

Item 1 - Cover



Discretionary inc.

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This Firm brochure provides information about the qualifications and business practices of Discretionary inc., also referred to as the “Firm” within the document. If you have any questions about the contents of this brochure, please contact us at (858) 375-8939 or by email at info@discretionaryinc.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. Using the term “Registered Investment Advisor” does not imply a certain level of skill or training.

Additional information about Discretionary inc. is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number known as a CRD number. Our Firm’s CRD number is 329342.

Item 2 - Material Changes

This update is in accordance with the required annual update for Registered Investment Advisors. This brochure was created for its initial submission for registration approval. At times, we may perform routine checks for grammar, punctuation, etc., and make necessary updates. Additionally, we may make updates within certain sections of this brochure for better clarity. These types of changes would not be considered a material change. Below is/are the summary of material changes for this release:

- Initial submission for registration.

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Item 4 - Advisory Business

Advisory Firm Description

Discretionary inc. is registered as an Investment Adviser with the State of Colorado. Discretionary inc. became registered as an investment adviser in 2024. Cory Smith is the Owner of Discretionary inc. and Chief Compliance Officer.

Types of Advisory Services Offered

NOTE: Due to the current considerations for health awareness, Discretionary inc.'s preferred method to meet with the client or clients is virtual, followed by conference calls or emails. At the discretion of the investment advisor representative, in-person meetings can be held with agreement by all parties.

Investment Management Services

We are in the business of managing individually tailored investment portfolios. Our Firm provides continuous advice to Clients regarding the investment of their funds based on their individual needs. The allocation and selection are tailored to the Client's stated investment goals and objectives. Through personal discussions, the Client's goals and objectives are established based on their particular circumstances. The Firm will develop a personal target asset allocation and create and manage a portfolio based on that target.

During our data-gathering process, we determine the Client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a Client's prior investment history, as well as family composition and background.

While we principally manage these advisory accounts on a discretionary basis, we retain the unrestricted authority to accept select accounts on a non-discretionary basis as a concession to certain advisory Clients, friends, and family relationships. Account supervision is guided by the Client's stated investment objectives (i.e., aggressive growth, growth, growth and income, or income), as well as tax considerations.

Discretionary inc. creates and manages a diversified portfolio, allocating the Client's assets among various investments taking into consideration the investment objective selected by the Client.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Warrants
- Mutual fund shares
- Municipal securities
- Certificates of deposit
- Options
- Futures
- Securities traded over-the-counter
- Commercial paper
- Exchange-Traded funds
- U. S. governmental securities
- Private Equity
- Corporate debt securities
(other than commercial paper)

Although recommendations for new investments will typically be limited to these items, we may render investment advice on other types of investments held by a Client at the start of the advisory relationship.

Exchange-traded funds and/or no-load mutual funds are selected on the basis of any or all of the following criteria: the fund's performance history, the industry sector in which the fund invests, the track record of the fund's manager, the fund's investment objectives, the fund's management style and philosophy, and the fund's management fee structure. Portfolio weighting between funds and market sectors is determined on a per account basis pursuant to each Client's individual needs and circumstances. Clients retain individual ownership of all securities.

Because some types of investments involve certain additional degrees of risk, they will only be implemented when consistent with the Client's stated investment objectives.

Client Tailored Services and Client Imposed Restrictions

We will account for any reasonable restrictions you may require for the management of your investment account(s). Clients may request restrictions, in writing. While we will strive to document and annually update client suitability information, it does remain your responsibility to promptly notify us, in writing, if there is any change in your financial situation and/or investment objectives for the purpose of our reviewing, evaluating, or revising previous account restrictions or firm investment recommendations.

Financial Planning Services

This service involves working one-on-one with the Firm to develop a financial plan ("plan"). The plan will be completed within 90 days from when the initial fee is paid. Once the plan is completed, a meeting will be scheduled with the Client to deliver and review the plan. If the Client would like to have ongoing support with their plan, the Firm offers an Ongoing Financial Planning Service. Please see below for further details.

Financial planning is a comprehensive evaluation of a client's current financial state by using currently known variables to predict future cash flows, asset values, and withdrawal plans. The key defining aspect of financial planning is that through the financial planning process, all questions, financial information, and current credit status will be considered as they affect and are affected by the entire financial and life situation of the client.

Once the client's information is reviewed, their plan will be built and analyzed, and then the findings, analysis, and potential changes to their current situation will be reviewed with the client. This plan will provide the client with a detailed strategy designed to achieve the client's financial goals and objectives.

In general, the financial plan will address any or all of the following areas of concern. The client and advisor will work together to select the specific areas to cover. These areas may include, but are not limited to, the following:

- **Financial Goals:** We will help clients identify financial goals and develop a plan to reach them. We will identify what you plan to accomplish, what resources you will need to make it happen, how much time you will need to reach the goal, and how much you should budget for your goal.
- **Cash Flow:** We will conduct a review of your income and expenses to determine your current surplus or deficit along with advice on prioritizing how any surplus should be used or how to reduce expenses, and/or support your goals, if they exceed your income. We may also recommend what we believe to be an appropriate cash reserve that should be considered for emergencies and other financial goals, along with a review of accounts (such as money market funds) for such reserves, plus strategies to save desired amounts.
- **Debt Management:** Utilizing software along with advanced analytics to create recommendations to develop tailored strategies for each client. We will review all existing debt and provide strategies with options of what debt paydown, payoff, or consolidations will be most effective in helping clients reach their goals most efficiently.
- **Compensation:** We will review your compensation sources such as salary, bonus, employee stock ownership plans (ESOP), employee stock purchase plans (ESPP), restricted stock units (RSUs), stock options, carried interest, and other deferred compensation and help you understand, track, plan, and benchmark your compensation sources.
- **Risk Management:** A risk management review includes an analysis of your exposure to major risks that could have a significant adverse impact on your financial picture, such as premature death,

disability, property and casualty losses, or the need for long-term care planning. Advice may be provided on ways to minimize such risks and about weighing the costs of purchasing insurance versus the benefits of doing so and, likewise, the potential cost of not purchasing insurance (“self-insuring”).

- **Employee Benefits Optimization:** We will provide review and analysis as to whether you, as an employee, are taking the maximum advantage possible of your employee benefits. If you are a business owner, we will consider and/or recommend the various benefit programs that can be structured to meet both business and personal retirement goals.
- **College Savings:** Includes projecting the amount that will be needed to achieve college or other post-secondary education funding goals, along with advice on ways for you to save the desired amount. Recommendations as to savings strategies are included, and, if needed, we will review your financial picture as it relates to eligibility for financial aid or the best way to contribute to family members (if appropriate).
- **Investment Analysis:** This may involve developing an asset allocation strategy to meet clients’ financial goals and risk tolerance, providing information on investment vehicles and strategies, reviewing employee stock options, as well as assisting you in establishing your own investment account at a selected broker/dealer or custodian. The strategies and types of investments we may recommend are further discussed in Item 8 of this brochure.
- **Retirement Planning:** typically include projections depicting the likelihood of achieving your financial goals, with financial independence usually the primary objective. For situations where projections show less than the desired results, a recommendation may include showing you the impact on those projections by making changes in certain variables (i.e., working longer, saving more, spending less, taking more risk with investments). If you are near retirement or already retired, advice may be given on appropriate distribution strategies to minimize the likelihood of running out of money or having to adversely alter spending during your retirement years.

Ongoing Financial Planning Services

Upon delivery of the Financial Plan, and if elected by the Client, the Ongoing Financial Planning Service will commence. This service involves the Firm working with the Client to give continuous guidance and reviews of their established Financial Plan. On a calendar quarterly basis, the Firm will schedule a meeting to review the status of the Client’s Financial Plan. These meetings will review the agreed-upon actions or steps per the Financial Plan to date. Additionally, during each quarterly meeting, there will be focus on a specific area of the Financial Plan. The area of focus can be, but not limited to, risk management, investment management, tax planning, cashflow, etc. After each meeting, the Firm will determine if any changes to the Financial Plan are required. Depending on the type of requirements for the Financial Plan, the Firm may schedule additional meetings. An example of this type of meeting would be for upcoming tax planning considerations which would usually be scheduled in November.

Clients can contact the Firm outside of the normally scheduled meetings if they have any questions about their plan or have a material change in their financial status. This may include, but is not limited to, income change, death of a family member, changes in marital status, etc.

Ongoing Financial Planning fees are negotiable. The fees are determined based on the complexity and scope of the Clients Financial Plan. For additional services that are required by the Client which are considered “above normal services”, Discretionary inc. will notify the Client accordingly with an amendment to their agreement which will identify the adjusted fee for the additional services. No “above normal services” will commence without the client’s signed approval of the amended agreement. Some of the “above normal services” are listed here and are not limited to; Clients that require or request additional follow-up work that requires joint phone calls with the Client’s other professional service

providers, evening meetings or meetings outside of normal business hours, travel that is required/requested, and other miscellaneous services requested which is considered “above normal services”.

Hourly Financial Planning Services

Clients may elect **not** to utilize the services of a Discretionary inc. to provide a financial plan but rather specific planning services that will be completed using an hourly rate. This type of planning service may include the following or a specific request.

- Tax Planning Strategies: may include ways to minimize current and future income taxes as a part of your overall financial planning picture. For example, we may make recommendations on which type of account(s) or specific investments should be owned based in part on their “tax efficiency,” with consideration that there is always a possibility of future changes to federal, state, or local tax laws and rates that may impact your situation.

We recommend you consult with a qualified tax professional before initiating any tax planning strategy, and we may provide you with contact information for accountants or attorneys who specialize in this area if you wish to hire someone for such purposes. From time to time, if requested, we may participate in virtual meetings or phone calls between you and your tax professional.

- Estate Planning: This usually includes an analysis of your exposure to estate taxes and your current estate plan, which may include whether you have a will, powers of attorney, trusts, and other related documents. Our advice also typically includes ways for you to minimize or avoid future estate taxes by implementing appropriate estate planning strategies such as the use of applicable trusts. We always recommend you consult with a qualified attorney when you initiate, update, or complete estate planning activities. We may provide you with contact information for attorneys who specialize in estate planning when you wish to hire an attorney for such purposes. From time to time, if requested, we may participate in virtual meetings or phone calls between you and your attorney.
- Business Planning: We provide consulting services for clients who currently operate their own business, are considering starting a business, or are planning for an exit from their current business. Under this type of engagement, we work with you to assess your current situation, identify your objectives, and develop a plan aimed at achieving your goals. We also help develop key performance indicators and assist with decisions related to payroll, tax structure, retirement and investment planning, business insurance, risk management, and succession planning.

Wrap Fee Programs

Our Firm does not participate in wrap fee programs.

Assets Under Management

This is the initial submission for registration. Discretionary inc. currently reports \$0 in discretionary and non-discretionary assets under management and will update this value accordingly.

Item 5 - Fees and Compensation

Please note, “If a client does not receive the Brochure at least 48 hours prior to entering into a financial management agreement, the advisory client has a right to terminate the agreement without penalty within five business days after entering into the agreement”.

Discretionary inc. believes that its fees for services are fair and reasonable, which the firm provides; however, clients should be aware that they may be able to find investment management and financial planning services for lower fees elsewhere. As a client of Discretionary inc., clients can decide to use investment management, financial planning, or both services.

Investment Management Services Fees

Investment Management fees are negotiable and calculated as a per annual basis, which shall be billed monthly, in arrears, based on the previous month average daily asset account balance as of the last business day of the prior month. See the “Investment Management Fee Table” below for fee details.

Investment Management Fee Table	
Annual Advisory Fee	Annual Advisory Fee (Discount)
1.00%	0.90%

The monthly advisory fee is deducted by a qualified custodian from their assets. Discretionary inc. recommends that clients use Altruist, a FINRA registered broker-dealer, member SIPC, as the qualified custodian. Further details regarding this relationship can be found in Item 12 - Brokerage Practices under directed brokerages. Clients with additional questions about the fee calculation or billing method are free to contact Discretionary inc.’s IAR or have a discussion at the time of the client’s engagement.

For clients utilizing Discretionary inc.’s Financial Planning Services, a discount will be given to their annual advisory fee as shown in the far right column in the “Investment Management Fee Table”.

No increase in the annual fee shall be effective without agreement from the client by signing a new Investment Management Agreement or an amendment made to this agreement. The annual fees are negotiable and are paid in arrears on a monthly basis.

When our Firm is notified of a Client’s account being transferred out, we will complete a final invoice based on the number of days the account was under the Firm’s supervision and will be sent to the Client.

Financial Plan Fee

Financial Planning fees are negotiable and are determined based on the complexity and scope of services to be performed. This service is offered as a fixed fee and varies depending on your project, your financial profile, and services to be rendered.

To utilize this service, ½ of the determined fixed fee is paid in advance prior to starting the Financial Plan with the remainder due upon delivery of the Financial Plan. Payments for this service type can be made by credit card, debit card, or electronic funds transfers (ACH and Wire Transfers). See the Financial Plan Fee Table below for fee details:

Financial Plan Fee Table			
Plan Type	Single	Couple / Family	Business Owner
Plan Fee	\$3,000	\$4,000	\$6,000

Ongoing Financial Planning Fees

Ongoing Financial Planning fees are negotiable and are determined based on the complexity and scope of services to be performed. The fee for this service is paid monthly in arrears with the first invoice being sent to the Client 30 days from the delivery of the Financial Plan. Payments for this service type

can be made by credit card, debit card, or electronic funds transfers (ACH and Wire Transfers). Please see “Ongoing Financial Planning Fee Table” below for fee details.

Ongoing Financial Planning Fee Table			
Plan Type	Single	Couple / Family	Business Owner
Ongoing Financial Planning Monthly Fee	\$150	\$200	\$400

The fees listed above in both tables are negotiable and can change based on various complexities such as Marital Status, Age of Children, Family Structure, Equity Compensation Benefits, Number of Properties Owned, Tax Filings, Employment Status (Corporate or Self-Employed Small Business Owner) Number of Investment Accounts, Amount of Assets under Advisement or Management, Type of Investments, Years to Retirement, Benefit Analysis (Employer or Self-Directed), amount of general financial planning required, and Estate Planning Needs.

For additional services that are required by the Client which are considered “above normal services”, Discretionary inc. will notify the Client accordingly with an amendment to their agreement which will identify the adjusted fee for the additional services. No “above normal services” will commence without the client’s signed approval of the amended agreement. Some of the “above normal services” are listed here and are not limited to; Clients that require or request additional follow-up work that requires joint phone calls with the Client’s other professional service providers, evening meetings or meetings outside of normal business hours, travel that is required/requested, and other miscellaneous services requested which is considered “above normal services”.

Financial Planning Hourly Fee

On a limited basis, clients may engage our financial planning and investment consultation services for an hourly fee. This is typically for those clients requiring a narrowly focused plan, incidental advice, or abbreviated review session. The hourly rate is \$350.00 per hour with a 2-hour minimum that will be billed in 15-minute increments, and a partial increment will be treated as a whole increment. Prior to engagement, you will receive an estimate of the overall cost based on your requirements and the time involved.

Payments for this service can be made by credit card, debit card, or electronic funds transfers (ACH and Wire Transfers).

Service Cancellation

The client has the right to terminate an agreement without fees or penalty within 5 business days after entering into the agreement.

All services offered by the Firm may be modified upon such terms as may be mutually agreed upon with the client in writing.

Notice of termination for any service(s) by the client can be sent to the Firm at 720 S Colorado Blvd, Penthouse North, Glendale, CO 80246 or emailed to info@discretionaryinc.com with a 30-day notice.

Asset Management

When the Firm is notified by the Client for a cancellation of service or the Firm becomes aware of a Client’s account being transferred out (assets being moved out of the account), we will complete a final invoice based on the number of days the account was under the Firm’s supervision. The invoice amount owed to the Firm by the Client will be calculated as follows:

The fee to be invoiced is calculated by taking the annual fee as calculated by assessing the percentage rates associated with the daily account average value as of the previous month's average daily asset account balance as of the last business day of the prior month. The annual fee is divided by 12 (number of months in the year) to calculate the monthly fee, then ÷ (divided) by the number of days in the current month x (multiplied) by the number of days the Firm managed the account = (equals) the amount to be invoiced.

Financial Planning

For Financial Planning and Hourly Planning Clients terminating this service after the 5 day grace period and prior to receiving their financial plan, a partial refund will be given. This refund amount is determined by the number of hours the Firm has applied to the plan at a rate of \$350/hr. This amount is subtracted from the advance payment received from the Client. The remainder will be considered the refund. As part of the refund, the Client will receive any uncompleted portions of the Financial Plan. For notice of termination received after the financial plan has been delivered, no refund will be available.

Ongoing Financial Planning

Ongoing Financial Planning clients can request for termination of their engagement with Discretionary inc. at any time without penalty.

Other Types of Fees and Expenses

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Mutual fund and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Sub-Advisors and Third-Party Managers may also charge direct account fees. Such charges, fees, and commissions are exclusive of and in addition to our fee, and we shall not receive any portion of these commissions, fees, and costs. Any charges we incur in assisting clients with asset transfers shall be reimbursed by the client.

Item 12 further describes the factors that we consider in recommending broker-dealers for a client's transactions and determining the reasonableness of their compensation (e.g., commissions).

We do not accept compensation for the sale of securities or other investment products including asset-based sales charges or service fees from the sale of mutual funds.

Other Compensation

See Item 10 - Other Financial Industry Activities and Affiliations for additional information.

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

The Firm does not accept, or charge performance-based fees or provide side by side management.

Item 7 - Types of Clients

We provide financial planning and portfolio management services to individuals, couples, high net-worth individuals & couples, charitable organizations, and corporations or other businesses.

The Firm's minimum account size for Investment Management Services is \$250,000. The Firm, in its sole discretion, may manage account sizes under \$250,000. Management of such accounts may be agreed upon based on certain criteria, but not limited to, anticipated future earning capacity, anticipated

addition of future assets, related accounts, account composition, and pre-existing/legacy Client relationship. The Firm has no minimum account size for Financial Planning Services.

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

Analysis

Our primary methods of investment analysis are fundamental, technical, cyclical, and charting analysis.

Fundamental analysis involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience, and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

Technical analysis involves using chart patterns, momentum, volume, and relative strength in an effort to pick sectors that may outperform market indices. However, there is no assurance of accurate forecasts or that trends will develop in the markets we follow. In the past, there have been periods without discernible trends and similar periods will presumably occur in the future. Even where major trends develop, outside factors like government intervention could potentially shorten them.

Furthermore, one limitation of technical analysis is that it requires price movement data, which can translate into price trends sufficient to dictate a market entry or exit decision. In a trendless or erratic market, a technical method may fail to identify trends requiring action. In addition, technical methods may overreact to minor price movements, establishing positions contrary to overall price trends, which may result in losses. Finally, a technical trading method may underperform other trading methods when fundamental factors dominate price moves within a given market.

Cyclical analysis is a type of technical analysis that involves evaluating recurring price patterns and trends based upon business cycles. Economic/business cycles may not be predictable and may have numerous fluctuations between long-term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

Charting analysis involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which are used to predict future price movements based on price patterns and trends. Charts may not accurately predict future price movements. Current prices of securities may not reflect all information about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Investment Strategies

Asset Allocation

In recommending our Clients' investment strategy, we begin by attempting to identify an appropriate ratio of equities, fixed income, and cash (i.e. "asset allocation") suitable to the Client's investment goals and risk tolerance. The client has the option to utilize the static asset allocation or utilize our trend following model.

A risk of asset allocation is that the Client may not participate in sharp increases in a particular security, industry, or market sector. Another risk is that the ratio of equities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the Client's goals. We attempt to closely monitor our asset allocation models and make recommendations periodically to keep in line with the target risk tolerance model.

Trend Following

Trend Following is an investment strategy that attempts to systematically follow market trends up and down over time rather than trying to predict where markets will go next. By dictating asset allocation based on market trends, this rules-based system aims to remove emotion from investing and may allow investors to participate in gains during rising markets while minimizing losses during declines. Periodic rebalancing is required to keep the ratio of equities, fixed income, and cash aligned with the target risk tolerance model.

A risk of trend following is that the predetermined signals may have the investor starting to move into or out of the market when prices may move inverse to the signal. Another risk to trend following is the increased trading costs associated with buying and selling more frequently than a buy and hold investor.

Passive and Active Investment Management

We may recommend investment vehicles that are considered passive, active, or a combination of both styles.

Passive investing involves building portfolios that are composed of various distinct asset classes. The asset classes are weighted in a manner to achieve the desired relationship between correlation, risk, and return. Funds that passively capture the returns of the desired asset classes are placed in the portfolio.

Active investing involves a single manager or managers who employ some method, strategy, or technique to construct a portfolio that is intended to generate returns that are greater than the broader market or a designated benchmark. Actively managed funds are also designed to reduce volatility and risk.

We may recommend both passive and active investing in the Client's portfolio. However, we strive to recommend portfolios of funds and individual securities that we believe will have the greatest probability of achieving our Clients' personal financial goals with the least amount of volatility and risk rather than attempt to outperform an arbitrary index or benchmark.

Specific investment recommendations are based on several factors that we evaluate in order to select, what we believe to be, the highest quality funds or individual securities for our Clients. These factors include but are not limited to underlying holdings of funds, percentage weighting of holdings within funds, liquidity, tax efficiency, bid/ask spreads, and other smart/strategic beta factors. These factors may or may not result in the lowest cost ETFs and mutual funds available when utilizing funds in a client's portfolio, but we strive to recommend internal fund expenses as low as possible.

Risk of Loss

All investing strategies we offer involve risk and may result in a loss of your original investment which you should be prepared to bear. Many of these risks apply equally to stocks, bonds, commodities and any other investment or security. Material risks associated with our investment strategies are listed below.

Market Risk: Market risk involves the possibility that an investment's current market value will fall because of a general market decline, reducing the value of the investment regardless of the operational success of the issuer's operations or its financial condition.

Strategy Risk: The Adviser's investment strategies and/or investment techniques may not work as intended.

Small and Medium Cap Company Risk: Securities of companies with small and medium market capitalizations are often more volatile and less liquid than investments in larger companies. Small and medium cap companies may face a greater risk of business failure, which could increase the volatility of the client's portfolio.

Turnover Risk: At times, the strategy may have a portfolio turnover rate that is higher than other strategies. A high portfolio turnover would result in correspondingly greater brokerage commission expenses and may result in the distribution of additional capital gains for tax purposes. These factors may negatively affect the account's performance.

Limited markets: Certain securities may be less liquid (harder to sell or buy) and their prices may at times be more volatile than at other times. Under certain market conditions we may be unable to sell or liquidate investments at prices we consider reasonable or favorable or find buyers at any price.

Concentration Risk: Certain investment strategies focus on particular asset-classes, industries, sectors, or types of investment. From time to time these strategies may be subject to greater risks of adverse developments in such areas of focus than a strategy that is more broadly diversified across a wider variety of investments.

Interest Rate Risk: Bond (fixed income) prices generally fall when interest rates rise, and the value may fall below par value or the principal investment. The opposite is also generally true: bond prices generally rise when interest rates fall. In general, fixed income securities with longer maturities are more sensitive to these price changes. Most other investments are also sensitive to the level and direction of interest rates.

Legal or Legislative Risk: Legislative changes or Court rulings may impact the value of investments, or the securities' claim on the issuer's assets and finances.

Inflation: Inflation may erode the buying power of your investment portfolio, even if the dollar value of your investments remains the same.

Risks Associated with Securities

Apart from the general risks outlined above which apply to all types of investments, specific securities may have other risks.

Commercial Paper is, in most cases, an unsecured promissory note that is issued with a maturity of 270 days or less. Being unsecured the risk to the investor is that the issuer may default.

Common stocks may go up and down in price quite dramatically, and in the event of an issuer's bankruptcy or restructuring could lose all value. A slower-growth or recessionary economic environment could have an adverse effect on the price of all stocks.

Corporate Bonds are debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities

decline when interest rates rise and increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk.

Bank Obligations including bonds and certificates of deposit may be vulnerable to setbacks or panics in the banking industry. Banks and other financial institutions are greatly affected by interest rates and may be adversely affected by downturns in the U.S. and foreign economies or changes in banking regulations.

Municipal Bonds are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities. Municipal bonds pay a lower rate of return than most other types of bonds.

However, because of a municipal bond's tax-favored status, investors should compare the relative after-tax return to the after-tax return of other bonds, depending on the investor's tax bracket. Investing in municipal bonds carries the same general risks as investing in bonds in general. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, and liquidity and valuation risk.

Options and other derivatives carry many unique risks, including time-sensitivity, and can result in the complete loss of principal. While covered call writing does provide a partial hedge to the stock against which the call is written, the hedge is limited to the amount of cash flow received when writing the option. When selling covered calls, there is a risk the underlying position may be called away at a price lower than the current market price.

Exchange Traded Funds prices may vary significantly from the Net Asset Value due to market conditions. Certain Exchange Traded Funds may not track underlying benchmarks as expected. ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. The Adviser has no control over the risks taken by the underlying funds in which clients invest.

Investment Companies Risk. When a client invests in open-end mutual funds or ETFs, the client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives).

Item 9 - Disciplinary Information

Registered Investment Advisor Firms must disclose all material facts regarding any legal or disciplinary events material to your evaluation of our financial management services provided by the Firm and the integrity of the Management Team. Our Firm nor any of its management persons has been the subject of any legal or disciplinary events.

There are no administrative proceedings before the SEC, federal regulatory agency, state regulatory agency or any foreign financial regulatory authority involving our Firm.

There are no self-regulatory organization (SRO) proceedings against our Firm.

Our Firm values the trust you place in us. As we advise all clients, we encourage you to perform the requisite due diligence of any IAR or Firm with whom you are currently engaged or intend to engage for Advisory Services of any kind. A detailed background of any Firm and/or IAR can be found on the Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov. By entering the CRD

number of the IAR or Firm, additional information may be found. You can search for our Firm by its CRD number which is 329342. The individual IAR information can be found by entering their CRD number, which can be found on the IAR's ADV2B Supplement supplied to you, or by searching their name.

Item 10 - Other Financial Industry Activities and Affiliations

The Firm does not have anyone registered or pending to register as a broker-dealer or a registered representative of a broker-dealer.

The Firm does not have anyone registered or pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

The Firm does not have any related parties and does not select other advisors for clients. As a result, we do not have a relationship with any related parties, or other advisors.

The Firm only receives compensation from clients indirectly (by custodian) for asset management services and directly for financial planning services. We do not receive compensation from any outside source. We do not have any conflicts of interest with any outside party.

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

As a fiduciary, our Firm and its associates have a duty of utmost good faith to act solely in the best interests of each client. We owe our clients a fiduciary duty to put their interests first which includes, but is not limited to, a duty of care, loyalty, obedience, and utmost good faith. Discretionary inc. and related persons will not trade ahead of clients or engage in front-running activities. Our clients entrust us with their funds and personal information, which in turn places a high standard on our conduct and integrity. Our fiduciary duty is a core aspect of our Code of Ethics and represents the expected basis of all of our dealings. The Firm accepts the obligation not only to comply with the mandates and requirements of all applicable laws and regulations but also to take responsibility to act in an ethical and professionally responsible manner in all professional services and activities.

Code of Ethics Description

This code does not attempt to identify all possible conflicts of interest, and literal compliance with each of its specific provisions will not shield associated persons from liability for personal trading or other conduct that violates a fiduciary duty to advisory clients. A summary of the Code of Ethics' Principles is outlined below.

- Integrity - Associated persons shall offer and provide professional services with integrity.
- Objectivity - Associated persons shall be objective in providing professional services to clients.
- Competence - Associated persons shall provide services to clients competently and maintain the necessary knowledge and skill to continue to do so in those areas in which they are engaged.
- Fairness - Associated persons shall perform professional services in a manner that is fair and reasonable to clients, principals, partners, and employers, and shall disclose conflict(s) of interest in providing such services.
- Confidentiality - Associated persons shall not disclose confidential client information without the specific consent of the client unless in response to proper legal process, or as required by law.
- Professionalism - Associated persons' conduct in all matters shall reflect the credit of the profession.
- Diligence - Associated persons shall act diligently in providing professional services.

We periodically review and amend our Code of Ethics to ensure that it remains current, and we require all Firm access persons to attest to their understanding of and adherence to the Code of Ethics at least annually. Our Firm will provide a copy of its Code of Ethics to any client or prospective client upon request.

Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest

Neither our Firm, its associates or any related person is authorized to recommend to a client or effect a transaction for a client, involving any security in which our Firm or a related person has a material financial interest, such as in the capacity as an underwriter, adviser to the issuer, etc.

Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest

Our Firm and its “related persons” may buy or sell securities similar to, or different from, those we recommend to clients for their accounts. In an effort to reduce or eliminate certain conflicts of interest involving the Firm or personal trading, our policy may require we restrict or prohibit associates’ transactions in specific reportable securities transactions. Any exceptions or trading pre-clearance must be approved by the Firm principal in advance of the transaction in an account, and we maintain the required personal securities transaction records per regulation.

Trading Securities At/Around the Same Time as Client’s Securities

From time to time, our Firm or its “related persons” may buy or sell securities for themselves at or around the same time as clients. We will not trade non-mutual fund securities 5 days prior to the same security for clients.

Item 12 - Brokerage Practices

Research and Other Soft Dollar Benefits

Discretionary inc. and its Advisors do not receive formal soft dollar benefits other than execution from broker/dealers in connection with client securities transactions.

Brokerage for Client Referrals

Discretionary inc. does not receive client referrals from Broker/Dealers.

Directed Brokerage

The Custodian/Brokers Discretionary inc. Uses

Client assets must be maintained in an account by a “qualified” custodian. Discretionary inc. recommends our clients to use Altruist as the qualified custodian.

Discretionary inc. is independently owned and operated and is not affiliated with Altruist. Altruist will hold client assets in a brokerage account and buy and sell securities when Discretionary inc. instructs them to. While Discretionary inc. recommends clients use Altruist as custodian/broker, the client will decide whether to do so and will open client account with Altruist by entering into an account agreement directly with them. Discretionary inc. does not open an account for a client, although Discretionary inc. may assist a client in doing so. Even though client account is maintained at Altruist, Discretionary inc. can still use other brokers to execute trades for client accounts as described below (see “Client Brokerage and Custody Costs”).

How Discretionary inc. Selects Custodians/Brokers

Discretionary inc. seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. Discretionary inc. considers a wide range of factors, including, among others:

- 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 client 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 Discretionary inc. 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
- Availability of other products and services that benefit Discretionary inc., as discussed below (see “Products and Services Available to Us From Altruist”)

Products and Services Available to Us From Altruist

Altruist serves independent investment advisory firms like Discretionary inc. They provide Discretionary inc. and clients with access to its institutional brokerage - trading, custody, reporting, and related services - many of which are not typically available to retail customers. Altruist also makes available various support services. Some of these services help Discretionary inc. manage or administer clients’ accounts, while others help Discretionary inc. manage and grow Discretionary inc. business. Altruist’s support services generally are available on an unsolicited basis (Discretionary inc. does not have to request them) and at no charge to Discretionary inc.

Services That Benefit Clients

Altruist’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 Altruist include some to which Discretionary inc. might not otherwise have access or that would require a significantly higher minimum initial investment by Discretionary inc. clients. Altruist’s services described in this paragraph generally benefit clients and client accounts.

Services That May Not Directly Benefit Clients

Altruist also makes available to Discretionary inc. other products and services that benefit Discretionary inc. but may not directly benefit clients or client accounts. These products and services assist Discretionary inc. in managing and administering Discretionary inc. clients’ accounts. They include investment research, both Altruist’s own and that of third parties. Discretionary inc. may use this research to service all or a substantial number of Discretionary inc. clients’ accounts, including accounts not maintained at Altruist. In addition to investment research, Altruist 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 Discretionary inc. fees from Discretionary inc. clients’ accounts
- Assist with back-office functions, recordkeeping, and client reporting

Discretionary inc.'s Interest in Altruist's Services

The availability of these services from Altruist benefits Discretionary inc. because Discretionary inc. does not have to produce or purchase them. Discretionary inc. does not have to pay for Altruist's services. These services are not contingent upon Discretionary inc. committing any specific amount of business to Altruist in trading commissions or assets in custody.

Discretionary inc. believes, however, that Discretionary inc.'s selection of Altruist as custodian and broker is in the best interests of Discretionary inc.'s clients. Discretionary inc.'s selection is supported by the scope, quality, and price of Altruist's services (see "How Discretionary inc. Selects Brokers/Custodians") and not Altruist's services that benefit only Discretionary inc.

Client Brokerage and Custody Costs

Altruist does not charge clients separately for custody services.

Trade Aggregation

At the sole discretion of Discretionary inc., aggregate purchases or sales of the same security, instrument or obligation may be transacted on the same day for multiple accounts of one or more of Discretionary inc.'s clients. Although such aggregations potentially could be either advantageous or disadvantageous to any one or more accounts, they will be affected only when Discretionary inc. believes that doing so will be in the best interest of the affected accounts. When transactions are aggregated the actual prices applicable to the aggregation transaction will be deemed to have purchased or sold its share of the security, instrument, or obligation at the average price. If a partial execution is attained at the end of the trading day, Discretionary inc. will generally allocate shares on a pro rata basis but may fill small orders entirely before applying the pro rata allocation.

Accounts for Discretionary inc. or its employees will be included in a block trade with client accounts.

Item 13 - Review of Accounts

The Firm's IARs are expected to have an investment account review with each client, on a regular basis, but no less than annually. The client may request additional reviews by contacting their IAR. Additionally, reviews can be requested by the client with their IAR anytime in order to inform them of a life changing event that may affect a change to the following criteria: income needs, risk tolerance, a change in their long-term needs, goals, or objectives.

The client can review the status of their accounts at any time by going online to their Altruist account to review their portfolio, statements, tax information, trade & transaction confirmations, fee billing, current balances, etc.

Item 14 - Client Referrals and Other Compensation

Other than the Soft Dollar Benefits described above under Item 12, we do not receive any economic benefit, directly or indirectly, from any third party for advice rendered to our clients. Nor do we directly or indirectly compensate any person who is not advisory personnel for client referrals. We do not pay any third parties for prospective client referrals, nor is there a fee-sharing arrangement reflective of a solicitor engagement.

Brokerage Arrangements

See disclosure in Item 12 (above) regarding our brokerage arrangements, including economic benefits received in connection with us giving advice to clients.

Item 15 - Custody

Discretionary inc. does **not** accept physical custody of client funds or securities. However, Discretionary inc. is deemed to have constructive custody when it receives advisory fees for its services only through a qualified custodian. For client accounts in which a qualified custodian debits Discretionary inc.'s fees indirectly their advisory fee through:

1. Discretionary inc. will send an informational copy of its invoice to the custodian at the same time that it sends the client a copy at or about the same time fees are deducted.
2. The custodian will send at least Monthly statements to the client showing all disbursements for the account, including the amount of the advisory fee.
3. The client will provide written authorization to Discretionary inc., permitting them to be paid directly for their accounts held by the custodian.

Clients should receive at least monthly statements from the broker-dealer, bank or other qualified custodian that holds and maintains the client's investment assets. Clients are urged to compare statements from the custodian with invoices provided by Discretionary inc. We urge you to carefully review such statements and compare such official custodial records to the account statements or reports that we may provide to you.

Item 16 - Investment Discretion

Discretionary Clients

Clients generally hire us to provide discretionary asset management services, in which case we place trades in a Client's account without contacting the Client, prior to each trade, to obtain the Client's permission.

Our discretionary authority includes the ability to do the following without contacting the Client:

- Determine the security to buy or sell, and/or
- Determine the amount of the security to buy and/or sell.

Clients will select this discretionary authority when they sign the Investment Management Agreement with our Firm and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

Non-Discretionary Clients

An advisory Client electing not to grant investment discretionary authority to the Firm is advised that trades in his/her account may be executed subsequent to trades effected in discretionary accounts due to the additional time involved in obtaining the required Client approval prior to executing any trade in such Client's account.

Furthermore, these Clients may be excluded from participation in block trading and thus there may be a difference in the price per share of a given security and the commission rates paid between Client accounts.

Item 17 - Voting Client Securities

The Firm does not vote proxies on behalf of your investment assets. Therefore, clients maintain exclusive responsibility for: (1) voting proxies, and (2) acting on corporate actions pertaining to the client's investment assets. The client shall instruct the client's qualified custodian to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. We will

not share our opinion or give advice about any vote proxies if asked by a Client. We will not provide consultation regarding corporate actions and the exercise of your proxy voting rights.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward you any electronic solicitation to vote proxies.

You may receive other solicitation materials from the custodian. If you would like to stop receiving this type of material, please contact your custodian and have your mailing or email removed from their solicitation list.

Item 18 - Financial Information

Registered Investment Advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding.

We do not have custody of client funds or securities or require or solicit prepayment of more than \$500 in fees per client six months or more in advance.

Item 19 – Requirements for State-Registered Advisers

Discretionary inc. is owned by Cory Smith. Education and business background can be found on the Cory Smith's Form ADV Part 2B brochure supplement which is found below.

Performance-Based Fees

Discretionary inc. or management persons do not accept or are not compensated by performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

Material Disciplinary Disclosures

No management person at Discretionary inc. or the Firm has never been involved in an arbitration claim of any kind or been found liable in a civil, self-regulatory organization, or administrative proceeding.

Material Relationships That Management Persons Have With Issuers of Securities

Neither Discretionary inc., nor Cory Smith, has any relationship or arrangement with issuers of securities.

Additional Compensation

Cory Smith does not receive any economic benefit from any person, company, or organization, in exchange for providing clients investment management services through Discretionary inc.

Supervision

Cory Smith is the Owner, Investment Advisor Representative, and Chief Compliance Officer, of Discretionary inc., and oversees all his own duties and activities.

Part 2B of Form ADV Brochure Supplement for Cory Smith



Discretionary inc.

720 S Colorado Blvd

Penthouse North

Glendale, CO 80246

Office: (858) 375-8939

Email: info@discretionaryinc.com

Part 2B of Form ADV - Brochure Supplement

For

Cory Smith

Glendale, CO 80246

February 27, 2024

This Part 2B of Form ADV – Brochure Supplement provides information about the qualifications and business practices of Investment Advisors Representatives (“IAR”) of Discretionary inc. LLC (“Discretionary inc.”). If you have any questions about the contents of this Brochure, please contact us at (858) 375-8939 or by email at info@discretionaryinc.com.

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Using the SEC’s website at www.adviserinfo.sec.gov, additional information about Discretionary inc. and its IARs can be found. This website will allow you to search for additional information about any registered firm or IAR by a unique identifying number, known as a CRD number. The CRD number for Discretionary inc. is 329342 and 6253636 for Cory Smith.

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Name: Cory Smith

Born: 1982

Education

- Northern Virginia Community College; Business Administration, A.S., 2012

Business Experience

- Discretionary inc.; Owner, Investment Adviser Representative, & Chief Compliance Officer from 01/2024 to Present
- Cory Smith; Owner & Consultant from 01/2024 to Present
- Gross Domestic Product, Inc; Head of Portfolio and Planning Operations from 11/2023 to 12/2023
- Clear Creek Financial Management, LLC; Financial Advisor 10/2021 to 11/2023
- Traverse Planning; Director from 11/2019 to 10/2021
- Northwestern Mutual Wealth Management Company; Representative from 08/2019 to 11/2019
- Northwestern Mutual Investment Services LLC; Registered Representative from 12/2018 to 11/2019
- Royce Zimmerman; Associate Agent from 12/2018 to 11/2019
- Unemployed; 05/2018 to 11/2018
- RemoteLink Solutions; Registered Client Service Rep from 03/2017 to 04/2018
- MSI Securities; Financial Planner from 06/2015 to 03/2017
- FMC; Financial Rep from 05/2015 to 06/2015
- Edward Jones; Financial Advisor from 10/2013 to 04/2015

DISCIPLINARY INFORMATION

Cory Smith has no history of any disciplinary events.

OTHER BUSINESS ACTIVITIES

Cory Smith is an independent consultant offering technical services to financial firms who require the creation and setup of software and planning for portfolio models. In this capacity, he does not engage with any clients of the Firm with whom he is contracted. He spends approximately 80 hours per month doing this business. The majority of his time working on this activity is after normal working hours.

ADDITIONAL COMPENSATION

Other than what is listed in item 5 above, Cory Smith has never accepted economic benefits which include sales awards and other prizes. In addition, Cory Smith has never accepted any bonus that is based, at least in part, on the number or number of sales, client referrals, or new accounts for investment management services or assets under management.

SUPERVISION

As Chief Compliance Officer of Discretionary inc., Cory Smith supervises all activities of the firm. Cory Smith adheres to all applicable regulatory requirements, together with all policies and procedures outlined in the firm's code of ethics and compliance manual.

Advisory clients may contact Cory Smith directly at (858) 375-8939 or by email at cory@discretionaryinc.com if they have any additional questions about Discretionary inc.

REQUIREMENTS FOR STATE-REGISTERED ADVISORS

- A. Cory Smith has NOT been involved in any of the events listed below.
1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:
 - a) an investment or an investment-related business or activity;
 - b) fraud, false statement(s), or omissions;
 - c) theft, embezzlement, or other wrongful taking of property;
 - d) bribery, forgery, counterfeiting, or extortion; or
 - e) dishonest, unfair, or unethical practices.
 2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
 - a) an investment or an investment-related business or activity;
 - b) fraud, false statement(s), or omissions;
 - c) theft, embezzlement, or other wrongful taking of property;
 - d) bribery, forgery, counterfeiting, or extortion; or
 - e) dishonest, unfair, or unethical practices.
- B. Cory Smith has NOT been subject to a bankruptcy petition at any time during the last 10 years.