your portfolio allocation taking into consideration your limitations or restrictions, the market and economy at the time, and your financial situation, goals, and objectives.

We will schedule a meeting with you and present the Investment Policy Statement to outline how your account will be managed. It will include the recommended portfolio allocation. Upon your approval, we will implement the initial portfolio allocation. After we implement the initial portfolio allocation, with your written approval as indicated in the Advisory Agreement, we will monitor your account on a regular, but not continuous, and ongoing basis. Unless otherwise expressly requested by you, we will make changes to the allocation as deemed appropriate by your Advisory Representative.

We offer non-discretionary services. No changes will be made to the allocation of your account without prior consultation with you. Your Advisory Representative must contact you to discuss recommendations for changes within your account. Non-discretionary accounts are subject to certain risks that are not inherent in discretionary accounts. Risks include, but not be limited to, the risk of missing market opportunities or the risk of your Advisory Representative not being able to move out of the market until you have been contacted to discuss recommendations for changes within your account.

Depending on your specific goals and objectives, we will generally hold positions in your account for a long term, even more than a year.

We are not limited to any particular type of investment; however, our investment recommendations and managed accounts primarily include mutual funds, stocks, bonds, certificates of deposits, municipal securities, government securities, exchange-traded funds (ETFs), money markets, and annuities as appropriate.

Transactions in the account, account reallocations, and rebalancing may trigger a taxable event, with the exception of IRA accounts, 403(b) accounts, and other qualified retirement accounts.

As further described below, Compass Rose has entered into a relationship to offer you brokerage and custodial services through Schwab Advisor Services<sup>TM</sup>, a division of Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, Member FINRA/SIPC for its Asset Allocation and Portfolio Monitoring services. There is no affiliation among Compass Rose or Schwab.

C. We tailor the advisory services we offer to your individual needs and to meet the financial advice you seek. Your specific information is obtained during our in-person interviews. The information gathered by Compass Rose will assist the firm in providing you with the requested services and customize the services to your financial situation. Depending on the services you have requested, we will gather various financial information and history from you including, but not limited to:

- Retirement and financial goals
- Investment objectives
- Investment horizon
- Financial needs
- Cash-flow analysis
- Cost-of-living needs
- Education needs
- Savings tendencies
- Other applicable financial information required by our Financial Planner to provide the investment advisory services you have requested.

D. Compass Rose does not participate in any wrap-fee programs.

E. Compass Rose does not manage client assets on a continuous and ongoing basis. Instead, we provide non-discretionary asset allocation/portfolio monitoring services. As of December 31, 2024, we had approximately **\$155.5** million of non-discretionary client assets under our monitoring.

### **General Information**

The investment recommendations and advice offered by Compass Rose and your Advisory Representative are not legal advice or accounting advice. You should coordinate and discuss the impact of financial advice with your attorney and/or accountant. Our primary goal is to help our clients identify and pursue their financial goals, thereby enhancing the overall quality of their lives.

While Compass Rose endeavors at all times to offer clients specialized services at reasonable costs, the fees charged by other investment advisers for comparable services may be lower than the fees charged by our firm.

### **IRA Rollover Recommendations**

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you. When we provide investment advice to you regarding your

retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

### **IRA Rollover Considerations**

As part of our financial planning and advisory services, we provide you with recommendations and advice concerning your employer retirement plan or other qualified retirement account. When appropriate, we recommend that you withdraw the assets from your employer's retirement plan or other qualified retirement account and roll the assets over to an individual retirement account ("IRA") which we will manage. If you elect to roll the assets to an IRA under our management, we will charge you an asset-based fee as described in Item 5. You are under no obligation, contractually or otherwise, to complete the rollover. Furthermore, if you do complete the rollover, you are under no obligation to have your IRA assets managed by us. You have the right to decide whether or not to complete the rollover and the right to consult with other financial professionals.

Some employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of each.

An employee will typically have four options:

1. Leave the funds in your employer's (former employer's) plan.
2. Roll over the funds to a new employer's retirement plan.
3. Cash out and take a taxable distribution from the plan.
4. Roll the funds into an IRA rollover account.

Each of these options has advantages and disadvantages. Before making a change, we encourage you to speak with your financial advisor, CPA and/or tax attorney.

Before rolling over your retirement funds to an IRA for us to manage, carefully consider the following.

**NOTE:** This list is not exhaustive.

1. Determine whether the investment options in your employer's retirement plan address your needs or whether other types of investments are needed.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities or previously closed funds.

2. Your current plan may have lower fees than our fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services available through an IRA provider and their costs.
  - c. It is likely you will not be charged a management fee and will not receive ongoing asset management services unless you elect to have such services. If your plan offers management services, the fee associated with the service may be more or less than our asset management fee
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may offer financial advice, guidance, management, and/or portfolio options at no additional cost.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 73.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies; however, there can be exceptions. Consult an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses, or a home purchase.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand your options, their features and differences and decide whether a rollover is best for you. If you have questions, contact us at our main number listed on the cover page of this brochure.

## **Item 5 Fees and Compensation**

### **Planning/Asset Allocation/Monitoring Services**

A. The annual planning/asset allocation/portfolio monitoring fee is based on an aggregate value of all accounts (i.e., total investable assets) within the established household. Fees are negotiable and are not based on a share of capital gains or capital appreciation of the funds or any portion of the funds in your account. Generally, the minimum account size is \$250,000 and the minimum advisory fee is \$2,500 per year.

You may elect to have us bill you each quarter for your Planning/Asset Allocation/Portfolio Monitoring fees or you may authorize us to deduct the advisory fee directly from your account.

The Compass Rose Fee Schedule is as follows:

<b>Account Size</b>	<b>Maximum Annual Fee</b>
\$250,000 to \$499,999	1.00%
\$500,000 to \$999,999	0.85%
\$1,000,000 to \$1,999,999	0.75%
\$2,000,000 to \$2,999,999	0.65%
\$3,000,000+	Negotiable

**Note:** This fee schedule applies to new clients only. Legacy clients are subject to the fee schedule specified in their advisory agreement.

We sometimes make exceptions to our general fee schedule under certain circumstances (e.g., all bond portfolios, responsibilities involved, accounts or groups of accounts which are expected to have significant capital additions in the future, anticipated future earning capacity, related accounts, account composition, pre-existing client, account retention, pro bono activities, etc.). In such cases, lower or higher fees or different payment arrangements can be negotiated with each client separately and will be described in the client's advisory agreement.

You may make additions to your account or withdrawals from your account, provided the account continues to meet minimum account size requirements. No fee adjustments will be made for additional deposits, partial withdrawals, or for account appreciation or depreciation.

B. If your account is established or closed during the middle of a month, you will pay a prorated portion of the advisory fee based on the number of days the account was under our monitoring. As stated above, you may either elect to have us bill you each quarter for your Planning/Asset Allocation/Portfolio Monitoring fees or you may authorize us to instruct the custodian to deduct the advisory fee directly from your account. You will need to grant Compass Rose the authorization to debit your fee. If the fees are deducted directly from an account, your custodian will provide you with a quarterly statement that lists the total fees deducted from the account as well as all transactions that were conducted in the account that quarter.

C. In addition to the advisory fees above, you will pay transaction fees for securities transactions executed in your account in accordance with the custodian's transaction fee schedule. You will also pay fees for custodial services, account maintenance fees, and other fees associated with maintaining the account. These fees are not charged by Compass Rose and are charged by the mutual fund company or account custodian. Compass Rose does not share in any portion of these fees. Additionally, you will pay your proportionate share of the fund's management and administrative fees and sales charges as well as the mutual fund adviser's fee of any mutual fund they purchase. These advisory fees are not shared with Compass Rose and are compensation to the fund manager. More information is available in the mutual fund prospectus.

D. The advisory fee is billed in arrears (i.e., at the end of the billing period) quarterly. Fees will be based on the value of the account on the last business day of the previous calendar quarter. If your account does not contain sufficient funds to pay the advisory fees, we have the limited authority to sell or redeem securities in sufficient amounts to pay advisory fees. Except for ERISA and IRA accounts, you may reimburse your account for advisory fees paid to Compass Rose.

Fee calculation example for a \$650,000 dollar account:

**Quarterly Fee is 1,381.25:**  $\$650,000 \times 0.85\% = \$5,525$  divided by 4.

Compass Rose may change the above fee schedule upon a 30-day prior written notice to you.

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

Compass Rose does not charge performance-based fees or participate in side-by-side management.

## **Item 7 Types of Clients**

The services offered by Compass Rose are geared toward individuals and their families including high-net-worth individuals. In order to participate in our financial planning and asset allocation/portfolio monitoring services, our minimum account size is generally \$250,000 and our minimum advisory fee is generally \$2,500 per year.

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

A. Compass Rose primarily uses Morningstar.com analysis and reports for mutual fund and securities selection. Compass Rose assesses the quality of a mutual fund or security by analyzing Morningstar's overall rating and the 3-, 5- and 10-year performance ratings of the mutual fund within its asset class category of fund. A key consideration to overall mutual fund selection is low-expense ratios compared to other mutual funds in the same asset class category.

B. Compass Rose uses Modern Portfolio Theory, which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully choosing the proportions of various assets. The level of risk is assessed through a Risk Tolerance questionnaire and a discussion with your financial planner. The estimated risk vs. return for any particular portfolio is determined by using the MoneyGuidePro financial planning program and compares the specific portfolio to a graph of the "Efficient Frontier," a graph representing a set of portfolios that maximizes expected return at each level of portfolio risk.

We do not represent, warrant, or imply that the services or methods of analysis we use can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to major market corrections or crashes. Past performance is no indication of future performance. No guarantees can be offered that your goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by Compass Rose or our Advisory Representatives will provide a better return than other investment strategies.

C. As stated above in Item 5, our advice may include the recommendation of mutual funds and ETFs to meet a client's objectives for diversification. The risks with mutual funds include the costs and expenses within the fund that can impact performance, change of managers, and/or the fund straying from its stated investment objective. Open-ended mutual funds do not typically have a liquidity issue and the price does not fluctuate throughout the trading day. Mutual fund fees are described in the fund's prospectus, which the custodian mails directly to the client following any purchase of a mutual fund that is new to the client's account. In addition, a prospectus is available online at each mutual fund company's website. At the client's request at any time we will direct the client to the appropriate web page to access the prospectus.

The risks with ETFs include the fact that actively traded ETFs can create increased trading expenses and fees and the intraday trading opportunities created by ETFs may not fit into a long-term investor's strategy. In addition, an ETF more heavily weighted towards a particular market sector may be more volatile over short and long periods of time than a more broadly diversified ETF.

## **Item 9 Disciplinary Information**

Investment advisers must disclose any legal or disciplinary events that would be material to your evaluation of Compass Rose or the integrity of our management. There is no reportable disciplinary information required for Compass Rose or its management persons.

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

A., B. Compass Rose does not have a related person who is a broker-dealer or other similar type of broker or dealer, investment company or other pooled investment vehicle, other investment adviser or financial planner, futures commission merchant or commodity pool operator, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer, or sponsor or syndicator of a limited partnership.

C. Compass Rose nor its management persons has a relationship with any of the following entities: broker-dealer, municipal securities dealer, or government securities broker-dealer, investment company or other pooled investment vehicle, other investment adviser or financial planner, futures commission merchant, commodity pool operator or commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer, or sponsor syndicator of limited partnerships.

D. Compass Rose does not recommend the services of a Third-Party Manager.

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

A. Compass Rose has a fiduciary duty to you to act in your best interest and always place your interests first and foremost. Compass Rose takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as our policies and procedures. Further, we strive to handle your non-public information in such a way to protect information from falling into the hands of anyone who has no business reason to know such information. We provide you with our Privacy Policy that details our procedures for handling your personal information. Compass Rose maintains a Code of Ethics for its Advisory Representatives, supervised persons, and office staff. The Code of Ethics contains provisions for standards of business conduct to comply with Federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about your transactions. Further, our Code of Ethics establishes our firm's expectation for business conduct. A copy of our Code of Ethics will be provided to you upon request.

B. Neither Compass Rose nor its associated persons recommend to clients or buys or sells for client accounts any securities in which we have a material financial interest.

C. Compass Rose and its associated persons may buy or sell securities identical to those securities recommended to you. Therefore, Compass Rose and/or its associated persons may have an interest or position in certain securities that are also recommended and bought or sold to you. They will not put their interests before your interest. Neither Compass Rose nor any associated person may trade ahead of you or trade in such a way to obtain a better price for themselves than for you or other clients.

D. Compass Rose is required to maintain a list of all securities holdings for its associated persons and develop procedures to supervise the trading activities of associated persons who have knowledge of your transactions and their related family accounts at least quarterly. Further, associated persons are prohibited from trading on non-public information or sharing such information.

You have the right to decline to implement any investment recommendation. Compass Rose and its associated persons are required to conduct their investment advisory business in accordance with all applicable Federal and State securities regulations.

## **Item 12 Brokerage Practices**

A. Compass Rose is a Fee-Only financial planning and investment management company. Our clients are our sole source of compensation. We do not receive any commissions, rebates, or any other type of compensation. We may provide our financial planning and asset allocation/portfolio monitoring services or provide you advice for you to manage your own accounts. For smaller portfolios or where clients choose to manage their own account, we will suggest client establish an account with Schwab and use Vanguard mutual funds because of their overall low expenses and availability of low-cost index funds.

As part of our financial planning and asset allocation/portfolio monitoring services, we recommend Schwab Advisor Services<sup>TM</sup> division of Charles Schwab & Co., Inc. ("Schwab"), a registered broker/dealer, member FINRA and SIPC. Schwab is an independent and unaffiliated SEC-registered broker-dealer. Schwab offers to independently registered investment advisers services that include custody of securities, trade execution, and clearance and settlement of transactions. Compass Rose receives some benefits from Schwab through its participation in the program.

In initially selecting Schwab, Compass Rose conducted due diligence. We examined the ability to service you, staying power as a company, industry reputation, reporting ability, trading platform, products and services available, technology resources, and educational resources. We consider Schwab's commissions to be reasonable in comparison to the value provided although they may be higher or lower as compared to online or other discount broker-dealers.

Schwab makes available to Compass Rose other products and services that benefit us but may not directly benefit you. Some of these other products and services assist us with managing and administering your accounts. Many of these services generally may be used to service all or a substantial number of Compass Rose clients, including clients who do not maintain accounts at Schwab.

### **The custodian and brokers we use**

We do not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15—Custody, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We suggest that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian.

We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we request that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. Conflicts of interest associated with this arrangement are described below as well as in Item 14 (Client referrals and other compensation). You should consider these conflicts of interest when selecting your custodian.

We do not open the account for you, although we may assist you in doing so. Even though your account is maintained at Schwab, and we anticipate that most trades will be executed through Schwab, we can still use other brokers to execute trades for your account as described below (see "Your brokerage and custody costs").

### **How we select brokers/custodians**

We seek to use Schwab, a custodian/broker that will hold your assets and execute transactions. When considering whether the terms that Schwab provides are, overall, most advantageous to you when compared with other available providers and their services, we take into account 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, security and stability
- Availability of other products and services that benefit us, as discussed below (see "Products and services available to us from Schwab")

### **Your brokerage and custody costs**

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, many mutual funds and ETFs) may not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab's Cash Features Program. Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab 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 your trading costs, we have Schwab execute most trades for your account.

We are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers.

Although we are not required to execute all trades through Schwab, we have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your 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"). By using another broker or dealer you may pay lower transaction costs.

### **Products and services available to us from Schwab**

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through us.

Schwab 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. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of Schwab's support services:

**Services that benefit you.** Schwab'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 Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

**Services that do not directly benefit you.** Schwab also makes available to us other products and services that benefit us but do not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts and operating our firm. They include investment research, both Schwab's own and that of third parties. We use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

Services that generally benefit only us. Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology and business needs
- Consulting on legal and related compliance needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting and support

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or pays all or a part of a third party's fees. Schwab also provides us with other benefits, such as occasional business entertainment of our personnel. If you did not maintain your account with Schwab, we would be required to pay for these services from our own resources.

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

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. The fact that we receive these benefits from Schwab is an incentive for us to request the use of Schwab rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe our recommendation of Schwab is appropriate based on the level of service provided and the appropriate fees charged. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/ custodians") and not Schwab's services that benefit only us.

As stated previously, certain products that we recommend may pay 12b-1 fees. Where applicable and for those accounts under its custody, Schwab will retain the 12b-1 fees. Compass Rose will not receive these fees.

B. Due to the individual management of client accounts, we do not aggregate the purchase or sale of securities for various client accounts.

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

A. Upon completion of your written financial plan, Robert Machado will meet with you to review the plan and answer any questions you may have about the plan's content. We recommend that we review and update your plan semi-annually, but as a minimum, once per year, depending on your particular financial and life situation. This review will include an assessment of your current risk vs. return tolerance. Based upon that assessment, we may recommend you rebalance your portfolio to match your current risk/return tolerance.

Client accounts are typically reviewed semi-annually by Robert Machado. He will attempt to contact you at least semi-annually or as agreed by you and Robert. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place.

B. You must notify us promptly of any changes to your financial goals, objectives, or financial situation as such changes may require your Advisory Representative to review your plan and/or your portfolio and make amendments.

C. You will receive statements at least quarterly direct from the account custodian. Additionally, you will receive confirmation of all transactions occurring direct from the account custodian. Other than the initial financial plan or analysis, there will be no other reports issued.

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

A. Product vendors recommended by Compass Rose may provide non-monetary assistance with client events and provide educational tools and resources. We never select products as a result of any monetary assistance. As stated, we only accept product brochures, educational tools and brochures, and advisor resources, such as [www.advisors.vanguard.com](http://www.advisors.vanguard.com); all non-monetary. The selection of product that is most appropriate for the client is first and foremost. Compass Rose's due diligence of a product does not take into consideration any assistance it may receive.

Although the receipt of products or services is a benefit for you and us, it also presents a conflict of interest. Compass Rose attempts to mitigate the conflict of interest by notifying you of the conflict. We inform you that you are free to consult other financial professionals. We are bound by our Code of Ethics to act in an ethical manner.

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

B. Compass Rose does not directly or indirectly compensate any person who is not a supervised person of our firm for referrals. Further, we do not receive an economic benefit from a non-client for providing investment advice or advisory services to you.

We do not compensate any person or entity for referring business to Compass Rose.

## **Item 15 Custody**

Compass Rose does not have physical custody of any client funds or securities. However, under government regulations, we are deemed to have constructive custody of your assets if you authorize us to instruct Schwab to deduct our advisory fees directly from your account. Your custodian, Schwab, maintains the actual custody of your assets. You will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address you provided to them. You should carefully review those statements promptly when you receive them. Please see Item 5 for more information regarding the deduction of advisory fees from client accounts.

## **Item 16 Investment Discretion**

Compass Rose does not provide discretionary asset management services.

## **Item 17 Voting Client Securities**

Compass Rose does not vote your securities.

## **Item 18 Financial Information**

A. Compass Rose will not require you to prepay more than \$500 and 6 or more months in advance of receiving the advisory service; therefore, a balance sheet is not required to be attached.

B. Compass Rose is financially stable. There is no financial condition that is likely to impair our ability to meet our contract actual commitment to you or any other client.

C. Neither Compass Rose nor its Advisory Representative has ever been the subject of a bankruptcy petition.

## **Item 19 Requirements for State-Registered Advisers**

A. Robert Machado is the sole owner and CEO of Compass Rose. Information about his formal education, business background, and other businesses in which he is actively engaged can be found in the attached Brochure Supplement (ADV Part 2B).

B. Compass Rose is not actively engaged in any business other than providing investment advice/financial planning.

All material conflicts of interest under CCR Section 260.238 (k) are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

C. Neither Compass Rose nor any of its supervised persons charges performance-based fees.

D. Neither Compass Rose nor any of its management personnel have been the subject of a reportable legal or disciplinary event including a civil, self-regulatory organization, or administrative proceeding.

E. Neither Compass Rose nor any of its management personnel have any arrangement or relationship with any issuer of securities.



**Compass Rose Financial Planning, Inc.  
d/b/a**

## **Compass Rose Financial Planning & Investment Management**

**333 North Palm Canyon Drive, Suite 112A  
Palm Springs, CA 92262**

**Phone: 760-322-5200**

**Fax: 760-459-1970**

**[www.compassrosefp.com](http://www.compassrosefp.com)**

**February 17, 2023**

**FORM ADV PART 2B  
BROCHURE SUPPLEMENT**

**Robert Machado, CFP®**

**This brochure supplement provides information about Robert Machado that supplements the Compass Rose Financial Planning & Investment Management brochure. You should have received a copy of that brochure. Please contact Robert Machado at 760-322-5200 if you did not receive a Compass Rose Financial Planning & Investment Management brochure or if you have any questions about the contents of this supplement.**

**Additional information about Robert Machado is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable CRD number for Robert Machado is 4935167.**

## Item 2 Educational Background and Business Experience

Robert Machado, CFP®

Year of Birth: 1950

Education:

Name of School	Years Attended	Year Graduated	Degree	Major
United States Military Academy	1969–1973	1973	BS	Mechanical Engineering
Golden Gate University	1987–1991	1991	MBA	Management
Golden Gate University	2001–2006	2006	MS	Financial Planning
Certified Financial Planner™ Board of Standards, Inc.		2009	Certification	Certified Financial Planner™ (CFP®)*

### CERTIFIED FINANCIAL PLANNER™ Professional

I am certified for financial planning services in the United States by Certified Financial Planner Board of Standards, Inc. ("CFP Board"). Therefore, I may refer to myself as a CERTIFIED FINANCIAL PLANNER™ professional or a CFP® professional, and I may use these and CFP Board's other certification marks (the "CFP Board Certification Marks"). The CFP® certification is voluntary. No federal or state law or regulation requires financial planners to hold the CFP® certification. You may find more information about the CFP® certification at [www.cfp.net](http://www.cfp.net).

CFP® professionals have met CFP Board's high standards for education, examination, experience, and ethics. To become a CFP® professional, an individual must fulfill the following requirements:

**Education** – Earn a bachelor's degree or higher from an accredited college or university and complete CFP Board-approved coursework at a college or university through a CFP Board Registered Program. The coursework covers the financial planning subject areas CFP Board has determined are necessary for the competent and professional delivery of financial planning services, as well as a comprehensive financial plan development capstone course. A candidate may satisfy some of the coursework requirement through other qualifying credentials.

**Examination** – Pass the comprehensive CFP® Certification Examination. The examination is designed to assess an individual's ability to integrate and apply a broad base of financial planning knowledge in the context of real-life financial planning situations.

**Experience** – Complete 6,000 hours of professional experience related to the personal financial planning process, or 4,000 hours of apprenticeship experience that meets additional requirements.

**Ethics** – Satisfy the *Fitness Standards for Candidates for CFP® Certification and Former CFP® Professionals Seeking Reinstatement* and agree to be bound by CFP Board's Code of Ethics and Standards of Conduct ("Code and Standards"), which sets forth the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements to remain certified and maintain the right to continue to use the CFP Board Certification Marks:

**Ethics** – Commit to complying with CFP Board's *Code and Standards*. This includes a commitment to CFP Board, as part of the certification, to act as a fiduciary, and therefore, act in the best interests of the client, at all times when providing financial advice and financial planning. CFP Board may sanction a CFP® professional who does not abide by this commitment, but CFP Board does not guarantee a CFP® professional's services. A client who seeks a similar commitment should obtain a written engagement that includes a fiduciary obligation to the client.

**Continuing Education** – Complete 30 hours of continuing education every two years to maintain competence, demonstrate specified levels of knowledge, skills, and abilities, and keep up with developments in financial planning. Two of the hours must address the Code and Standards.

*Business Background:*

<b>Name of Employer</b>	<b>Type of Business</b>	<b>Title</b>	<b>Period of Employment</b>
Compass Rose Financial Planning & Investment Management	Investment Adviser	CEO Financial Planner	07/2007 to Present
Linsco/Private Ledger Corp.	Broker-Dealer / Investment Adviser	Registered Representative Advisory Representative	02/2006 to 08/2006
American Express Financial Advisors	Broker-Dealer / Investment Adviser	Registered Representative Advisory Representative	06/2005 to 02/2006
IDS Life Insurance Company	Insurance Company	Agent	06/2005 to 02/2006
Intel Corporation	Technology Company	Human Resources Development Representative/ Purchasing Manager	08/2000 to 04/2005 08/1993 to 09/2000

**Item 3 Disciplinary Information**

Robert Machado is not subject to legal or disciplinary events that are material to a client or prospective client's evaluation of him or the services offered by him.

**Item 4 Other Business Activities**

Robert Machado is not actively engaged in any investment-related business or occupation.

**Item 5 Additional Compensation**

Robert Machado does not receive an economic benefit (i.e., sales awards and other prizes) from a non-client for providing advisory services.

**Item 6 Supervision**

Robert Machado is the sole owner, CEO and Financial Planner and supervises all activities conducted through Compass Rose Financial Planning & Investment Management. He maintains policies and procedures to guide his activities and adheres to a Code of Ethics. His contact information can be found on the cover page of this brochure supplement.

## **Item 7 Requirements for State Registered Advisers**

Robert Machado has not been involved in any arbitration claim or civil, self-regulatory organization, or administrative proceeding involving an investment or investment-related business or activity, fraud, false statements, or omissions, theft, embezzlement, or other wrongful taking of property, bribery, forgery, counterfeiting, or extortion, or dishonest, unfair, or unethical practices.

Additionally, he has not been the subject of a bankruptcy petition.