

Sherman Financial, LLC

Registered Investment Adviser

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This brochure provides information about the qualifications and business practices of Sherman Financial, LLC. If you have any questions about the contents of this brochure, please contact us at (919) 923-2337. 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. Additional information about Sherman Financial, LLC is available at www.adviserinfo.sec.gov. Registration as an investment adviser does not imply a certain level of skill or training.

Item 2: Material Changes

The following material changes have been made since the last annual updating amendment:

- Change in address, phone number, and email address
- Hourly rate has increased from \$250 per hour to \$265 per hour

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Item 4: Services, Fees, and Compensation

Sherman Financial, LLC was founded in 2016 by Christopher Sherman, who is the sole member of the firm. The firm is a fee-only, independent advisory firm providing services to individuals, families and their related entities, trusts and estates, and businesses. The firm is a limited liability company (LLC), formed under the laws of the State of North Carolina. The firm name has one additional name under which it conducts business: Sherman Financial.

The firm works with clients to clarify and define their financial objectives and provide recommendations on achieving these goals, as determined in the "determine goals and expectations" stage of the advisory process. The firm receives compensation based on fees paid directly from clients, referred to as "fee-only." Neither the firm, nor any associated advisors or employees of the firm, receive compensation (such as sales commissions and 12b-1 fees) or pay or receive referral fees from anyone.

Advisory Services

Hourly Advice: The firm provides advisory services on an hourly basis, charging at a current rate of \$265 per hour. Sherman Financial may reduce these fees at its discretion. There are no additional or outside fees charged to the client. The firm provides financial planning advisory services regarding investment, retirement, insurance, estate, cash flow, asset allocation, risk management, college funding, short and long term savings, tax planning, financial coaching, and other related financial areas. The firm previously provided tax preparation services; beginning in 2024 the firm no longer provides this service. Mr. Sherman provides these services in a separate business, Sherman Business Services LLC.

Flat Annual Fee: For those clients desiring annual financial support, or services that may go beyond a single meeting, Sherman Financial, LLC offers a set annual fee service agreed upon at the start of the arrangement, to be paid in equal quarterly installments. This fee is based on the hourly rate of \$265 per hour multiplied by the estimated number of hours provided. The firm will initiate two meetings per year; it is the client's responsibility to initiate further meetings.

Services are dependent upon the needs of the client, but may include the following:

- Tax planning
- Investment advising including portfolio analysis and asset allocation
- Retirement planning
- Financial goal setting
- Budget and cash management
- Estate planning
- Education planning

Specialization: We specialize in comprehensive financial planning for those clients who wish to manage financial assets on their own and/or have professional management of funds in a fee-for-service approach. Services are tailored based on the needs of the individual client, and can range from a comprehensive financial review to an individual financial need.

Financial Planning Stages

Sherman Financial, LLC provides financial planning services including, but not necessarily limited, to the following topics:

1. Establish the client-adviser relationship

2. Gather client data and determine goals and expectations
3. Analyze and evaluate client's financial status
4. Develop and present financial recommendations and alternatives
5. Implement financial recommendations
6. Monitor financial planning recommendations

Description of Business and Tax Preparation Services

In previous years Sherman Financial, LLC provided business and tax preparation services. Mr. Sherman currently provides these services in a separate business, Sherman Business Services LLC.

There are no client-imposed restrictions. The advisor does not participate in any wrap fee programs.

Item 5: Fees and Compensation

Flat Rate

The firm charges a set rate of \$265 per hour for hourly services. The rate of time it will take to complete the particular financial services will depend on each client's situation and needs; however, estimated total hours can be provided at the start of the advisory relationship. Clients are billed monthly based on actual hours accrued.

Annual Fee

The firm offers the option of a set annual fee for those clients who desire ongoing monthly financial advising and financial management, including those with assets under management. This fee is based on estimated hours needed per year, multiplied by the set rate of \$265 per hour. This fee ranges from \$1,000 per client to \$10,000 per client depending upon the complexity of the situation and is billed monthly.

Travel to meet with the client beyond 15 miles is assessed at a rate of \$75 per hour, plus a mileage rate equal to the current IRS Standard Mileage Rate. The current rate for 2026 is \$0.725 per mile. These fees are negotiable based on the size of the planning need.

The firm does not require or solicit payment of fees in excess of \$500 or more than six months in advance of services rendered.

No employee, owner, or related party receives compensation for the sale of securities or other investment products or services.

Custodians or brokerage firms may charge annual or transaction fees. Mutual funds charge management fees for their services and may charge 12b-1 fees. Clients pay these fees in addition to the fees paid to Sherman Financial, LLC. Sherman Financial, LLC receives no portion of these fees. This is further explained in Item 12.

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

Sherman Financial, LLC does not charge performance-based fees or side-by-side management fees.

Item 7: Types of Clients

The firm provides advisory services to individuals (including families and those of high net worth), trusts, non-profit organizations, businesses, and corporations. There are no minimum levels of assets or net worth required for services.

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

Methods of Analysis and Investment Strategies

The firm uses a variety of analysis methods dependent upon the needs of the client. A combination of these methods may be used to determine the ideal investment strategy for each client:

Fundamental Analysis: Method of valuing a security by measuring the intrinsic value, which is the "true value" of the asset and not necessarily the market price. This analysis will determine how the security is valued compared to the market price.

Technical Analysis: This method analyzes securities based on the movement and trends of the market, including historical prices, trading volume, and market data. The goal is not to determine if the asset is accurately priced, but rather the future movements of the security.

Cyclical Analysis: The review of a security in relationship to economic factors and phases within the economic cycle. Securities that are highly cyclical will be more dependent on the economic cycle, and thus will need to be monitored and valued differently than those which do not move with changes in the economic cycle.

Tax-Loss Harvesting: A strategy of selling or holding onto securities to reduce the net capital gains tax for a particular year.

Asset Allocation: Determining the ideal balance of assets within a portfolio based on risk tolerances, earnings needs and expectations (investment goals), and investment time horizon. Allocation strategies include Strategic (setting a target allocation and rebalancing on a periodic basis) and Tactical (actively adjusts portfolio allocations based on market conditions).

Mutual Fund, Index Fund, and/or ETF Analysis: Includes reviewing mutual funds to determine how they fit into the client's goals and objectives, including risk and expected return. Methods of analysis include management review, strategy, market capitalization, fund fees, portfolio composition and diversification, standard deviation of returns, and annualized average returns. These will be compared to other funds and comparable benchmarks.

Investment Strategies: Sherman Financial, LLC prefers the use of Strategic asset allocation, and we prefer passive investment strategies with annual rebalancing. We typically recommend no-load mutual funds, including active managed funds, passive managed funds, and exchange-traded funds. We may also recommend individual stocks and bonds as needed for client goals.

Risk of Loss

All investments involve a certain amount of risk. Our goal is to understand this risk and balance it with potential investment earnings for each selected investment. The following is a summary of risks that apply to investments:

Market Risk: Also known as systematic risk, this is the risk that the overall market will decline. Market risk cannot be eliminated through diversification. Specific types of market risk include equity risk, interest rate risk, and currency risk.

Interest Rate Risk: The risk that an investment's value will change due to a change in the absolute level of interest rates.

Credit Risk: The risk a company (or individual borrower) will not be able to make required payments, causing a loss of interest and principal.

Foreign Investment Risk: The risk involved with foreign investments, including currency exchange risk (a change in the value of the US dollar compared to the currency of the investment) and political risk (the risk that a country's political environment will decrease the value of the investment).

Reinvestment Risk: The risk that when principal is returned, it will not be able to be reinvested at the current rate of return.

Inflation Risk: The decrease in purchasing power of an investment due to an increase in the cost of goods and services.

Item 9: Disciplinary Information

There are no disciplinary or legal events applicable to this brochure. Sherman Financial, LLC and Christopher Sherman have no disciplinary history to report at this time.

Item 10: Other Financial Industry Activities and Affiliations

The firm no longer provides business financial consulting services through Sherman Financial, LLC. Mr. Sherman owns and manages a separate company, Sherman Business Services LLC, to provide these services. These services may include business management, consulting, and individual and corporate tax preparation.

Sherman Financial, LLC is not, and does not have a related party with, any other financial institution other than those disclosed in this brochure. This includes:

- Broker/Dealer
- Investment Company
- Other Investment Advisers or Financial Planners
- Banking or Thrift Institution
- Lawyer or Law Firm
- Insurance Company or Agency
- Real Estate Broker or Dealer
- Any other financial institution other than those previously disclosed

Sherman Financial, LLC may recommend and/or refer clients to other financial institutions; however, the firm receives no payment or compensation of any kind from these institutions and only does so when it is in the best interest of the client. Sherman Financial, LLC may use the client's existing broker or custodian to execute trades,

or will recommend another provider in the best interest of the client. These include, but are not limited to, The Vanguard Group, Inc., Charles Schwab Corporation, and Fidelity Brokerage Services.

The firm may recommend that financial planning clients use Sherman Business Services, LLC for business activity and tax preparation when it is in the best interest of the client. It will be disclosed that the client is under no obligation to use Sherman Business Services, LLC for these services.

Mr. Sherman is a managing member and president of ROMK Properties, a business providing rental real estate.

Former DBAs and businesses no longer in operation: Sherman Financial Planning, Sherman Financial Consulting, Christopher Sherman/Chris Sherman dba Sherman Financial Consulting, and Chris Sherman/Chris Sherman dba Sherman Financial.

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

Code of Ethics

The core of Sherman Financial, LLC's ethics is to place the client's needs and interests first. The firm acts as a fiduciary in any and all activities related to the client and provides full disclosure of material facts related to client recommendations.

The firm's Code of Ethics incorporates the standards of the CFP® Board of Standards, including:

- Integrity
- Objectivity
- Competence
- Fairness — disclose conflicts of interest
- Confidentiality — protect all client information
- Professionalism
- Diligence

The firm's Code of Ethics complies with the requirements of Rule 204A-1 of the Investment Advisers Act of 1940. The firm's Code of Ethics is available upon request by any client or prospective client. All employees of the firm must agree to uphold the firm's Code of Ethics.

Employee Personal Securities Transactions Disclosure

Sherman Financial, LLC and its related persons may purchase securities that are held by or recommended to clients. This creates a potential conflict of interest between the firm and the client. The following actions are taken regarding personal securities transactions and holdings:

- Any personal holdings in a security discussed with clients will be disclosed
- A list of personal holdings is available upon request by clients
- Personal trades are not at a level that is large enough to affect the specific mutual fund or the securities market

Item 12: Brokerage Practices

Sherman Financial, LLC is not a broker/dealer and does not have any relationship with a broker/dealer or any other financial institution other than those disclosed. Clients are under no obligation to follow the recommendations of the firm, including recommended broker/dealers or any other financial institutions.

The firm does not receive any products or services from any financial institution. No research or "soft dollar" benefits are received.

The firm may recommend broker/dealers to the client, and broker/dealers may refer clients to Sherman Financial, LLC. In these instances, the existing client will be informed of this fact and the reason behind the recommendation to a particular broker/dealer (for example, receiving favorable execution or lower costs per trade).

Sherman Financial, LLC may perform transactions with broker/dealers and custodians if directly instructed to by clients.

Item 13: Review of Accounts

In providing financial planning services, the firm may review client accounts as directed by the client and act as limited agent through the use of a limited agent authority agreement. The firm provides routine check-ups at the request of the client for fee-based clients. Investment management clients will receive quarterly reviews and annual meetings. Other meetings and reviews may be conducted at the request of the client.

It is the responsibility of the client to provide updated portfolio information to the firm to conduct account review. Clients will receive account statements directly from their broker/dealer, investment firm, custodian, fund company, or agent. The firm does not provide ongoing performance reporting.

Item 14: Client Referrals and Other Compensation

Sherman Financial, LLC has no agreement with any client or other party to compensate them or to be compensated for referrals.

Item 15: Custody

Sherman Financial, LLC does not hold custody of client accounts. Clients maintain all assets at their chosen custodian. The firm has no ability to withdraw or transfer assets from client accounts.

Item 16: Investment Discretion

Sherman Financial, LLC does not have investment discretion over client accounts or assets. Discretionary authority is when the client gives the firm authority to execute financial transactions on behalf of the client without the client's prior consent, based on predetermined investment objectives. It is the sole responsibility of the client to make financial transactions.

Item 17: Voting Client Securities

Sherman Financial, LLC does not vote proxies for client securities. It is the responsibility of the client to vote for securities held in their accounts.

Item 18: Financial Information

The firm does not require prepayment of more than \$500 in fees per client six months or more in advance. The firm is not required to include the most recent fiscal year's balance sheet, as it has no assets under management. The firm has not been subject to a bankruptcy petition at any time. Sherman Financial, LLC is not under any financial condition that would impact its ability to provide services to clients.

Item 19: Requirements for State-Registered Advisers

This section lists the background and education for the firm's key personnel. The owner and sole adviser of the firm is Christopher Sherman. Mr. Sherman is the Chief Compliance Officer of Sherman Financial, LLC.

Certifications

- Certified Financial Planner® (CFP®)

Education

- B.A., University of California, Riverside, 2004 (Political Science; Liberal Studies)
- M.P.A., University of North Carolina at Chapel Hill, 2007 (Masters of Public Administration)
- Certificate of Financial Planning, North Carolina State University, 2013

Examinations

- Uniform Investment Adviser Law Examination (Series 65)
- Certified Financial Planner® Examination (CFP®)

Mr. Sherman began financial planning in 2016. Prior to that, he worked in small business, non-profit, and government finance, operations, and consulting. He owns and manages Sherman Business Services LLC, providing business management, accounting, and tax preparation services.

Part 2B of Form ADV — Christopher Sherman

Mr. Sherman has never been subject to a legal or disciplinary event required to be reported on Form ADV Part 2B. He does not receive compensation in addition to the hourly fees described in the disclosures of this brochure. He has no relationship or arrangement with any issuers of securities or other financial institutions other than those stated in this filing.