

# Toucan

Toucan Financial Inc.

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Form ADV Part 2A – Firm Brochure

Dated September 29, 2022

This Brochure provides information about the qualifications and business practices of Toucan Financial Inc. If you have any questions about the contents of this Brochure, please contact us at (980) 999-2625. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

Additional information about Toucan Financial Inc. 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, 321210.

Toucan Financial Inc. is a Registered Investment Adviser. Registration does not imply any level of skill or training.

## Item 2: Material Changes

Form ADV Part 2A for Toucan Financial Inc. was last filed on August 19, 2022. Since then, the following material changes have been made:

- None

In the future, any additional material changes made during the year will be reported here.

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## Item 4: Advisory Business

### Description of Advisory Firm

Toucan Financial Inc. is a Registered Investment Adviser principally located in the state of North Carolina. We were incorporated in Delaware in April 2022 and foreign qualified in North Carolina in May 2022. Toucan Financial Inc. became registered in 2022. Ian Rahilly is the principal owner.

As used in this brochure, the words "Toucan," "we," "our firm," "Advisor," and "us" refer to Toucan Financial Inc., and the terms "you," "your," and "Client" refer to you as either a client or prospective client of our firm.

### Types of Advisory Services

Toucan is a fee-only firm, meaning the only compensation we receive is from our Clients for our services. From time to time, Toucan recommends third-party professionals such as attorneys, accountants, tax advisors, insurance agents, or other financial professionals. Clients are never obligated to utilize any third-party professional we recommend. Toucan is not affiliated with, nor does Toucan receive compensation from third-party professionals we may recommend.

### Investment Management Services

Our firm provides continuous advice to a Client regarding the investment of Client funds based on the Client's individual needs. Through personal discussions in which goals and objectives based on a Client's particular circumstances are established, we develop a Client's investment policy or an investment plan with an asset allocation target and create and manage a portfolio based on that policy and allocation targets. We will also review and discuss a Client's prior investment history, family composition, and background. The stated objectives of the Client guide account supervision (e.g., maximum capital appreciation, growth, income, or growth, and income), as well as risk tolerance and tax considerations.

We advise our clients on investments in stocks, bonds, mutual funds, ETFs, U.S. government and municipal securities, and cash and cash equivalents. At the Client's request, we may also provide advice regarding investments held in the Client's portfolio at the inception of our advisory relationship and other investment types not listed above.

When we provide investment management services, Clients grant us limited authority to buy and sell securities on a discretionary and non-discretionary basis. More information on our trading authority is explained in Item 16 of this Brochure. Clients may impose reasonable restrictions on investing in specific securities, asset classes, or industry sectors.

### Financial Planning Services

Financial planning involves an evaluation of a 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 client's entire financial and life situation. Clients purchasing this service will receive a written report, providing the Client with a detailed financial plan to achieve their stated financial goals and objectives.

The financial plan will address some or all the following areas of concern. The Client and Toucan will work together to select specific areas to cover. These areas may include, but are not limited to, the following:

- **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 to achieve your goals.
- **Cash Flow and Debt Management:** We will review 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. Guidance may also be provided on which debts to pay off first based on factors such as the relative interest rates and 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.
- **College Savings:** Includes projecting the amount needed to achieve college or other post-secondary education funding goals, along with advice on ways to save the desired amount. Recommendations on savings strategies are included. We will review your financial picture regarding eligibility for financial aid or the best way to contribute to grandchildren (if appropriate).
- **Employee Benefits Optimization:** We will provide a 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 recommend the various benefit programs that can be structured to meet both business and personal retirement goals.
- **Estate Planning:** This usually includes an analysis of your exposure to estate taxes and your current estate plan, including 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. With your request and approval, we will participate in meetings or phone calls between you and your attorney.
- **Financial Goals:** We will help Clients identify financial goals and develop a plan to reach them. We will determine 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.
- **Insurance:** Review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home, and automobile.
- **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, and assisting you in establishing your investment account at a selected broker/dealer or custodian. The strategy and types of investments we may recommend are further discussed in Item 8 of this brochure.
- **Retirement Planning:** Our retirement planning services typically include projections of your likelihood of achieving your financial goals, focusing on financial independence as the primary objective. For situations where projections show less than the desired results, we may recommend adjustments to specific variables (e.g., 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 alter spending adversely during your retirement

years.

- **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 weigh the costs of purchasing insurance versus the benefits of doing so and, likewise, the potential cost of not purchasing insurance (“self-insuring”).
- **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 the 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 that you consult a qualified tax professional before initiating any tax planning strategy. We may provide you with contact information for accountants or attorneys. With your approval, we will participate in meetings or phone calls between you and your tax professional.

Financial Planning Services are offered via an Ongoing and Project-Based engagement.

**Ongoing Financial Planning.** This service involves working one-on-one with a financial planner (“planner”) over an extended period. Through this ongoing arrangement, Clients are expected to collaborate with the planner to develop and implement their financial plan (the “Plan”). The planner will monitor the plan, recommend appropriate changes and ensure the plan is up to date as the Client’s situation, goals, and objectives evolve.

Upon engaging the firm for financial planning, a Client will be taken through establishing their goals and values around money. Clients will be required to provide pertinent information to help complete the following areas of analysis: net worth, cash flow, insurance, credit scores/reports, employee benefits, retirement planning, insurance, investments, college planning, and estate planning. 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. Clients engaging in this service will receive an electronic report, providing the Client with a detailed financial plan to help achieve the Client’s stated financial goals and objectives. 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 actionable steps have been carried out. On an annual basis, this plan will be reviewed to ensure its accuracy and ongoing appropriateness. Any needed updates will be implemented at that time.

**Project-Based Financial Planning.** We provide project-based financial planning services on a limited scope of one-time engagement. Project-Based Financial Planning is available for Clients looking to address specific questions or issues. The Client may choose from one or more of the above topics to cover or other areas as requested and agreed to by Toucan. For Project-Based Financial Planning, the Client will ultimately be responsible for implementing the financial plan.

### Client Tailored Services and Client Imposed Restrictions

We tailor the delivery of our services to meet the individual needs of our Clients. We consult with Clients initially and on an ongoing basis, through the duration of their engagement with us, to determine risk tolerance, time horizon, and other factors that may impact the Clients’ investment and planning needs.

Clients can specify, within reason, any restrictions they would like to place as it pertains to individual securities and sectors that will be traded in their account. All such requests must be provided to Toucan in writing. Toucan will notify Clients if they are unable to accommodate any requests.

### Retirement Account Advice

When Toucan provides investment advice to Clients regarding the Client's retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with the Client's interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we offer advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

### Wrap Fee Programs

We do not participate in wrap-fee programs.

### Assets Under Management

As of September 2022, Toucan has \$0 in discretionary and \$0 in non-discretionary assets under management.

## Item 5: Fees and Compensation

Please note, unless a Client has received this brochure at least 48 hours before signing an Advisory Contract, the Advisory Contract may be terminated by the Client within five (5) business days of signing the Advisory Contract without penalty.

How we are paid depends on the type of advisory services we perform. Below is a brief description of our fees; however, you should review your executed Advisory Contract for more detailed information regarding your exact fee. No increase to the agreed-upon advisory fees outlined in the Advisory Contract shall occur without prior Client consent. Our fee may be in excess of industry standards, and similar services are available for a lower fee.

### Combined Investment Management and Ongoing Financial Planning

The annual fee for this combined service will range from \$2,400 - \$100,000. The fee range is dependent upon variables including the specific needs of the Client, complexity, estimated time, research, and resources required to provide services to you, among other factors we deem relevant. Fees are negotiable, and the final agreed-upon fee will be outlined in the Advisory Contract. The annual fee may be adjusted before the start of each calendar year upon receipt of a signed fee schedule addendum with both parties agreeing to the updated fee.

The annual fee may be paid either monthly or quarterly in advance. Our advisory fee is prorated for any partial billing periods during the engagement, including the initial and terminating billing periods. Toucan will not bill an amount above \$500 more than six months or more before rendering the services.

### Project-Based Financial Planning

Toucan charges either a fixed or hourly fee for Project-Based Financial Planning. Fixed fee rates range from \$2,000 to \$32,000. Our hourly rate is \$400.

The fee range is dependent upon variables including the specific needs of the Client, complexity, estimated time, research, and resources required to provide services to you, among other factors we deem relevant. Fees are negotiable, and your Advisory Contract will outline the final agreed-upon fee. Toucan may request that a portion of the fee be collected in advance, with the remainder due upon completion of the services. Toucan will not bill an amount above \$500 more than six months or more before rendering the services.

### Fee Deduction

We deduct our advisory fee from one or more account(s) held at an unaffiliated third-party custodian, as directed by the Client. Please refer to Item 15 of this Brochure regarding our policy on direct fee deduction. Clients may also pay by electronic funds transfer or debit/credit card.

### Other Types of Fees and Expenses

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

Clients may incur fees from third-party professionals such as accountants and attorneys that Toucan may recommend upon Client request. Such fees are separate and distinct from Toucan's advisory fees.

### Terminations and Refunds

For our Combined Investment Management and Financial Planning service, the Advisory Contract may be terminated with written notice at least 30 calendar days in advance; any prepaid but unearned fees will be refunded.

Project-Based services are not an ongoing engagement; thus, upon receipt of the final fees, the Advisory Contract will automatically be terminated. In the event of early termination, before the work is completed, the fee will be prorated according to work completed, any completed deliverables will be provided, and payment will be due for work completed. A new Advisory Contract must be executed if Clients wish to engage Toucan for further services.

### Sale of Securities or Other Investment Products

Advisor and its supervised persons 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 and do not engage in side-by-side management.

## Item 7: Types of Clients

We provide financial planning and investment management services to individuals, high net-worth individuals, corporations, or other businesses.

We do not have a minimum account size requirement.

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

Below is a brief description of our analysis methods and primary investment strategies.

### Methods of 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 the 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.

### Modern Portfolio Theory (MPT)

The underlying principles of MPT are:

- Investors are risk averse. The only acceptable risk is that which is adequately compensated by an expected return. Risk and investment return are related, and an increase in risk requires an increased expected return.

- Markets are efficient. The same market information is available to all investors at the same time. The market prices every security fairly based upon this equal availability of information.
- The composition of the portfolio is more important than the selection of any particular security. The appropriate allocation of capital among asset classes will have far more influence on long-term portfolio performance than the selection of individual securities.
- Investing for the long-term (preferably longer than ten years) becomes critical to investment success because it allows the long-term characteristics of the asset classes to surface.
- Increasing portfolio diversification with lower correlated asset class positions can decrease portfolio risk. Correlation is the statistical term for the extent to which two asset classes move in tandem or in opposition to one another.

## Investment Strategies

### *Asset Allocation*

In implementing 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.

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 changes periodically to keep in line with the target risk tolerance model.

### *Passive and Active Investment Management*

We may choose investment vehicles 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 to achieve the desired relationship between correlation, risk, and return. Funds that passively capture the selected asset classes' returns 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 attempts to generate returns above the broader market or a designated benchmark. Actively managed funds may also be designed to reduce volatility and risk.

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

Specific investment selections are based on several factors that we evaluate 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 keep internal fund expenses as low as possible.

## Material Risks Involved

All investing strategies we offer involve risk and may result in losing your original investment, which you should be prepared to bear. These risks apply equally to stocks, bonds, commodities, and other assets and securities. 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 asset's value regardless of the operational success of the issuer's operations or its financial condition.

*Strategy Risk:* The Adviser's investment strategies and 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 higher portfolio turnover rate than other strategies. A high portfolio turnover would result in greater brokerage commission expenses and 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 (more challenging 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 reasonable or favorable prices 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 more significant risks of adverse developments in such focus areas than a more broadly diversified strategy.

*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 typically rise when interest rates fall. Generally, fixed-income securities with longer maturities are more sensitive to these price changes. Most other investments are also susceptible 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 your investment portfolio's buying power, even if your investments' dollar value remains the same.

### Risks Associated with Securities

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

Commercial Paper is, in most cases, an unsecured promissory note issued with a maturity of 270 days or less. 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. Slower growth or a recessionary economic environment could hurt 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 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 factors such 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 after-tax return of municipal securities to the after-tax return of comparable investments. Investing in municipal bonds carries the same general risks as investing in bonds. Those risks include interest rate, reinvestment, inflation, market, call or redemption, credit, and liquidity and valuation risks.

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 that the underlying position may be called away at a price lower than the current market price.

Due to market conditions, Exchange Traded Funds prices may vary significantly from the Net Asset Value. 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) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are delisted from the exchange, or the activation of market-wide "circuit breakers" (which are tied to significant decreases in stock prices) halts stock trading generally. The Adviser has no control over the risks taken by the underlying funds in which the Clients invest.

Mutual Funds 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, 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

### Criminal or Civil Actions

Toucan and its management have not been involved in any criminal or civil action.

### Administrative Enforcement Proceedings

Toucan and its management persons have not been involved in administrative enforcement proceedings.

### Self-Regulatory Organization Enforcement Proceedings

Toucan and its management persons have not been involved in legal or disciplinary events that are material to a Client's or prospective Client's evaluation of Toucan or the integrity of its management.

## Item 10: Other Financial Industry Activities and Affiliations

### Broker-Dealer Affiliation

Neither Toucan nor its management persons are registered or have an application pending to register as a broker-dealer or a registered broker-dealer representative.

### Other Affiliations

Neither Toucan nor its management persons are registered or have an application pending to register as a futures commission merchant, commodity pool operator, or commodity trading advisor.

### Related Persons

Neither Toucan nor its management persons have any relationship or arrangement with related parties.

### Recommendations or Selections of Other Investment Advisers

Toucan does not recommend or select other investment advisers for our clients.

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

As a fiduciary, our firm has 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 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 our dealings. The firm also 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. Additionally, Toucan requires adherence to its Insider Trading Policy and the CFA Institute's Asset Manager Code of Professional Conduct and Code of Ethics and Standards of Professional Conduct.

### Code of Ethics Description

This Code of Ethics does not attempt to identify all possible conflicts of interest. Compliance with each of its specific provisions will not shield our firm or its access persons from liability for misconduct that violates a fiduciary duty to our Clients. A summary of the Code of Ethics Principles is outlined below.

- Integrity - Access persons shall offer and provide professional services with integrity.
- Objectivity - Access persons shall be objective in providing professional services to Clients.
- Competence - Access 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 - Access 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 - Access persons shall not disclose confidential Client information without the Client's specific consent unless in response to proper legal process or as required by law.
- Professionalism - Access persons' conduct in all matters shall reflect the credit of the profession.
- Diligence - Access persons shall act diligently in providing professional services.

We periodically review and amend our Code of Ethics to remain current. We require all firm access persons to attest to their understanding of and adherence to the Code of Ethics 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 access persons nor 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, principal transaction, among others.

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

Our firm, its access persons, and its related persons may buy or sell securities similar to, or different from, those we recommend to Clients for their accounts. To reduce or eliminate specific conflicts of interest, our Code of Ethics may require that we restrict or prohibit access to persons' transactions in specific reportable securities. Toucan's Chief Compliance Officer must approve any exceptions or trading pre-clearance before trading in an account. Toucan maintains a copy of access persons' personal securities transactions as required.

### Trading Securities At/Around the Same Time as Client's Securities

From time to time, our firm, its access persons, or its related persons may buy or sell securities for themselves at or around the same time as they buy or sell securities for Clients' account(s). To address this conflict, it is our policy that neither our firm nor access persons shall have priority over clients' accounts in the purchase or sale of securities.

## Item 12: Brokerage Practices

### Factors Used to Select Custodians and Broker-Dealers

In recommending broker-dealers, we must seek the "best execution" of transactions in Client accounts. The determinative factor in the analysis of best execution is not the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of the broker-dealer's services. The factors we consider when evaluating a broker-dealer for best execution include, without limitation, the broker-dealer's:

- 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 your account);
- Ability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- The breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.);
- Availability of investment research and tools that assist us 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, security, and stability;
- Prior service to our clients and us.

With this in consideration, our firm recommends Schwab, an independent and unaffiliated SEC registered broker-dealer firm and member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). Although Clients may request us to use a broker-dealer of their choosing, we generally recommend that Clients open brokerage accounts with Schwab. We are not affiliated with Schwab. The Client will ultimately make the final decision of the Custodian to be used to hold the Client's investments by signing the selected broker-dealer's account opening documentation.

### Research and Other Soft-Dollar Benefits

We do not have any soft-dollar arrangements with broker-dealers whereby soft-dollar credits, used to purchase products and services, are earned directly in proportion to the number of commissions our Clients pay. However, as a result of being on their institutional platform, Schwab may provide specific services that may benefit us.

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like ours. They provide our Clients and us with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our Clients' accounts, while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. The benefits Advisor or its personnel receive do not depend on the number of brokerage transactions directed to Schwab. As part of its fiduciary duties to Clients, Toucan must always put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits by the Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of Schwab for custody and brokerage services. This conflict of interest is mitigated as Advisor regularly reviews the factors used to select custodians to ensure our recommendation is appropriate. Following is a more detailed description of Schwab's support services:

1. Services that benefit you. Schwab'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 Schwab include some to which we might not otherwise have access, or that would require a significantly higher minimum initial investment by our Clients. Schwab's services described in this paragraph generally benefit you and your account.
2. Services that may not directly benefit you. Schwab also makes other products and services available to us but may not directly benefit you or your account. These products and services assist us in managing and administering our Clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our Clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab 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 our fees from our Clients' accounts
  - assist with back-office functions, recordkeeping, and Client Reporting
3. Services that generally benefit only us. Schwab offers other services to help us manage and further develop our business enterprise. These services include:
  - Educational conferences and events
  - Consulting on technology, compliance, legal, and business needs
  - Publications and conferences on practice management and business succession
4. Your brokerage and custody costs. For our Clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Specific trades (for example, many mutual funds and ETFs) may not incur Schwab commissions or transaction fees.

### 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.

### Clients Directing Which Broker/Dealer/Custodian to Use

We recommend a specific custodian for Clients to use. However, Clients may custody of their assets at a custodian of their choice. Clients may also direct us to use a specific broker-dealer to execute transactions. By allowing Clients to

choose a particular custodian, we may be unable to achieve the most favorable execution of Client transactions, which may cost Clients money over using a lower-cost custodian.

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

Investment advisers may elect to purchase or sell the same securities for several clients at approximately the same time when they believe such action may prove advantageous to clients. This process is called aggregating orders, batch trading, or block trading. We do not engage in block trading. It should be noted that implementing trades on a block or aggregate basis may be less expensive for client accounts; however, it is our trading policy to implement all client orders individually. Therefore, we do not aggregate or “block” client transactions. Considering the types of investments, we hold in advisory client accounts, we do not believe clients are hindered in any way because we trade accounts individually. This is because we develop individualized investment strategies for clients, and holdings will vary. Our strategies are primarily designed for the long-term, and minor differences in price execution are not material to our overall investment strategy.

### Item 13: Review of Accounts

#### Periodic Reviews

Clients who engage us for investment management services will have their account(s) reviewed annually by Ian Rahilly, Founder, CEO, Chairman, and CCO. The account(s) are evaluated based on the Client’s investment policies and risk tolerance levels.

#### Triggers of Reviews

Events that may trigger greater scrutiny include unusual performance, addition or removal of Client-imposed restrictions, excessive draw-down, volatility in performance, or buy and sell decisions from the firm or per the Client's needs.

#### Review Reports

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.

Toucan does not provide written performance or holdings reports to Investment Management Clients outside of what is provided directly by their custodian as part of their account statements.

### Item 14: Client Referrals and Other Compensation

#### Compensation Received by Toucan Financial Inc.

Toucan is a fee-only firm that is compensated solely by its Clients. Toucan does not receive commissions or other sales-related compensation. Except as mentioned in Item 12 above, we do not accept any economic benefit, directly or indirectly, from any third party for advice rendered to our Clients.

#### Client Referrals from Solicitors

Toucan does not, directly or indirectly, compensate any person who is not advisory personnel for Client referrals.

### Item 15: Custody

Toucan does not hold, directly or indirectly, Client funds or securities or have any authority to obtain possession of them. A qualified custodian holds all Client assets.

If Toucan deducts its advisory fee from the Client's account(s), the following safeguards will be applied:

- i. The Client will provide written authorization to Toucan, permitting us to be paid directly from the Client's accounts held by the custodian.
- ii. The custodian will send at least quarterly statements to the Client showing all disbursements from the accounts, including the amount of the advisory fee.

In jurisdictions where required, Toucan will send an itemized invoice to the Client at the same time it instructs the custodian to debit the advisory fee. Itemization includes the formula used to calculate the fee; the reference amounts the fee is based on, and the period covered by the fee.

We urge you to carefully review custodial statements, compare them to the account invoices or reports we may provide, and notify us of any discrepancies. Clients are responsible for verifying the accuracy of these fees as listed on the custodian's brokerage statement, as the custodian does not assume this responsibility. Our invoices or reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of securities.

## Item 16: Investment Discretion

For those Client accounts where we provide Investment Management Services, Toucan has discretionary authority and limited power of attorney to determine the securities and the amount to be bought or sold for a Client's account without having to obtain prior Client approval for each transaction. 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, granting our firm discretion over the account(s). Additionally, the discretionary relationship will be outlined in the Advisory Contract and signed by the Client. Clients may limit our discretion by requesting certain restrictions on investments. However, approval of such requests is at the firm's sole discretion.

If you enter non-discretionary arrangements with our firm, we will obtain your approval before executing any transactions for your account(s). You have an unrestricted right to decline to implement advice our firm provides on a non-discretionary basis.

## 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, if we receive any written or electronic proxy materials, we will forward them to you by mail unless you have authorized our firm to contact you by electronic mail. We will forward you any electronic solicitation to vote proxies in this case.

## Item 18: Financial Information

We have no financial commitment that impairs our ability to meet contractual and fiduciary obligations to our Clients, nor have we been the subject of any bankruptcy proceeding. We do not have custody of Client funds or securities, except as disclosed in Item 15 above, or require or solicit prepayment of more than \$500 in fees six months or more before rendering services.

## Item 19: Requirements for State-Registered Advisers

### Principal Officers

Ian Rahilly serves as Toucan's sole principal. Ian Rahilly's education, business background, and outside business activities can be found in his ADV Part 2B, Brochure Supplement, attached to this Brochure.

### Outside Business

All outside business information of Toucan, if applicable, is disclosed in Item 10 of this Brochure.

### Performance-Based Fees

Neither Toucan nor Ian Rahilly is compensated by performance-based fees.

### Material Disciplinary Disclosures

No management person at Toucan has ever been involved in an arbitration claim or been found liable in a civil, self-regulatory organization, or administrative proceeding.

### Material Relationships That Management Persons Have With Issuers of Securities

Toucan nor Ian Rahilly has any relationship or arrangement with issuers of securities.

# Toucan

Toucan Financial Inc.

2030 Peppercorn Ln  
Charlotte, NC 28205  
(980) 999-2625

[toucan.fi](http://toucan.fi)  
[toucanfi.com](http://toucanfi.com)

Form ADV Part 2B – Brochure Supplement

Dated September 29, 2022

For

Ian Rahilly

Founder, CEO, Chairman, and Chief Compliance Officer

This brochure supplement provides information about Ian Rahilly that supplements the Toucan Financial Inc. (“Toucan”) brochure. A copy of that brochure precedes this supplement. Please contact Ian Rahilly if the Toucan brochure is not included with this supplement or if you have any questions about the contents of this supplement.

Additional information about Ian Rahilly is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), which can be found using the identification number 6547275.

## Item 2: Educational Background and Business Experience

Ian Rahilly

Born: 1985

### Educational Background

- 2015 – Masters of Business Administration, Columbia Business School, New York, NY
- 2007 - Bachelor of Arts, Public Policy & Law, Trinity College, Hartford, CT

### Business Experience

- 08/2022 – Present, Toucan Financial Inc., Founder, CEO, Chairman, and CCO
- 06/2021 – 08/2022, Bank of America, Financial Advisor
- 06/2021 – 06/2022, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Financial Advisor
- 08/2015 – 06/2021, J.P. Morgan Chase Bank, Vice President
- 08/2013 – 05/2015, Columbia Business School, Full-Time Student
- 02/2013 – 08/2013, Unemployed
- 02/2010 – 02/2013 – RBC Capital Markets, Associate Global Equities Management

### Professional Designation(s)

Chartered Financial Analyst (CFA): The CFA Program is a graduate-level self-study program that combines a broad-based curriculum of investment principles with professional conduct requirements. It is designed to prepare charter holders worldwide for a wide range of investment specialties. To earn a CFA charter, applicants study for three exams (Levels I, II, III) using an assigned curriculum. Upon passing all three exams and meeting the professional and ethical requirements, they are awarded a charter.

## Item 3: Disciplinary Information

Ian Rahilly has never been involved in an arbitration claim or been found liable in a civil, self-regulatory organization or administrative proceeding.

## Item 4: Other Business Activities

Ian Rahilly is not involved with outside business activities.

## Item 5: Additional Compensation

Ian Rahilly does not receive any economic benefit from any person, company, or organization in exchange for providing Clients advisory services through Toucan Financial, Inc.

## Item 6: Supervision

Ian Rahilly, as Chief Compliance Officer of Toucan Financial, Inc., supervises the advisory activities of our firm. Ian Rahilly is bound by the firm's policies, procedures, and Code of Ethics. Clients may contact Ian Rahilly at the phone number on this brochure supplement.

## Item 7: Requirements for State Registered Advisers

Ian Rahilly has NOT been involved in an arbitration, civil, self-regulatory, administrative, or bankruptcy petition.