

# REAP FINANCIAL GROUP, LLC

Form ADV Part 3 – Client Relationship Summary – February 9, 2024      www.reapfinancial.com | 512-249-7300

## Item 1. Introduction

REAP Financial Group, LLC (“REAP,” “we,” “us,” and “Advisor”) is a Texas limited liability company that is registered as an investment advisor with the United States Securities and Exchange Commission. Brokerage and investment advisory services and fees differ and it is important that you understand the differences. Please note that free and simple tools are available to research advisory and brokerage firms and their associated financial professionals at [Investor.gov/CRS](http://Investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisors, and investing.

## Item 2. Relationships and Services

### **What investment services and advice can you provide me?**

REAP offers ongoing asset management services that are typically coordinated with the use of various sub-advisor firms (“Independent Managers”). We also offer alternative investment due diligence services and financial planning and consulting services to clients.

Our asset management services include a review of your unique financial circumstances and the design, implementation, and ongoing supervision and management of your designated investment account(s). You will deposit your assets to an account held at an independent qualified custodian for our direct management or management by a third-party Independent Manager selected by our firm in consultation with you. We will monitor your investments on an ongoing basis and recommend changes to your portfolio as we believe to be in your best interests. You will typically be required grant REAP discretionary authority that allows us to buy and sell investments within your account without obtaining your consent prior to each transaction and hire and fire Independent Managers (a “discretionary account”). On occasion, we may agree to a non-discretionary arrangement, requiring that we obtain your consent prior to implementing transactions in your account or hiring or firing any Independent Managers. You may impose reasonable restrictions on our ability to invest in certain securities or types of securities within your account. We will formally review your investments at least annually.

When providing alternative investment due diligence services, we provide ongoing investment advice and due diligence related to certain privately issued securities.

We also offer financial planning and consulting services. We will review your financial situation and assets, risk profile, investment time horizon, investment goals, and any specific financial transactions or other areas of concern and provide you with our recommendations either in a written or through oral consultation(s) with you. Our advice may cover areas such as education funding, taxes, retirement and estate planning, insurance, and other topics, depending on your financial needs and concerns. Typically, financial planning clients do not receive plan reviews or updates following the delivery of our advice. Clients make all final investment

decisions and are responsible for the implementation and monitoring of their investments.

We may discuss and recommend a wide variety of investments to clients based on their unique investment needs and limitations. This may include, without limitation, individual stocks, corporate and government debt securities, mutual funds, exchange traded funds (“ETFs”), insurance products, and various other types of investments. REAP does not require any account minimum to commence and advisory relationship, though some Independent Managers we recommend may do so at their discretion.

*More detailed information about our advisory services is contained in our Form ADV Part 2A “firm brochure” at Items 4 and 7.*

**Conversation Starter:** Ask us:

- (i) *Given my financial situation, should I choose an investment advisory service? Why or why not?*
- (ii) *How will you choose investments to recommend to me?*
- (iii) *What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?*

## Item 3. Fees, Costs, Conflicts, and Standard of Conduct

### **What fees will I pay?**

Asset management clients pay REAP an annual asset-based fee for services which is calculated as a percentage of the value of their assets under management up to a maximum rate of 2.00% per annum. These fees are negotiable, may vary based upon the specific Independent Manager(s) chosen to sub-advise the client’s account, and will be documented in a written investment advisory agreement executed at the inception of our services. The annual advisory fee paid to REAP includes the costs of the selected Independent Manager’s services. Depending on the Independent Manager(s) chosen, fees are payable either quarterly in advance or monthly in arrears and are directly deducted from client accounts.

When providing alternative investment due diligence services, we generally charge an asset-based fee billed quarterly either in advance or arrears. When providing financial planning services, we charge either an hourly or a fixed fee in arrears, although some of which may be due in advance. Our alternative investment due diligence and financial planning and consulting fees are separate from any fees or expenses assessed by outside parties.

In addition to our advisory fees, you will separately pay (i) all internal fees, costs, and expenses (e.g., expense ratios, management fees redemption fees, deferred sales charges, surrender charges, and administrative fees) associated with any mutual funds, ETFs, insurance products, and/or other pooled investment vehicles held in your account and (ii) all usual and customary transaction-based fees (brokerage fees

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and commissions), custodial charges, wire transfer fees, and other fees and taxes associated with activity and holdings in your account.

Where asset-based fees apply to your account, you should consider that the more assets you have in your account, the more you will pay us, thus creating an incentive for us to encourage you to increase the level of assets in your account.

**You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.**

*More detailed information about our advisory fees is contained in our firm brochure at Item 5.*

**Conversation Starter:** Ask us:

- (i) *"Help me understand how these fees and costs might affect my investments.*
- (ii) *If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?"*

**What are your legal obligations to me when acting as my investment advisor? How else does your firm make money and what conflicts of interest do you have?**

*When we act as your investment advisor, we have to act in your best interests and not put our interests ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means:*

**Example 1:** The value of your asset-based advisory fee account goes up, and while the annual percentage we charge may stay the same, the total compensation you pay us goes up proportionately.

**Example 2:** Your account value goes down, but you still must pay us an asset-based advisory fee proportional to your assets under management.

We also receive some non-monetary benefits from the custodians of client accounts. The receipt of these benefits is considered a conflict of interest.

Representatives of our firm are individually licensed to sell insurance, may sell insurance products to clients, and may receive commissions in connection with such transactions that is separate from REAP's advisory fees. REAP is also affiliated with REAP Insurance Group, LLC. REAP Insurance Group, LLC offers various types of insurance products to its customers and collects commissions in connection with the sale of insurance products to REAP's clients that is separate and in addition to the advisory fees paid to REAP. The receipt of commissions and fees by our representatives and/or our affiliate, REAP Insurance Group, LLC, creates a conflict of interest. As fiduciaries, our representatives and our affiliates

will only transact insurance business with you when this arrangement is disclosed and where our recommendations regarding insurance products are in your best interests. You are never obligated to use any of our associated persons or affiliates for the purchase of insurance products or services.

*More detailed information about our conflicts of interest is contained in our firm brochure at Items 4, 5, 10, and 12.*

**Conversation Starter:** Ask us: *"How might your conflicts of interest affect me, and how will you address them?"*

#### **How do your financial professionals make money?**

Our financial professionals are compensated with salary, revenue sharing for servicing accounts, and bonus compensation for obtaining new clients. Insurance licensed representatives of our firm may also receive commissions and fees as described above.

*More detailed information about our conflicts of interest is contained in our firm brochure at Items 4, 5, 10, and 12.*

#### **Item 4. Disciplinary History**

**Do you or your financial professionals have legal or disciplinary history?**

Yes. We encourage you to visit [Investor.gov/CRS](https://investor.gov/CRS) for a free and simple search tool to research any of our financial professionals.

**Conversation Starter:** Ask us:

- (i) *"As a financial professional, do you have any disciplinary history?"*
- (ii) *"If so, for what type of conduct?"*

#### **Item 5. Additional Information**

You can find additional information regarding our firm, including our Form ADV Part 2A firm brochure and this client relationship summary by visiting <https://adviserinfo.sec.gov> and searching for our firm by its name or its unique CRD number (144560). You can also obtain a copy of this relationship summary by visiting our website at [www.reapfinancial.com](http://www.reapfinancial.com) or by contacting us by telephone at 512-249-7300. We will be pleased to answer any of your questions.

**Conversation Starter:** If you have any concerns, please let us know by asking the following questions:

- (i) *"Who is my primary contact person?"*
- (ii) *"Is he or she a representative of an investment advisor or a broker-dealer?"*
- (iii) *"Who can I talk to if I have concerns about how this person is treating me?"*