

# Item 1: Cover Page



North Haven Financial LLC

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Scarborough, ME 04074

**Form ADV Part 2A – Firm Brochure**

(207) 558-2138

[www.northhavenfinancial.com](http://www.northhavenfinancial.com)

Dated June 02, 2020

This Brochure provides information about the qualifications and business practices of North Haven Financial LLC, “NHF”. If you have any questions about the contents of this Brochure, please contact us at (207) 558-2138. 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.

North Haven Financial LLC is a state-licensed investment advisor. Licensing of an Investment Adviser does not imply any level of skill or training.

Additional information about NHF is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) which can be found using the firm’s identification number 283057.

# Item 2: Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information materially changes. If there are any material changes to an adviser's disclosure

brochure, the adviser is required to notify you and provide you with a description of the material changes. In the future, any material changes during the year made will be reported here.

Since our annual update dated January 30, 2019, we have made the following material changes to our Brochure:

We have amended Item 4 Advisory Business as follows

- Assets under management has been updated as of June 02, 2020

We have amended Item 5 and revised the fee schedule for our services as follows:

- The minimum Investment Management fee has been changed
- The minimum Comprehensive Planning fee has been changed

We note, however, that certain existing clients may be billed under a different fee schedule.

We have amended item 11 to include adherence with the CFP® Board of Standards Code of Ethics and Professional Responsibility

We have revised the language of item 13 to show that annual reports may be provided.

We have amended Item 19 to include the CFP® professional designation.

# Item 3: Table of Contents

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# Item 4: Advisory Business

## Description of Advisory Firm

North Haven Financial LLC is a state-licensed investment advisor. NHF is a fee-only firm, which means that we sell no products and receive no commissions. We recommend investments and make professional referrals based solely on the best interest of our clients. We were founded in December 2015. Michael Joseph Rauth is the principal owner of NHF. As of June 02, 2020, NHF manages \$14,164,689 on a discretionary basis and \$0.00 on a non-discretionary basis.

## Types of Advisory Services

### Investment Management Services

We are in the business of managing individually tailored investment portfolios. Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy or an investment plan with an asset allocation target and create and manage a portfolio based on that policy and allocation target. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. We may also review and discuss a client's prior investment history, as well as family composition and background.

Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Fees pertaining to this service are outlined in Item 5 of this brochure.

At times, clients may have investment accounts that NHF will not have access to, notably but not exclusively 401(k) and 529 plans. NHF will provide investment advice on these "outside accounts" in addition to accounts under direct management, as described above. However, NHF cannot make any changes to or trades in these outside accounts, and NHF will have access to account data only when provided by the client via statements or similar documents, or through a view-only web site. It is the client's responsibility to implement changes and trades recommended by NHF. It is also the client's responsibility to provide NHF with regular statements from these outside accounts and to provide NHF with other plan documents, including but not limited to the list of available investments and the plan summary. We will meet with the client on a periodic basis to discuss changes in their personal or financial situation, suitability, and any new or revised restrictions to be applied to the account.

## **Do it Yourself Investing, with Account Monitoring by North Haven Financial**

The DIY Investing with Account Monitoring Program is designed for clients that are comfortable managing their own investments, but want ongoing guidance on portfolio allocation and security selection. Our firm is not responsible, nor have you granted us authority, to manage your investments. We provide advice and guidance as needed but you are responsible for implementing your investments and monitoring your portfolio and your changing needs.

This service includes:

- Personal risk tolerance assessment, investment goals and time horizon determination
- Analysis of existing portfolio risk and return characteristics
- Portfolio allocation recommendation that aligns with your risk tolerance and time horizon
- Specific security recommendations with weightings to implement the recommended portfolio allocation

Keep in mind that financial planning should be seen as an ongoing process. You should monitor and adjust your investment strategy as your financial needs evolve. The investment plan is a solid foundation to build upon but should be reviewed at least annually.

We will monitor account(s) that you choose for this service on a quarterly basis, and recommend portfolio rebalancing or adjustments as needed. In order for us to be able to provide this service, the account(s) must be linked to your personal client web portal via Right Capital. This allows us to observe the securities held in your account(s), and recommend changes as needed. It does not allow us to make trades, move money or take any action other than providing recommendations to you.

## **Comprehensive Financial Planning**

The client and NHF jointly review the client's goals and values around money, net worth, cash flow, insurance, employee benefits, retirement planning, insurance, investments, etc. (full list below). NHF then provides a comprehensive evaluation of the client's current and future 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, information and analysis will be considered as they affect and are affected by the entire financial and life situation of the client. Clients purchasing this service will receive a written or an electronic report, providing the client with a detailed financial plan designed to achieve his or her stated financial goals and objectives.

After delivery of this discrete comprehensive financial plan, the client continues to work one-on-one with a planner over an extended period of time. By paying an annual retainer, which may be paid monthly, clients receive continuous access to a planner who will help the client

implement the recommendations, monitor the plan, adapt the plan to changing circumstances in the client's life, recommend changes when necessary, and ensure the plan is up to date. The client is expected to inform NHF when changes or concerns arise and to provide necessary documents and data for NHF to use in our analysis. Clients might have changes or concerns in any of the areas covered in the initial analysis as enumerated below. NHF will review the new information in the context of the existing plan and share our findings, analysis and potential recommendations with the client. If a follow up meeting is required, we will meet at the client's convenience. The plan and the client's financial situation and goals will be monitored throughout the year and follow-up phone calls and emails will be made to the client to confirm that any agreed upon action steps have been carried out. On an annual basis, there will be a full review of this plan to ensure its accuracy and ongoing appropriateness. Any needed updates will be implemented at that time.

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 and Debt Management:** 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 if they exceed your income. Advice may also be provided on which debts to pay off first based on factors such as the interest rate of the debt and any income tax ramifications. 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.
- **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").
- **Insurance Review:** Review of existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.

- **Retirement Planning:** Our retirement planning services typically include projections of your likelihood of achieving your financial goals, typically focusing on financial independence as the primary objective. For situations where projections show less than the desired results, we may make recommendations, including those that may impact the original projections by adjusting 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 developing a retirement income strategy, on appropriate distribution strategies (safe withdrawal rates) to minimize the likelihood of running out of money or having to adversely alter spending during your retirement years.

- **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.
- **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.
- **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 grandchildren (if appropriate).
- **Tax Planning Strategies:** Advice 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.
- **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 that 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, we will participate in meetings or phone calls between you and your attorney with your approval or request.

- **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.

We recommend that 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. We will participate in meetings or phone calls between you and your tax professional with your approval.

### **Targeted Financial Planning**

This service provides advice targeted at only a specific part of a client's financial picture. It is available for clients who do not want or need analysis of their entire financial picture (as they would receive in a Comprehensive Financial Plan).

These targeted sessions can cover topics such as:

- Developing an investment plan for self-directed accounts.
- Analysis of a client's 401(k) or another employer retirement plan
- Reviewing a new job's benefits package and choosing the benefits
- Making a college savings plan for a child and setting up the account
- Developing a debt reduction plan

This service entitles the client to:

- Up to 2 hours of planner time, to gather information about the client's questions and goals
- A written, electronically delivered analysis and recommendations, and
- 1/2 hour of planner time after delivery of the written plan to answer questions



## **Employee Retirement Plan Services for Small Business Owners**

This service provides employee retirement plan services to employer plan sponsors on an ongoing basis. Generally, such services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: investment options, plan structure and features selection, vendor selection and participant education. In providing employee benefit plan services, our firm does not provide any advisory services with respect to the following types of assets: employer securities, participant loans, non-publicly traded securities or assets, other illiquid investments, or brokerage window programs (collectively, "Excluded Assets").

All retirement plan consulting services shall be in compliance with the applicable state laws regulating retirement consulting services. This applies to client accounts that are retirement or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the client accounts are part of a Plan, and our firm accepts appointments to provide services to such accounts, our firm acknowledges its fiduciary standard within the meaning of Section 3(21) of ERISA as designated by the Retirement Plan Consulting Agreement with respect to the provision of services described therein.

## **Client Tailored Services and Client Imposed Restrictions**

We offer the same suite of services to all of our 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.

## **Wrap Fee Programs**

We do not participate in wrap fee programs.

# **Item 5: Fees and Compensation**

Please note, unless a client has received the firm's disclosure brochure at least 48 hours prior to signing the investment advisory contract, the investment advisory contract may be terminated by the client within five (5) business days of signing the contract without incurring any advisory fees. How we are paid depends on the type of advisory service we are performing. Please review the fee and compensation information below.

## **Comprehensive Financial Planning and Investment Management**

Clients who choose an ongoing Comprehensive Financial Planning relationship (with or without Investment Management) will pay an engagement fee ranging from \$600 - \$1,500. The fee is based on the complexity of the client’s financial situation. The engagement fee is invoiced and due at the start of the advisory relationship.

**Investment Management Services**

Our standard investment advisory fee is an annual flat dollar fee which is based on the market value of the assets under advisement at the time of engagement. This flat fee may be adjusted annually in subsequent years based on the asset value at the end of the previous year. The fee schedule is as follows:

Total Value of Assets Under Advisement	Annual Advisory Fee
\$0 to \$500,000	\$4,500
\$500,001 to \$750,000	\$5,625
\$750,001 to \$1,000,000	\$7,500
\$1,000,001 to \$1,250,000	\$8,625
\$1,250,001 to \$1,500,000	\$9,750
\$1,500,001 to \$1,750,000	\$10,875
\$1,750,001 to \$2,000,000	\$12,000
Over \$2.0M	Contact North Haven Financial for a custom quote

**The minimum annual fee for Investment Management is \$4,500.**

The annual fees are negotiable, are pro-rated and paid in arrears on a quarterly or monthly basis. The annual advisory fee is a flat fee and is determined by the level of assets at the time of engagement. Annual adjustments to the fee may be made in subsequent years based on changes to the asset value. No increase in the annual fee shall be effective without agreement from the client by signing a new agreement or amendment to their current advisory agreement.

In the case that NHF does not have access to the accounts it is providing investment services for (as is likely to happen in the case of 401(k)s and 529s), fees associated with those accounts can be debited from a taxable account, or can be paid directly by the client through ACH or credit card. Accounts initiated or terminated during a calendar quarter will be charged a pro-rated fee based on the amount of time during the billing period that the account was managed or advised. The initial prorated fee will be calculated by applying the annual advisory fee to the account value as of the last day of the previous quarter, divided by 365, multiplied by the number of days to be billed. At termination, the same calculation will be used for the final invoicing of the prorated fee. An account may be terminated with written notice at least 30 calendar days in advance. Since fees are paid in arrears, no refund will be needed upon termination of the account.

## Do It Yourself Investing with External Account Monitoring

External account monitoring fees are based on total assets under advisement, and follow the same fee schedule as shown in the table for the Investment Management Service above.

## Comprehensive Financial Planning (Includes Investment Management)

Comprehensive planning includes investment management services and ongoing financial planning. Fees for comprehensive financial planning services include the engagement fee mentioned above plus an ongoing annual fee which is paid in monthly or quarterly installments.

The fee for the bundled Comprehensive Financial Planning and Investment Management service is an annual flat dollar fee which is based on the market value of the assets under advisement at the time of engagement. This flat fee may be adjusted annually in subsequent years based on the ending value of the previous year. The fee schedule is as follows:

Total Value of Assets Under Advisement	Annual Advisory Fee
\$0 to \$500,000	\$4,500
\$500,001 to \$750,000	\$5,625
\$750,001 to \$1,000,000	\$7,500
\$1,000,001 to \$1,250,000	\$8,625
\$1,250,001 to \$1,500,000	\$9,750
\$1,500,001 to \$1,750,000	\$10,875
\$1,750,001 to \$2,000,000	\$12,000
Over \$2.0M	Contact North Haven Financial for a custom quote

**The minimum annual fee for Comprehensive Financial Planning is \$4,500.**

Annual fees are negotiable, are pro-rated and paid in arrears on a quarterly or monthly basis. The advisory fee is a flat fee and is determined by the level of assets at the time of engagement as shown in the above chart. The fee may be adjusted annually based on the value of assets as of the last day of the previous year. No increase in the annual fee rate shall be effective without agreement from the client by signing a new agreement or amendment to their current advisory agreement.

Monthly advisory fees, may be paid by ACH debit or credit card transaction, or may be directly debited from client accounts. Note that not all accounts allow for fees to be paid directly from the account. In the case that NHF does not have access to the accounts (as is likely to happen in the case of 401(k)s and 529s), fees associated with those accounts can be debited from a taxable account, or can be paid directly by the client through ACH or credit card as described above. Accounts initiated or terminated during a calendar quarter will be charged a pro-rated

fee based on the amount of time during the billing period that the account was managed or advised. The initial prorated fee will be calculated by applying the annual advisory fee to the account value as of the last day of the previous quarter, divided by 365, multiplied by the number of days to be billed. At termination, the same calculation will be used for the final invoicing of the prorated fee. An account may be terminated with written notice at least 30 calendar days in advance. Since fees are paid in arrears, no refund will be needed upon termination of the account.

### **Targeted Financial Planning Fee**

Targeted Financial Planning will be offered on a fixed fee basis. The fixed fee will be agreed upon before the start of any work. Fixed fees are negotiable will be determined on a case by case basis with the fee based on the complexity of the situation and the specific needs of the client.

The fixed fee can range from \$1500 - \$5000. Fees will be due at the completion of the work. In the event of early termination, fees will be prorated based upon work completed. As payments are in arrears, no refund is necessary in the event of early termination. Fees can be paid by ACH debit transaction, or if the client prefers, by credit card.

### **Employee Retirement Plan Services for Small Business Owners Fee**

For Employee Retirement Plan Services, fees are determined by size and demographics of the plan, number of participants, types of investments requested by the plan trustee or plan administrator, and design of the plan. NHF will render services for plan analysis, design, comparison, recommendations, vendor selection, installation and ongoing service. Pricing for the fixed fee will range from \$1,500 - \$5000 annually, paid quarterly in advance. Upon termination of the account, any unearned fee will be refunded to the client. In some cases, fees will be paid as a percentage of plan assets, not to exceed 0.50%.

### **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. 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.

Item 12 further describes the factors that we consider in selecting or recommending broker-dealers for 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.

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

We do not offer performance-based fees.

## Item 7: Types of Clients

We provide financial planning and portfolio management services to individuals, high net-worth individuals, and employee retirement plan sponsors.

We do not have a minimum account size requirement for either Financial Planning or Investment Management.

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

Our primary methods of investment analysis are fundamental and passive investment management.

**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.

### **Passive Investment Management**

We primarily practice passive investment management. Passive investing involves building portfolios that are comprised of various distinct asset classes. The asset classes are weighted in a manner to achieve a desired relationship between correlation, risk and return. Funds that passively capture the returns of the desired asset classes are placed in the portfolio. The funds

that are used to build passive portfolios are typically index mutual funds or exchange traded funds.

We generally do not advise clients on the purchase of any securities other than those just listed, but sometimes clients come to NHF with other securities already in their portfolio. In that case, we do advise clients on whether or not they should keep those securities. Additionally, we *do* advise clients on the purchase of employer stock offered through various employee benefits plans.

Passive investment management is characterized by low portfolio expenses (i.e. the funds inside the portfolio have low internal costs), minimal trading costs (due to infrequent trading activity), and relative tax efficiency (because the funds inside the portfolio are tax efficient and turnover inside the portfolio is minimal).

In contrast, active management 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. Academic research indicates most active managers underperform the market.

## **Material Risks Involved**

**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.

**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.

**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.

**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.

**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.

**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). 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.

## Item 9: Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of NHF or the integrity of our management. NHF and its management have not been involved in any event applicable to this Item.

## Item 10: Other Financial Industry Activities and Affiliations

Michael Joseph Rauth does not participate in other financial industry activities and is not affiliated with other financial firms.

## 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. 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 also adheres to the Code of Ethics and Professional Responsibility adopted by the CFP® Board of Standards Inc., and 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.

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 matter shall reflect credit of the profession.
- Diligence - Associated persons shall act diligently in providing professional services.

We will, upon request, promptly provide a complete code of ethics.

Our firm and its "related persons" (associates, their immediate family members, etc.) may buy or sell securities the same as, similar to, or different from, those we recommend to clients for their accounts. A recommendation made to one client may be different in nature or in timing from a recommendation made to a different client. Clients often have different objectives and risk tolerances. At no time, however, will our firm or any related party receive preferential treatment over our clients.

In an effort to reduce or eliminate certain conflicts of interest involving the firm or personal trading, our policy may require that we restrict or prohibit associates' transactions in specific securities transactions. Any exceptions or trading pre-clearance must be approved by our Chief Compliance Officer in advance of the transaction in an account, and we maintain the required personal securities transaction records per regulation.

## Item 12: Brokerage Practices

### **Factors Used to Select Custodians and/or Broker-Dealers**

North Haven Financial LLC does not have any affiliation with Broker-Dealers. Specific custodian recommendations are made to client based on their need for such services. We recommend custodians based on the reputation and services provided by the firm.

#### **1. Research and Other Soft-Dollar Benefits**

We currently do not receive soft dollar benefits other than the benefits explained in item 12.3 below.

## **2. Brokerage for Client Referrals**

We receive no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

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

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

NHF participates in TD Ameritrade Institutional, Division of TD Ameritrade, Inc., member FINRA/SIPC institutional customer program and may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between NHF's participation in the program and the investment advice it gives to its clients, although NHF receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving NHF participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to NHF by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by NHF's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit NHF but may not benefit its client accounts. These products or services may assist NHF in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help NHF manage and further develop its business enterprise. The benefits received by NHF or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, NHF endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by NHF or its related persons in and of itself creates a potential conflict of interest and may indirectly influence NHF's choice of TD Ameritrade for custody and brokerage services.

## **Aggregating (Block) Trading for Multiple Client Accounts**

Generally, we do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as “block trading”).

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

Client accounts with the Investment Management Service will be reviewed regularly on a quarterly basis by Michael Joseph Rauth. The account is reviewed with regards to the client’s investment policies and risk tolerance levels. Events that may trigger a special review would be unusual performance, addition or deletions of client imposed restrictions, excessive draw-down, volatility in performance, or buy and sell decisions from the firm or per client's needs.

Clients will receive trade confirmations from the broker(s) for each transaction in their accounts as well as monthly or quarterly statements and annual tax reporting statements from their custodian showing all activity in the accounts, such as receipt of dividends and interest.

NHF may provide written reports to Investment Management clients on an annual basis. We urge clients to compare these reports against the account statements they receive from their custodian.

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

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.

## **Item 15: Custody**

NHF does not have custody, except for in the instance of withdrawing client fees. NHF sends a copy of the invoice to the custodian or trustee at the same time a copy is sent to the client. The custodian sends quarterly statements to the client showing all disbursements for the custodian account, including the amount of the advisory fees. Clients provide written authorization permitting NHF to be paid directly for their accounts held by the custodian or trustee. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets.

## Item 16: Investment Discretion

For those client accounts where we provide investment management services, we maintain discretion over client accounts with respect to securities to be bought and sold and the amount of securities to be bought and sold. Investment discretion is explained to clients in detail when an advisory relationship has commenced. At the start of the advisory relationship, the client will execute a Limited Power of Attorney which will grant our firm discretion over the account. Additionally, the discretionary relationship will be outlined in the advisory contract and signed by the client.

## Item 17: Voting Client Securities

We do not vote Client proxies. 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. If the client would like our opinion on a particular proxy vote, they may contact us at the number listed on the cover of this brochure.

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.

## 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 in advance.

## Item 19: Requirements for State-Registered Advisers

Michael Joseph Rauth

Born: 1959

### **Educational Background**

- 2015 - Certificate in Financial Planning, Northwestern University
- 1992 – Masters of Business Administration, University of Southern Maine
- 1982 – BS Electrical Engineering, University of Notre Dame

### **Business Experience**

- 12/2015 – Present, North Haven Financial LLC, President and CCO
- 04/2016 – 10/2016, Goldman Financial Planning, Portfolio Coordinator
- 03/1997 – 12/2014, Fairchild Semiconductor, Sr. Product Line Director

### **Professional Designations, Licensing & Exams**

**CFP® (CERTIFIED FINANCIAL PLANNER™):** The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the "CFP® marks") are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. ("CFP Board").

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standards of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagement with clients. Currently, more than 71,000 individuals have obtained CFP® certification in the United States.

### **Other Business Activities**

None

### **Performance Based Fees**

Please refer to Item 6 of this brochure.

### **Material Disciplinary Disclosures**

No management person at North Haven Financial LLC has ever 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**

North Haven Financial LLC, nor Michael Joseph Rauth, has any relationship or arrangement with issuers of securities.

# North Haven Financial LLC

## Form ADV Part 2B – Brochure Supplement

*For*

### **Michael Joseph Rauth**

President and Chief Compliance Officer

Dated January 30, 2019

This brochure supplement provides information about Michael Joseph Rauth that supplements the North Haven Financial LLC (“NHF”) brochure. A copy of that brochure precedes this supplement. Please contact Michael Joseph Rauth if the NHF brochure is not included with this supplement or if you have any questions about the contents of this supplement.

Additional information about Michael Joseph Rauth is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2: Educational Background and Business Experience

Please refer to Item 19 of the Form ADV Part 2A.

## Item 3: Disciplinary Information

Please refer to Item 19 of the Form ADV Part 2A.

## Item 4: Other Business Activities

Please refer to Item 19 of the Form ADV Part 2A.

## Item 5: Additional Compensation

Michael Joseph Rauth does not receive any economic benefit from any person, company, or organization, in exchange for providing clients advisory services through NHF.

## Item 6: Supervision

Michael Joseph Rauth, as President and Chief Compliance Officer of NHF, is responsible for supervision. He may be contacted at the phone number on this brochure supplement.

## Item 7: Requirements for State Registered Advisers

1. Michael Joseph Rauth has NOT been involved in any of the events listed below.
  - a. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:
    - i. An investment or an investment-related business or activity;
    - ii. Fraud, false statements, or omissions;
    - iii. Theft, embezzlement, or other wrongful taking of property;
    - iv. Bribery, forgery, counterfeiting, or extortion; or
    - v. Dishonest, unfair, or unethical practices.

- b. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
    - i. An investment or an investment-related business or activity;
    - ii. Fraud, false statements, or omissions;
    - iii. Theft, embezzlement, or other wrongful taking of property;
    - iv. Bribery, forgery, counterfeiting, or extortion; or
    - v. Dishonest, unfair, or unethical practices.
2. Michael Joseph Rauth has NOT been the subject of a bankruptcy petition at any time.