Part 2A of Form ADV: Firm *Brochure*

Gunnell Financial

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Form ADV Part 2A Brochure

Gunnell Financial is an investment adviser registered with the State of Indiana. An "investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Gunnell Financial. If you have any questions about the contents of this brochure, please contact us at (317) 203-4433; or by email at: ed@gunnfin.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.

Item 2 Material Changes

No material changes

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Advisory Business

Gunnell Financial is a registered investment adviser based in the Indianapolis, Indiana area. It is organized as a Limited Liability Company under the laws of Indiana. Edward Gunnell is the principal of Gunnell Financial.

Gunnell Financial provides personalized confidential financial planning and investment management to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and small businesses. We give advice through consultation with the client and projects may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning. Investment advice is an integral part of financial planning.

Gunnell Financial is strictly a fee-only financial planning and investment management firm. In the course of financial planning, insurance and/or tax services may be recommended. These services are provided by Gunnell Financial, however there is no obligation to use Gunnell Financial for these. Gunnell would charge fees for tax services separate from financial planning and would receive fees directly from insurance companies.

Our primary investment strategy is based on the critical influence of the asset allocation of a portfolio. We believe it is the particular mix of fixed income and equity investments that explains and produces a portfolio's rate of return and degree of fluctuations in value. We study research and utilize software to design mixes of asset classes whose correlation coefficients attempt to obtain an appropriate level of return per unit of acceptable fluctuation or risk. "Correlation coefficients" means that one asset class will have a different pattern of return from another asset class; in simple terms, one investment may be going up in value while another is going down. The goal is to have a mix so the entire portfolio is not going down at the same time, while growing at a desired rate.

We provide investment advice, and take limited discretionary authority for the purpose of investing and rebalancing client accounts. Clients always maintain control of their assets. Gunnell places trades for clients under a limited power of attorney.

An evaluation of each client's initial situation is provided to the client. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, which may be by telephone, is an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the client.

Types of Advisory Services

Gunnell Financial provides investment supervisory services, also known as asset management services; furnishes investment advice through consultations; and provides client education on investment and financially planning issues. Gunnell Financial also furnishes advice to clients on matters not involving securities, such as financial planning matters.

Tailored Relationships

Services are tailored for each client relationship. For management clients, investment policy statements are created that reflect the stated goals and objectives for the portfolio. Clients may impose restrictions on investing in certain securities or types of securities. Agreements may not be assigned without client consent.

Types of Services

The following agreements define the typical client relationships:

Financial Planning

Gunnell Financial designs and produces financial plans to help clients with all aspects of financial planning, without ongoing investment management.

The financial plan may include some or all of these: a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for further advice, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations. Gunnell may also provide hourly planning services for clients who need advice on a limited scope of work.

We provide detailed investment advice and specific recommendations as part of a financial plan. It is up to the client to implement the recommendations or not.

After delivery of a financial plan, future face-to-face meetings may be scheduled as necessary. Clients may implement the investment recommendations provided by Gunnell Financial in a financial plan with other brokers or money managers that are not affiliated with our firm, or on their own.

Portfolio Management

Clients may choose to have Gunnell Financial manage their assets in order to obtain ongoing portfolio management and financial life planning. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

Our primary investment strategy is based on the critical influence of the asset allocation of a portfolio. We study research and utilize software to design mixes of asset classes whose correlation coefficients act to obtain the most return per unit of acceptable fluctuation or risk. Assets are invested primarily in no-load mutual funds and exchange-traded funds, usually through discount brokers or fund companies. A "buy and hold" strategy with regular rebalancing keeps the trading costs down and the allocation in line over time.

Investments may also include: equities (stocks), exchange traded funds and notes, corporate debt securities, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, and mutual funds shares), and U.S. government securities. Initial public offerings (IPOs) are not available through Gunnell Financial.

The scope of work and fee for a Portfolio Management Agreement is provided to the client in writing prior to the start of the relationship. A Management Agreement includes: cash flow assistance; portfolio management and performance reporting; necessary financial planning; and assistance with the implementation of recommendations within each area.

Fees and Compensation

Gunnell Financial bases its fees on a percentage of assets under management, hourly charges, or fixed fees.

Financial Planning Fees

The fee for a financial plan is based upon the facts known at the start of the engagement and the complexity of the project. Financial planning services are billed at the rate of $150 per hour, or a flat fee agreed upon and set forth in the Financial Planning Agreement.

In the event that the client's situation is substantially different than disclosed at the initial meeting, a revised fee will be provided for mutual agreement. The client must approve the change of scope in advance of the additional work being performed when a fee increase is necessary.

Fees for financial plans are billed $500 in advance, with the balance due upon delivery of the financial plan. Gunnell Financial may also offer a general consulting service on an hourly basis at the rate of $150 per hour. The fee for such service is payable upon completion of the consulting session. The typical financial planning for W-2 income earners is $1500. Persons who own businesses or get K-1 or other non W-2 income are in the $2500-$5000 range, however may be higher for significantly complex situations. All fees are quoted before work begins and are firm for 30 days.

Portfolio Management Fees

The annual Portfolio Management Agreement fee is based on a percentage of the managed assets according to the following schedule:

< $1,000,000 = 1.2%
Next $1,000,000 = 1%
$2-5,000,000 = .75%
> $5,000,000 = .5%

There is no minimum asset requirement with Gunnell Financial, however there is a minimum quarterly fee of $300 for ongoing asset management services. There is an initial $475 fee upon hiring Gunnell Financial.

Investment management fees are billed quarterly, in arrears, meaning that we invoice you after the three-month billing period has ended. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account to facilitate billing, with the client's consent.

New Business Owner Services (Limited to businesses in operation <2 years). $475 billed upfront for the first quarter's services, then a predetermined ongoing monthly fee billed via ACH.

New Job Changer Planning Services/Open Enrollment Benefits Service
One time fee of $475 payable upfront unless prior written agreement.

Other Fees

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

Expense Ratios

Mutual funds and exchange traded funds generally charge a management fee for their services to run the fund. The management fee is called an expense ratio. For example, an expense ratio of 0.50% means that the mutual fund company charges one-half of one percent annually for their services. These fees are in addition to the fees paid by you to Gunnell Financial.

Past Due Accounts and Termination of Agreement

The client or the investment manager may terminate an agreement by 30 days written notice to the other party. At termination, fees will be billed on a pro rata basis for the portion of the quarter completed. The portfolio value at the completion of the prior full billing quarter is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination.

Gunnell Financial reserves the right to stop work on any account that is more than 60 days overdue. In addition, Gunnell Financial reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in Gunnell Financials' judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 60 days.

Performance-Based Fees and Side by Side Management

Performance based fees are based on a share of capital gains on or capital appreciation of the client's assets. Gunnell Financial does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk than is suitable for the client

Types of Clients

Gunnell Financial generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations or business entities.

Methods of Analysis, Investment Strategies and Risk of Loss

The main sources of information for security analysis include professional investment research and reports, financial books, publications, and professional journals.

Investment Strategy

Our primary investment strategy is based on the critical influence of the asset allocation of a portfolio. We believe it is the particular mix of fixed income and equity investments that explains and produces a portfolio's rate of return and degree of fluctuations in value. We study research and utilize software to design mixes of asset classes whose correlation coefficients act to obtain the most return per unit of acceptable fluctuation or risk. "Correlation coefficients" means that one asset class will have a different pattern of return from another asset class; in simple terms, one investment may be going up in value while another is going down. The goal is to have a mix so the entire portfolio is not going down at the same time, while growing at a desired rate.

Portfolios are globally diversified across major asset classes of fixed income and equities to minimize the risk associated with traditional markets. Assets are invested primarily in no-load mutual funds and exchange-traded funds, usually through discount brokers or fund companies. A "buy and hold" strategy with regular re-balancing keeps the trading costs down and the allocation in line over time.

The investment allocation for a specific client is individually designed, and is based upon the objectives stated by the client during consultations. The client may change these objectives at any time.

Risk of Loss

Gunnell Financial does not want a client to take on more risk than they need to, to meet their financial goals. However, Investing in securities involves risk of loss that clients should be prepared to bear. There is no "risk free" investment. Our investment approach constantly keeps the risk of loss in mind.

Investors face the following investment risks, which Gunnell Financial attempts to minimize through prudent portfolio diversification:

• Interest-rate Risk: Changes in interest rates may cause investment prices to fluctuate. For example, when interest rates rise for new bonds, the market value lower yielding older bonds can decline. If you wanted to sell that older bond before its maturity date, you might get less than what you paid for it. If however interest rates are lower for new bonds, someone may be willing to pay you more for your older, higher-yielding, bond.
• Market Risk: The price of any security may drop in reaction to tangible and intangible events and conditions. This type of risk is associated with external factors such as political, economic and social conditions. These events can result in market declines, even though the underlying security is financially unchanged.
• Inflation Risk: When any type of inflation is present, a dollar in the future will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.
• Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
• Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
• Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like. This primarily relates to equities or stocks.
• Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many buyers are available on short notice or if it is a standardized product. For example, Treasury Bills are highly liquid, while individual real estate properties are not.
• Financial Risk: Excessive borrowing to finance a business' operations decreases its profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

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 us or the integrity of our management. Any reportable legal or disciplinary events by our firm or our management persons are current. There are no material or reportable disciplinary actions.

Other Financial Industry Activities or Affiliations

We do not have any relationship or arrangement with other professionals that is material to our advisory business which creates any conflict of interest, nor do we receive any form of compensation from other firms or professionals.

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

Description of Our Code of Ethics

Gunnell has adopted a Code of Ethics (the "Code") to address investment advisory conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes Gunnell's policies and procedures developed to protect client's interests in relation to the following topics:

- The duty at all times to place the interests of clients first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the code of ethics.
- The responsibility to avoid any actual or potential conflict of interest or misuse of an employee's position of trust and responsibility;
- The fiduciary principle that information concerning the identity of security holdings and financial circumstances of clients is confidential; and
- The principle that independence in the investment decision-making process is paramount.

A copy of Gunnell Financials' Code of Ethics is available upon request to Edward Gunnell, CCO, at (317) 203-4433; or by email at: ed@gunnfin.com.

Personal Trading Practices

At times Gunnell Financial and/or its Advisory Representatives may take positions in the same securities as clients, which may pose a conflict of interest with clients. We will not violate our fiduciary responsibilities to our clients. Front running (trading shortly ahead of clients) is prohibited. Should a conflict occur because of materiality, disclosure will be made to the client(s) at the time of trading. Incidental trading not deemed to be a conflict (i.e. a purchase or sale which is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price), would not be disclosed at the time of trading.

The Chief Compliance Officer of Gunnell Financial is Edward Gunnell. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

Brokerage Practices

Selecting Brokerage Firms

Gunnell Financial does not have any affiliation with product sales firms. Specific custodian recommendations are made to clients based on their need for such services. Gunnell Financial recommends custodians based on the proven integrity and financial responsibility of the firm, the best execution of orders at reasonable commission rates, convenience and customer service, and access to desired investment products.

Gunnell Financial recommends discount brokerage firms and trust companies (qualified custodians), such as Charles Schwab, member FINRA/SIPC, MoneyBlock, and Shareholder Services Group. Gunnell does not receive fees or commissions from any of these arrangements.

We do not receive any referrals or payments from the brokerage firms or trust companies we recommend to clients.

Review of Accounts

Periodic Reviews

For portfolio management clients, advisors review client accounts at least quarterly or semi-annually, depending on the engagement. Account reviews are performed more frequently when market conditions dictate, such as when the overall markets drop by more than 10% in a single day.

In addition, management clients may receive an updated financial plan after they have been with the firm for some period of time or as their life circumstances have changed.

Review Triggers

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

Client Referrals and Other Compensation

Incoming Referrals

The firm does not compensate referring parties for referrals.

Referrals Out

Gunnell Financial does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Custody

Gunnell Financial uses various custodians such as the ones listed in Brokerage Practices. There is no Omnibus account used or co-mingling of client assets. Clients will receive account statements at least quarterly from the broker-dealer or other qualified custodian.

Investment Discretion

Gunnell Financial will accept limited discretionary authority for the purpose of rebalancing client accounts. We will exercise discretionary authority only if the client has granted us such authority in the client advisory agreement. Discretionary authority extends to the type and amount of securities to be bought and sold and do not require advance client approval. We do not have the ability to make third party withdrawals from the client's account.

The client approves the custodian to be used and the transaction fees paid by the client to the custodian on certain trades. Gunnell does not receive any portion of the transaction fees paid by the client to the custodian.

Voting Client Securities

Gunnell Financial does not vote proxies. It is the client's responsibility to vote proxies. Clients will receive proxy materials directly from the custodian. Questions about proxies may be made via the contact information on the cover page.

Financial Information

We are required in this Item to provide you with certain financial information or disclosures about Gunnell Financials', financial condition. Gunnell does not require the prepayment of over $500 and six or more months in advance. Additionally, Gunnell Financial has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Requirements for State-Registered Advisers

Principal-Edward L Gunnell II
As the Principal, Ed is responsible for investment supervision.

Post High School Education-Attended Indiana University and Brigham Young University, Degree-Business Management/BYU
Professional Licenses and Designations: Enrolled Agent (EA) and NTPI Fellow (NTPIF)
Birth Year-1972

Business Background
1993-2002: Charles Schwab & Co., Inc.-Vice President/Branch Manager
2003: NatCity Investments-Vice President/Retail Investment Officer
2003-2004: BancOne Securities-Team Leader/Retirement Plan Specialist
2004-2008: Prudential Financial-Manager, Financial Services/Financial Planner
2008-Present: Gunnell Financial (FKA Gunnell Retirement and Estate Planning)
In serving in these prior roles, the licenses of Series 7, 8, 24, 63 & 65 were obtained. Ed is now licensed as a Registered Investment Advisor by the State of Indiana.