



Client Relationship Summary – Form CRS

Is an Investment Advisory Account Right for You?

There are different ways you can get help with your investments. You should carefully consider which types of accounts and services are right for you.

Item 1. Introduction

Madrone Investment Advisory, LLC (“Madrone”, “Firm”, “We”, “Us”, “Our”) is registered with the U.S. Securities and Exchange Commission (“SEC”) as an investment advisor. Brokerage and investment advisory services and fees differ and it is important to understand the differences. *Investor.gov/CRS* offers free and simple tools for you to do research on both firms as well as on financial professionals, as well as providing you with educational materials about broker-dealers, investment advisors, and investing.

Item 2. Relationships and Services

What investment services and advice can you provide me?

Asset Management and Financial Planning: As a registered investment advisor, we will manage your investments as well as provide financial planning services, and we will do so on an ongoing basis. Our investment management authority is non-discretionary, which means that your approval is required before we purchase or sell any investments. We do not offer any type of proprietary products, nor is our advice limited to any particular type of product of investment. This investment advisory and financial planning service will commence upon the signing of an investment advisory agreement, and continue pursuant to the terms of that agreement. We do not require a minimum account size

Prior to executing any transactions in your accounts, or making any financial planning recommendation, we will meet with you one or more times in order to understand your current financial situation, your investment goals, and your tolerance for investment risk and uncertainty. We will then design a proposed investment portfolio, which we will meet to discuss in depth so that we can explain both the types of investments in the proposed portfolio as well as our rationale for those investments. Based on that meeting, we may revise the proposed portfolio. Once we have a proposed portfolio that is acceptable to you, and approved by you, we will then proceed to make the necessary changes to your accounts.

Stand-Alone Financial Planning: Our financial planning services include providing you with advice and recommendations regarding your retirement planning, Social Security claiming strategies, investment-related tax planning, education planning, estate planning, and other financial planning issues that may arise.

ERISA Services: We act as an ERISA 3(38) Investment Manager where we offer discretionary management and control of a given retirement plan’s assets. We are responsible and liable for the selection, monitoring and replacement of the plan’s investment options on an ongoing basis.

Additional Information

For more information about our services, we recommended reading our ADV Part 2A Items 4, 5, and 10.

Conversation Starters

“Given my financial situation, should I choose an investment advisory service? Why or why not?”

“How will you choose investments to recommend to me?”

“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 and Financial Planning: The investment advisory agreement that is signed by you and by Madrone quotes an annual flat dollar fee for our services. This annual fee is pro-rated and billed to you on a quarterly basis, generally on or about the middle of that quarter. This fee is based on the size of your assets being managed by us. However, we do not bill on a formal percentage of those assets. Instead, our quarterly fee covers a “range” of asset value, as specified in our Form ADV part 2 Brochure. That fee is negotiable, which means that some clients may pay a lower fee than the published fee, and as a consequence some clients may pay a lower fee than others pay. The annual fee does not vary based on the type of investments we recommend. The fee will be billed directly to you; we do not directly debit client accounts. Fees are billed quarterly in advance. Some investments (such as mutual funds and ETFs) impose additional fees that will reduce the value of your investment over time.

Generally, the more assets you have in the advisory account, the more you will pay in total fees. We therefore have an incentive to increase the assets in your account in order to increase our fees. You may also pay a transaction fee when we buy and sell an investment for you. You may also pay fees to a broker-dealer or bank that will hold your assets (called “custody”). You pay our advisory fee even if there are no transactions within the account during the period being billed. We do not earn commissions from selling products or as a result of recommending a particular investment.

Stand-Alone Financial Planning: For clients for whom we are managing assets on an ongoing basis under an investment advisory agreement, financial planning services are included at no additional cost. For clients who seek a financial planning consultation only, and for whom we are not managing assets, we charge an hourly fee payable upon delivery of those recommendations.



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ERISA Services: The amount paid to our firm and your financial professional generally does not vary based on the type of investments selected on your behalf. Our fees vary and are negotiable. Generally, the more assets you have in the advisory account, the more you will pay in total fees. We therefore have an incentive to increase the assets in your account in order to increase our fees. We will charge you a fixed fee for our services rather than a percentage of assets in the Plan. You may also pay a transaction fee when we buy and sell an investment for you. You will also pay fees to a broker-dealer or bank that will hold your assets (called “custody”). You pay our advisory fee even if there were not transactions within the 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. For more information regarding our fees and costs, review ADV Part 2A Item 5.

Conversation Starters

“Help me understand how these fees and costs might affect my investments. 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 adviser? How else does your firm make money and what conflicts of interest do you have?

When we act as your investment adviser, we have to act in your best interest and not put our interest 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.

“How might your conflicts of interest affect me, and how will you address them?”

Because your annual fee increases once you have a specific level of assets that we are managing, we have a financial incentive to increase the amount of assets that we are managing. This can create a conflict of interest that can affect the investment or financial planning advice we are providing you. What are some examples of those conflicts? For one, you may wish to seek our opinions as to whether, for example, you should sell securities that we are managing in order to pay off an existing mortgage. Or, you might ask us for an opinion about selling securities that we are managing in order to purchase a second home. As another example, you might ask for a recommendation as to whether you should postpone claiming Social Security retirement benefits, and draw down your investment accounts during the interim. There are many such scenarios where your financial interests may conflict with the financial incentives we have to increase the value of the assets we are managing.

How do your financial professionals make money?

Our financial service professionals are compensated based on hourly or fixed fees. This is a conflict of interest because our financial professionals have a financial incentive to encourage you to increase the size of the assets in your accounts, as well as a financial incentive to recommend our advisory services to you. For more information about our conflicts of interest, we recommend that you read our Form ADV Part 2A, Items 4 and 10.

Additional Information

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Item 4. Disciplinary History

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

No, please visit Investor.gov/CRS for a free and simple search tool to research Madrone and our financial professionals.

Conversation Starters

“As a financial professional, do you have any disciplinary history? If so, for what type of conduct?”

No. We encourage you to visit www.investor.gov/CRS for a free and simple search tool to research Madrone and our financial professionals.

Item 5. Additional Information

To find additional information about Madrone and to request a copy of the *relationship summary*, please go to www.madronellc.com or send us an email at mzmadrone@gmail.com. If you would like to request up-to-date information as well as to request a copy of the relationship summary, please contact us via phone at 415-785-4585.

Conversation Starters

“Who is my primary contact person? Is he or she a representative of an investment advisor or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?”