

Palen Financial, LLC Client Brochure

This brochure provides information about the qualifications and business practices of Palen Financial, LLC. If you have any questions about the contents of this brochure, please contact us at (563) 344-5888 or by email at: palenfinancial@palenfinancial.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 Palen Financial, LLC is also available on the SEC's website at www.adviserinfo.sec.gov. Palen Financial, LLC's CRD number is: 144892

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Registration does not imply a certain level of skill or training.

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Item 2: Material Changes

Palen Financial, LLC has not yet filed an annual updating amendment using the ADV Form 2A. Therefore there are no material changes to report.

Item 3: Table of Contents

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Item 4: Advisory Business

A. Description of the Advisory Firm

This firm has been in business as Palen Financial LLC since January 1, 2008, and the principal owner is Frederick Joseph Palen. This firm was formerly named *Palen Financial Advisor's* from 1998-2008 and was operated by the same principal owner, Frederick Joseph Palen.

B. Types of Advisory Services

Palen Financial, LLC (hereinafter "PF") offers the following services to advisory clients:

Investment Supervisory Services

PF offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. PF creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

PF evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. PF will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

Financial Planning

Financial plans and financial planning may include, but are not limited to: investment planning, life insurance, health insurance, Long Term Care insurance, disability insurance, tax concerns; retirement planning; and college planning. These services are based on fixed fees or hourly fees and the final fee structure is documented in Exhibit II of the Financial Planning Agreement.

Services Limited to Specific Types of Investments

PF limits its investment advice and/or money management to mutual funds, equities, bonds, fixed income, debt securities, government securities, ETFs, REITs, insurance products including annuities, life insurance, long term care and disability. PF may use other securities as well to help diversify a portfolio when applicable.

PF Fiduciary Duties

PF advises clients that are subject to the requirements of the Employee Retirement Income Security Act of 1974 as amended (“ERISA”), and as such, PF acts as a “fiduciary,” as defined in that Act. PF’s fiduciary duties to ERISA clients are limited to its investment supervisory services to the extent that PF (i) has any discretionary authority or control in the administration of the plan, (ii) exercises any authority or control with respect to the management or disposition of plan assets, or (iii) renders investment advice to a plan for a fee or other compensation, direct or indirect. PF’s financial planning services to ERISA clients does not imply a fiduciary status.

C. Client Tailored Services and Client Imposed Restrictions

PF offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client’s current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent PF from properly servicing the client account, or if the restrictions would require PF to deviate from its standard suite of services, PF reserves the right to end the relationship.

D. Wrap Fee Programs

PF does not participate in any wrap fee programs.

E. Amounts Under Management

PF has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$15,500,000	\$0.00	03/24/2017

Item 5: Fees and Compensation

A. Fee Schedule

Investment Supervisory Services Fees

Total Assets Under Management	Annual Fee
\$1 - \$200,000	1.55%
\$200,001 - \$400,000	1.40%
Above \$400,000	1.30%

These fees are negotiable and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Fees are paid quarterly in advance. Refunds require a 30 day written notification of contract termination and will be given on a prorated basis based on the number of days remaining in a quarter at the point of termination. Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization.

Retirement Plan Administration Fees

Total Assets Under Management	Annual Fee
\$1 - \$500,000	1.00%
\$500,001 - \$2,000,000	0.85%
\$2,000,001 - \$4,000,000	0.75%
\$4,000,001 - \$10,000,000	0.60%
Above \$10,000,000	0.50%

These fees are negotiable. Fees are paid quarterly in advance. Refunds require a 30 day written notification of contract termination and will be given on a prorated basis based on the number of days remaining in a quarter at the point of termination. Additional charges by an outside entity such as a record keeper or third party administrator will apply.

Financial Planning Fees

Fixed Fees

Depending upon the complexity of the situation and the needs of the client, the rate for creating client financial plans is between \$500 and \$1,000. Fees are paid in advance, but never more than six months in advance. Fees that are charged in advance are non-refundable. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

Hourly Fees

The hourly fee for these services is \$250.00. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Fees are paid in advance, but never more than six months in advance. Fees that are charged in advance are non-refundable. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

B. Payment of Fees

Payment of Investment Supervisory Fees

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in advance.

Advisory fees may be invoiced and billed directly to the client with payments due quarterly in advance. Clients may select the method in which they are billed.

Payment of Retirement Plan Administration Fees

Retirement Plan Administration fees are paid quarterly in advance.

Payment of Financial Planning Fees

Hourly Financial Planning fees are paid via check or withdrawn directly from client's account with client written authorization in advance, but never more than six months in advance. Fees that are charged in advance for a financial plan are non-refundable.

Fixed Financial Planning fees are paid via check or withdrawn directly from client's account with client written authorization in advance, but never more than six months in advance. Fees that are charged in advance for a financial plan are non-refundable.

C. Clients Are Responsible For Third Party Fees

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by PF. Please see Item 12 of this brochure regarding broker/custodian.

D. Prepayment of Fees

PF collects fees in advance. Fees that are collected in advance may be refunded based on the prorated amount of work completed at the point of termination and the total days during the billing period as long as a 30 day written notification of contract termination has been received by PF.

E. Outside Compensation For the Sale of Securities to Clients

Neither PF nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or distribution/services fees (12b-1 fees) from the sale of mutual funds.

Item 6: Performance-Based Fees and Side-By-Side Management

PF does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7: Types of Clients

PF generally provides investment advice and/or management supervisory services to the following Types of Clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans

Minimum Account Size

There is an account minimum, \$500,000, which may be waived by the investment advisor, based on the needs of the client and the complexity of the situation.

Item 8: Methods of Analysis, Investment Strategies, and Risk of Investment Loss

A. Methods of Analysis and Investment Strategies

Methods of Analysis

PF's primary methods of analysis include, but may not be limited to; Morningstar Reports and Analysis, Market Edge, Internet research and other non-affiliated 3rd party information providers.

Investment Strategies

PF uses long term trading, and short term trading strategies.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

B. Material Risks Involved

Investment Strategies

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading generally hold greater risk and clients should be aware that there is a chance of material risk of loss using any of those strategies.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

C. Risks of Specific Securities Utilized

PF generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business or the integrity of our management.

Item 10: Other Financial Industry Activities and Affiliations

A. Registration as a Broker/Dealer or Broker/Dealer Representative

Neither PF nor its representatives are registered as a broker/dealer or as representatives of a broker/dealer.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither PF nor its representatives are registered as a FCM, CPO, or CTA.

C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

Neither PF nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

D. Selection of Other Advisors or Managers and How This Advisor is Compensated for Those Selections

PF does not utilize nor select other advisors or third party managers. All assets are managed by PF management.

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

A. Code of Ethics

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Clients may request a copy of our Code of Ethics from management.

B. Recommendations Involving Material Financial Interests

PF does not recommend that clients buy or sell any security in which a related person to PF has a material financial interest.

C. Investing Personal Money in the Same Securities as Clients

From time to time, representatives of PF may buy or sell securities for themselves that they also recommend to clients. PF will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

D. Trading Securities At/Around the Same Time as Clients' Securities

From time to time, representatives of PF may buy or sell securities for themselves at or around the same time as clients. PF will trade client's non-mutual funds and non-ETF securities before they trade their own.

Item 12: Brokerage Practices

A. Factors Used to Select Custodians and/or Broker/Dealers

The Custodian was chosen based on their relatively low transaction fees and access to mutual funds and ETFs. PF will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

1. *Research and Other Soft-Dollar Benefits*

PF receives no research, product, or service other than execution from a Custodian with client securities transactions ("soft dollar benefits").

2. *Brokerage for Client Referrals*

PF receives no referrals from the Custodian in exchange for using that Custodian.

3. *Clients Directing Which Broker/Dealer/Custodian to Use*

PF will not allow clients to direct PF to use a specific broker-dealer to execute transactions. Clients must use PF recommended custodian (broker-dealer). Not all investment advisers require their clients to direct brokerage. By requiring clients to use our specific custodian, PF may be unable to achieve most favorable execution of client transactions and this may cost clients money over using a lower-cost custodian.

B. Aggregating (Block) Trading for Multiple Client Accounts

PF maintains the ability to block trade purchases across accounts. While block trading may benefit clients by purchasing larger blocks in groups, we do not feel that the clients are at a disadvantage due to the best execution practices of our custodian.

Item 13: Reviews of Accounts

A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

Client accounts are reviewed at least annually by Frederick Joseph Palen, President , Investment Advisor Representative. Frederick Joseph Palen is the chief advisor and is instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at PF are assigned for review by Frederick Joseph Palen.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Frederick Joseph Palen, President. There is only one level of review and that is the total review conducted to create the financial plan.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

C. Content and Frequency of Regular Reports Provided to Clients

Each client will receive a monthly written report detailing the client's account(s) which will come from the custodian.

Clients are provided ongoing, as needed, financial advice concerning their financial situation. Clients may request additional plans or reports for a fee.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)

PF does not receive any economic benefit, directly or indirectly from any third party for advice rendered to PF clients.

B. Compensation to Non –Advisory Personnel for Client Referrals

Attorneys and accountants providing referrals to PF receive a flat negotiated fee which is disclosed to the prospective client by the attorney/accountant. The referred individual must receive a written notice of the attorney/accountant relationship with PF and must sign acknowledging awareness of this relationship and that the attorney/accountant will be compensated.

Item 15:

PF does not take custody of client accounts at any time. Custody of client's accounts is held primarily at the Custodian. Clients will receive account statements from the custodian and should carefully review those statements.

Item 16: Investment Discretion

For those client accounts where PF provides ongoing supervision, PF maintains limited power of authority over client accounts with respect to securities to be bought and sold and amount of securities to be bought and sold. All buying and selling of securities is explained to clients in detail before an advisory relationship has commenced.

Item 17: Voting Client Securities (Proxy Voting)

PF will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

Item 18: Financial Information

A. Balance Sheet

PF does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither PF nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

C. Bankruptcy Petitions in Previous Ten Years

PF has not been the subject of a bankruptcy petition in the last ten years.

Item 19: Requirements For State Registered Advisers

A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background

PF currently has one management person and one executive officer; Frederick Joseph Palen. Frederick Joseph Palen's education and business background can be found on the Supplemental ADV Part 2B form.

B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)

Frederick Joseph Palen's other business activities can be found on the Supplemental ADV Part 2B form.

C. How Performance Based Fees are Calculated and Degree of Risk to Clients

PF does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

D. Material Disciplinary Disclosures for Management Persons of this Firm

No management person at PF has been involved in an arbitration claim or been found liable in a civil, self-regulatory organization, or administrative proceeding that is material to the client's evaluation of the firm or its management.

E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)

Neither PF, nor its management persons, has any relationship or arrangement with issuers of securities.