

**Part 2A Appendix 1 of Form ADV: *Wrap Fee Program Brochure***

**Country Club Financial Services, Inc.**

2001 Shawnee Mission Parkway  
Mission Woods, Kansas 66205

Telephone: (816) 931-4060  
Email: [sdershem@countryclubfinancial.com](mailto:sdershem@countryclubfinancial.com)  
Web Address: [countryclubfinancial.com](http://countryclubfinancial.com)

**Overlay Portfolio Management Program**

03/30/2012

This wrap fee program brochure provides information about the qualifications and business practices of Country Club Financial Services, Inc.. If you have any questions about the contents of this brochure, please contact us at (816) 931-4060 or [sdershem@countryclubfinancial.com](mailto:sdershem@countryclubfinancial.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.

Additional information about Country Club Financial Services, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 29807.

## **Item 2    Material Changes**

The SEC adopted "Amendments to Form ADV" in July, 2010. This Wrap Fee Program Brochure ("Wrap Brochure"), dated 03/30/2012, is our new disclosure document prepared according to the SEC's new requirements and rules. Although the format of this document is similar in many respects to prior Schedule H wrap fee program brochures, it does contain additional new information that was not previously required.

After our initial filing of this Wrap Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Wrap Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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## Item 4 Services Fees and Compensation

### SERVICES

Country Club Financial Services, Inc. (CCFSI) is a SEC-registered investment adviser with our principal place of business located in Kansas. Country Club Financial Services, Inc. began conducting business in 2002.

We sponsor the **Overlay Portfolio Management Program** (the "Overlay Program"), a wrap fee program. A wrap fee program is an advisory program under which a specified fee or fees not based directly on transactions in the client's account is charged for advisory services, which may include portfolio management or advice concerning the selection of other investment advisers, and the execution of client transactions.

In addition to sponsoring this wrap fee program, we sponsor the following additional wrap fee programs:

#### **Country Club Portfolio Management Program**

#### **Country Club Fund Management Program**

You may obtain a copy of the Wrap Fee Program Brochure(s) for any additional program by contacting us at 2001 Shawnee Mission Parkway, Mission Woods, KS 66205 or by calling (816) 931-4060 or email [sdershem@countryclubfinancial.com](mailto:sdershem@countryclubfinancial.com).

This Wrap Fee Program Brochure is limited to describing the services, fees, and other necessary information clients should consider prior to becoming a client within the Overlay Program. For a complete description of the other services and fees offered by our firm, clients should refer to our Form ADV Part 2: Firm Brochure.

You may obtain a copy of our Firm Brochure by contacting us at 2001 Shawnee Mission Parkway, Mission Woods, KS 66205 or by calling (816) 931-4060 or email [sdershem@countryclubfinancial.com](mailto:sdershem@countryclubfinancial.com).

### **MULTI-DISCIPLINE ACCOUNTS ("MDAs") / UNIFIED MANAGED ACCOUNTS ("UMAs") PROGRAM**

Country Club Financial Services, Inc. is the co-sponsor of the **Overlay Portfolio Management Program** (the "Overlay Program"), a Unified Managed Accounts ("UMAs") program combining multiple investment disciplines and extensive investment options into a single account.

The Overlay Portfolio Management Program is administered by our affiliate registered

investment adviser, Tower Wealth Managers, Inc.(TWM). This program is offered as either a fee-based advisory program or a wrap fee program. TWM serves as a sub-adviser to CCFSI under a subadvisory agreement under which CCFSI's clients elect to enroll in the Overlay Program. TWM has engaged a third party to perform rigorous due-diligence services for TWM on various investment managers and provides TWM with a list of qualified and screened managers (the "Sub-Managers"). Each Sub-Manager provides investment management strategies based on specific investment objectives, asset allocations or model portfolios which can be found in the profile provided by each Sub-Manager. In addition, TWM provides strategies itself under the Overlay Program. For those accounts for which TWM is the account manager, TWM acts in a discretionary capacity to purchase and sell securities held in client accounts consistent with strategies selected by CCFSI clients. CCFSI does not act in a discretionary capacity on any accounts.

Clients are provided with custodial, trade execution and related services for a single asset-based fee. The Program is designed to coordinate and control the overall investment management process, including investment policy decisions, asset and investment style allocation decisions, investment product selection and review, and comprehensive monitoring of each client's investment portfolios.

The individuals associated with Country Club Financial Services, Inc. who provide our investment advisory services serve as the client's financial consultant. The financial consultant assists the client in completing a confidential questionnaire which helps identify the client's investment objectives, risk tolerance and time horizons, among other things. Depending on the client's specific financial goals and selected strategies, the client's assets may be managed by affiliated or non-affiliated portfolio managers.

Minimum allocation and investment amount requirements will apply to each discipline in the portfolio. Portfolio managers retain the discretionary authority to determine whether or not to reduce or waive such minimum requirements. While clients may impose reasonable restrictions, a portfolio manager may decline to accept a client for any reason.

A complete description of the independent manager's services, fee schedules and account minimums (if any) will be disclosed in the independent manager's applicable Form ADV disclosure brochure(s) which will be provided to clients at the time an agreement for services is executed and account is established.

The financial consultant is responsible for providing selected portfolio managers with such information as necessary to enable the manager to fulfill its obligations to the client. Any changes in the client's financial circumstances, objectives or time horizons will also be communicated to the applicable portfolio managers.

**Investment Models and Asset Classes:** Overlay Portfolio Management Program consists of various core models and variations of the models, all of which span the risk/return spectrum. As the Program sponsor, we are responsible for portfolio manager selection, establishing the investment model guidelines, and allocating assets among affiliated or unaffiliated investment management firms ("Sub-Managers"), and types of securities (together with "Sub-Managers", the "Investment Products") for the client's accounts.

**Types of Securities:** As appropriate to the needs of the client, the following types of

Investment Products may be utilized in the client's portfolio:

<b><u>Equities</u></b>	<b><u>Fixed-Income</u></b>	<b><u>Mutual Funds</u></b>	<b><u>Other</u></b>
Listed/OTC	Corporate Bonds	No-load	Master Limited Partnerships
Preferred	U.S. Treasuries	Load-Waived	
ADRs	Mortgage-backed	Front-load	
Closed-end funds	Unit Trusts	Money Market	
REITs	Municipal Bonds		
ETFs	Certificates of Deposit		

Because some types of investments involve certain additional degrees of risk, they will only be implemented when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

### **Fees**

**Fee:** Clients pay an asset-based fee that covers the services provided by Country Club Financial Services, Inc.. The maximum annual fee rate for our services in the Program is 1.90%. Subject to this maximum, the fee may be a fixed rate applicable to all assets in the account or a schedule of rates applicable to different breakpoints.

The annualized fees for this program are charged as a percentage of the value of the client's portfolio, according to the following schedule:

<b><u>Account Value</u></b>	<b><u>Annual Fee</u></b>
\$0 - \$500,000	1.90%
\$500,001 - \$1,000,000	1.80%
\$1,000,001 - \$3,000,000	1.55%
\$3,000,001 and above	negotiated

**How are Fees Charged?** These fees are billed monthly, in arrears, on the 20th day of each month based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous month. Fees will be debited from the account in accordance with the client authorization in the Advisory Services Management Agreement.

A minimum of \$200,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances. Country Club Financial Services, Inc. may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

Clients may also enroll in the Overlay program and pay a "nonwrap" fee for services under the Overlay Program. When this election is made, execution and other costs are not included

in a single fee, and the fee schedule differs from that described above. For more information on this option, please refer to our Part 2A of Form ADV: Firm Brochure.

Program fees are charged monthly in arrears. If management begins after the start of a month, Program fees will be prorated accordingly. When authorized by the client, fees will be debited from the account in accordance with the terms set forth in the Investment Management Agreement ("IMA").

**What services are covered by the Program fees?** The fee covers consulting and administrative services by Country Club Financial Services, Inc., ongoing monitoring of portfolio managers, services provided by the client's Financial Consultant, including periodic reviews of the client's account, reporting, and execution costs for transactions. Tower Wealth Managers, Inc. (TWM) will receive a portion of the fee to implement strategies developed by sub-managers or by TWM. TWM's fees include fees due to sub-managers under TWM's arrangement with FDx and clients are not separately charged by any sub-manager.

**What services are not covered by the Program fees?** The fee does not cover the annual administrative fee charged by Country Club Trust Company, N.A. as a custodial fee. The Program fees do not include expenses of mutual funds and electronically traded funds such as fund management fees charged to each fund's investors.

**Other Fees and Expenses.** Clients may incur charges for other account services provided not directly related to the execution and clearing of transactions, including, but not limited to wire transfer fees, fees for transfers of securities and safekeeping fees.

**Additional Information about Program fees.** Under the Program, the participant receives investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified Program Fee. Clients are cautioned that depending on the level of fees charged by the executing broker-dealer, and the amount of portfolio activity in the clients' account, the value of the services provided under this Program may exceed the total cost of such services had they been provided separately. In addition, the Program Fee may be higher or lower than that charged by other sponsors of comparable wrap fee programs. In addition, a disparity in wrap fees may exist between the wrap fees charged to other clients.

## GENERAL INFORMATION

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice.

***Mutual Fund Fees:*** All fees paid to Country Club Financial Services, Inc. for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are

designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**Exchange-Traded Funds.** Shares of ETFs held in client accounts are bought and sold on an exchange and not, like mutual funds, directly from the fund itself. The price of ETF shares fluctuates in accordance with changes in the net asset value (NAV) per share, as well as in response to market supply and demand. Accordingly, ETF shares may trade at a price which differs from NAV per share of the ETF.

**Grandfathering of Minimum Account Requirements:** Pre-existing advisory clients are subject to Country Club Financial Services, Inc.'s minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements may differ among clients.

**ERISA Accounts:** Country Club Financial Services, Inc. is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Country Club Financial Services, Inc. may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Country Club Financial Services, Inc.'s advisory fees.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

## **Item 5 Account Requirements and Types of Clients**

### **MINIMUM ACCOUNT REQUIREMENTS**

Participation in this program is subject to certain minimum account requirements. For a more detailed understanding of these requirements, please review the disclosures provided in the preceding section.

A minimum of \$200,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances. Country Club Financial Services, Inc. may group certain related client accounts for the purposes of achieving the



minimum account size and determining the annualized fee.

Overlay Portfolio Management Program Program clients must direct Country Club Trust Company, N.A. as the custodian to be used for their account. Country Club Trust Company, N.A. is an affiliate custodian. Country Club Financial Services, Inc. has negotiated an arrangement with Country Club Trust Company, N.A. to provide custodial services as part of the Overlay Portfolio Management Program Program. As such, we reserve the right to decline acceptance of any client account for which the client directs the use of a custodian other than Country Club Trust Company, N.A.. Please refer to the "Other Financial Industry Activities and Affiliations" section of Item 9 for additional information.

## **TYPES OF CLIENTS**

Country Club Financial Services, Inc. provides advisory services in the Overlay Portfolio Management Program Program, where appropriate, to:

- Individuals
- Pension & Profit Sharing Plans
- Trusts
- Estates
- Corporations
- Charitable Organizations
- Partnerships

## **Item 6 Portfolio Manager Selection and Evaluation**

### **PORTFOLIO MANAGER SELECTION**

As previously disclosed, Country Club Financial Services, Inc. recommends the services of independent managers to provide asset management services to our clients based on the client's individualized needs. A portion or all of the client's assets will then be managed by the independent manager based upon the stated investment objectives of the client.

The recommendation of an independent asset manager is contingent upon that manager passing our due diligence requirements. Country Club Financial Services, Inc. will not recommend the use of an independent manager unless the manager is registered or exempt from registration as an investment adviser in the client's home state. Our affiliated co-sponsor, Tower Wealth Managers, Inc. (TWM), will evaluate independent asset managers based on extensive information provided by that manager, including descriptions of its investment process, asset allocation strategies, sample portfolios, and the independent manager's disclosure brochure(s). TWM will also analyze performance, risk characteristics and management style.

Investment managers are selected by the client after a profile interview is completed with the prospective client. A manager is selected whose discipline style and manner is most compatible with the client's risk/reward performance. Manager review is performed at least annually. If the client is dissatisfied with that manager for any reason, a more in-depth review of the manager's performance is conducted consistent with the client's financial profile. If there are meaningful inconsistencies between the two, typically that manager will be replaced.

Circumstances under which an asset manager might be removed include (but are not limited to) poor performance, significant departure from the manager's stated investment discipline, or material changes in the organization. Similarly, Country Club Financial Services, Inc. may, as an alternative, recommend changing managers for any of the foregoing or other reasons, including a client's dissatisfaction.

All participating clients' accounts are managed by advisory personnel of our firm. These individuals must possess, minimally, a college degree and/or appropriate business experience and all required licenses. Please refer to Item 4 for detailed disclosures regarding the portfolio management services we provide to program clients.

## **PORTFOLIO PERFORMANCE REPORTING**

Country Club Financial Services, Inc., through its affiliate, Tower Wealth Managers (TWM), calculates the performance of all participating accounts based on standards drawn from industry sources. Performance is currently calculated by taking into account at least the following items: a time-weighted rate of return; cash flows into and out of the accounts; monthly valuations; and income accrued on fixed income securities.

As noted above under Services, Fees and Compensation (Item 4), Country Club Financial Services, Inc. has partnered with Tower Wealth Managers, Inc. (TWM) to sponsor the Overlay Portfolio Management Program. We rely upon TWM to calculate portfolio manager performance. TWM employs a third-party, First Rate, Inc. of Arlington, Texas, to calculate performance using the Modified Dietz method, which is a widely used industry methodology. Modified Dietz is recognized as an appropriate method for performance presentation for Association of Investment Management and Research (AMIR). Modified Dietz is computed by adjusting the change in market value over a period for transaction activity. Transaction activity is weighted over the period, and therefore transactions occurring toward the beginning of the period have more impact on the computation than those

occurring nearer the period's end. By using Modified Dietz, First Rate provides TWM with dollar weighted return reporting.

As disclosed in Services, Fees and Compensation (Item 4), participating clients' assets are managed by both affiliated and unaffiliated investment management firms. These firms also provide clients with periodic performance reporting.

TWM uses a third party, First Rate, Inc. of Arlington, Texas, to review reported performance information to determine or verify its accuracy. Performance reports are sent directly from the custodian to First Rate, Inc.

## **AFFILIATED PORTFOLIO MANAGERS**

**Selection of Affiliated Portfolio Managers.** In addition to utilizing portfolio managers unaffiliated with our firm, participating asset managers in this program include portfolio managers of firms affiliated with Country Club Financial Services, Inc. through common ownership or control of our firms (hereinafter referred to as "Affiliated Managers"). Country Club Financial Services, Inc.'s processes for evaluating Affiliated Managers are the same as those used for unaffiliated managers. We recognize the inherent conflicts of interest when assessing Affiliated Managers and assisting clients in selecting investment managers, because Country Club Financial Services, Inc. and/or our affiliates may receive more aggregate fees if clients select an investment manager that is affiliated with our firm. We seek to mitigate some of the associated conflicts of interest by applying these uniform standards to ensure that clients' assets are managed in a fair and equitable manner.

**Selection of Affiliated Portfolio Managers.** In addition to utilizing portfolio managers unaffiliated with our firm, participating asset managers in this program include portfolio managers of firms affiliated with Country Club Financial Services, Inc. through common ownership or control of our firms (hereinafter referred to as "Affiliated Managers"). Accordingly, clients' assets within this Program may be managed by affiliated and/or non-affiliated portfolio managers. It should be noted that certain of our affiliated portfolio managers providing portfolio management services may not have experience (or as extensive experience) in portfolio management, thus may not have a history of performance to match against other individuals and management firms. Thus, our portfolio managers are not subject to the same selection and review process that would occur if third-party managers were being evaluated.

## **PERFORMANCE-BASED FEES**

Our firm does not accept a performance-based fees from Program clients. Country Club Financial Services, Inc. does not charge performance-based fees (i.e., fees based on a share of capital gains or capital appreciation of the client's assets).

## **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment advice and/or

managing client assets:

**Charting.** In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis.** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Cyclical Analysis.** In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

**Quantitative Analysis.** We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

**Qualitative Analysis.** We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

**Asset Allocation.** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash 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 securities, 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.

**Mutual Fund and/or ETF Analysis.** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Third-Party Money Manager Analysis.** We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## **INVESTMENT STRATEGIES**

The following strategy(ies) are used in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases.** Securities are purchased with the idea of holding them in the client's

account for a year or longer. Typically this strategy is employed when:

- it is believed the securities to be currently undervalued, and/or
- exposure to a particular asset class over time is desired, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, the manager may not take advantage of short-term gains that could be profitable to a client. Moreover, if predictions are incorrect, a security may decline sharply in value before the decision to sell is made.

**Short-term purchases.** When utilizing this strategy, securities are purchased with the idea of selling them within a relatively short time (typically a year or less). This is done in an attempt to take advantage of conditions that the manager believes will soon result in a price swing in the securities purchased.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; the account is then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

**Trading.** Securities are purchased with the idea of selling them very quickly (typically within 30 days or less). This is done in an attempt to take advantage of predictions of brief price swings.

**Option writing.** Options may be used as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives the right to buy an asset at a certain price within a specific period of time. A call will be bought if it's determined that the stock will increase substantially before the option expires.
- A put gives the holder the right to sell an asset at a certain price within a specific period of time. A put is purchased if it's been determined that the price of the stock will fall before the option expires.

Options are used to speculate on the possibility of a sharp price swing or to "hedge" a purchase of the underlying security; in other words, an option is used to purchase to limit the potential upside and downside of a security purchased for your portfolio.

Covered calls are used to sell an option on security you own. In this strategy, you receive a

fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

A spreading strategy is used to purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

**Risk of Loss.** Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal.

### **VOTING CLIENT SECURITIES**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

### **Item 7 Client Information Provided to Portfolio Managers**

Individuals affiliated with our firm are responsible for developing an initial financial profile of the prospective client. Prior to opening an account, we assist in determining a participant's profile for the Program by obtaining from the participant appropriate information (i.e., investment objectives, risk tolerance, time horizon, and any reasonable restrictions the client wishes to impose upon the management of the account). Initial investment strategy is jointly determined based on an assessment of the information provided by the client.

While we provide the client with periodic reminders, it remains the client's responsibility to advise us of any changes to the information previously provided that might impact the ongoing suitability of any prior determined investment strategy(ies) and/or objectives. We will promptly communicate any reported changes to the client's portfolio manager.

Country Club Financial Services, Inc.'s investment adviser representative will directly contact each wrap fee program client at least annually to verify that there has been no change in the client's financial circumstances and/or investment objectives, and determine whether the client wishes to impose any reasonable restrictions on the management of the account(s). Any such changes or requests are communicated in writing to the client's portfolio manager, who is responsible for implementing appropriate adjustments to the client's portfolio.

### **Item 8 Client Contact With Portfolio Managers**

Clients utilizing third party portfolio managers for management of their assets generally do not come in contact with their portfolio managers. In this program, Country Club Financial Services, Inc.'s representatives typically serve as the communication conduit between the client and the independent manager. Clients are required to contact their financial consultant with any questions they may have regarding their account(s).

## **Item 9 Additional Information**

### **Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

### **Other Financial Industry Activities and Affiliations**

#### ***FIRM Registrations and Affiliations:***

In addition to Country Club Financial Services, Inc. being an Securities and Exchange Commission (SEC) registered investment adviser, our firm is registered as a broker-dealer with the SEC and the Financial Industry Regulatory Authority (FINRA) and is also a licensed insurance agency. A list of affiliated broker-dealers is specifically disclosed in Section 7.A. on Schedule D of Form ADV, Part 1, which can be accessed by following the directions provided on the Cover Page of this Firm Brochure.

Country Club Financial Services (CCFSI) is a wholly owned subsidiary of Country Club Bank (CCB) and has various arrangements with the bank, groups within the bank and affiliates of the bank. CCFSI as a subsidiary of CCB, is under common ownership and control with the following:

#### **Country Club Trust Company, N.A.**

Country Club Trust Company (CCTC) is wholly owned by Country Club Bank. CCFSI clients select Country Club Trust Company as the account custodian for Overlay Portfolio Management accounts managed by Tower Wealth Managers in the client's Advisory Services Management Program Agreement and agree to pay CCTC an annual custody fee.

#### **Tower Wealth Managers, Inc.**

Tower Wealth Managers (TWM) is a wholly owned subsidiary of Country Club Trust Company, which is wholly owned by CCB. TWM is registered with the Securities and Exchange Commission (SEC) as an investment advisor. TWM can provide investment advisory services to clients of CCFSI as part of a master subadvisory agreement between TWM and CCFSI in limited situations. TWM and CCFSI will not, however, use their relationship with each other to benefit themselves at the expense of a client.



## Country Club Bank - Capital Markets Group

Capital Markets Group (CMG) is a division within CCB that specializes in the management of fixed income securities as a municipal bond dealer and government agency bond dealer. CCFSI will purchase bonds for its clients, when appropriate, from CMG. CCFSI will make all required disclosures. Clients are not obligated to have transactions executed through an affiliated entity. CMG may provide discretionary management of client bond portfolios pursuant to a subadvisory agreement with TWM in limited situations, for clients receiving TWM investment advisory services. Clients receiving TWM investment advisory services are not charged separately for any of CMG's discretionary bond portfolio management services as CMG is paid directly by TWM from their portion of the fee.

As required, any affiliated investment advisers are specifically disclosed in Section 7.A. on Schedule D of Form ADV, Part 1. (Part 1 of our Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure.)

CCFSI maintains its separate operations, books and records from CCB, CCTC and TWM. However, CCFSI, CCB and TWM may share common officers, directors, employees and office space. CCB provides certain administrative services and office space to CCFSI in exchange for monthly fees intended to estimate the fair market value of the services and space.

Generally arrangements with affiliated parties can create potential conflicts of interest. However, arrangements we have with affiliated parties are fully disclosed to clients, consent is requested in advance where applicable and such arrangement do not result in additional fees to the client.

Management personnel of our firm, in their individual capacities, are agents for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

Clients should be aware that the receipt of additional compensation by Country Club Financial Services, Inc. and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Country Club Financial Services, Inc. endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address any conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;

- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

While Country Club Financial Services, Inc. and these individuals endeavor at all times to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

Country Club Financial Services, Inc. or individuals associated with our firm may buy securities for the firm or for themselves from our advisory clients; or sell securities owned by the firm or the individual(s) to our advisory clients. We will ensure, however, that such transactions are conducted in compliance with all the provisions under Section 206(3) of the Advisers Act governing principal transactions to advisory clients.

As previously disclosed, clients are required to direct us to custody their assets with and to place trades through Pershing LLC as a condition for participation in the Country Club Portfolio Management Program and Country Club Fund Management Program program. Pershing LLC is an unaffiliated FINRA-member broker dealer and the clearing firm and custodian that we use for brokerage accounts. Our firm has evaluated Pershing LLC and believes that it will provide our clients with a blend of execution services, commission costs, and professionalism that will assist us in meeting our fiduciary obligations to clients.

In evaluating such an arrangement, the client should recognize that brokerage commissions for the execution of transactions in the client's account are not negotiated by Country Club Financial Services, Inc. on a trade-by-trade basis, and best execution may not be achieved. In addition, as noted above in Item 4, transactions in the client's account are effected "net" (i.e., without separate commission charge to the client) and a portion of the wrap fee is generally considered as being in lieu of commissions. Not all advisers require clients to direct it to use a particular broker dealer, though the sponsors of wrap fee programs typically do.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Country Club Financial Services, Inc. and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Country Club Financial Services, Inc.'s Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [sdershem@countryclubfinancial.com](mailto:sdershem@countryclubfinancial.com), or by calling us at (816) 931-4060.

Country Club Financial Services, Inc. and individuals associated with our firm are prohibited from engaging in principal transactions.

Country Club Financial Services, Inc. and individuals associated with our firm are prohibited from engaging in agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on

a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
6. We have established procedures for the maintenance of all required books and records.
7. Clients can decline to implement any advice rendered.
8. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
9. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
10. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
11. Any individual who violates any of the above restrictions may be subject to termination.

As previously disclosed, related persons of our firm are separately registered as securities representatives of a broker-dealer, another registered investment adviser and/or an insurance broker of an insurance agency. Please refer to the preceding section for a detailed

explanation of these relationships and important conflict of interest disclosures.

### **Review of Accounts**

Country Club Financial Services, Inc. reviews client accounts no less often than quarterly. More frequent reviews may be triggered in the event of changes in management style or fund closures. Account reviews are conducted by: Lawrence E. Russell, Senior Vice President of Country Club Bank, Dwayne K. White, Executive Vice President and Chief Investment Officer of Tower Wealth Managers, Inc., Chall A. Jenkins, Senior Vice President of Tower Wealth Managers, Inc.

At least annually, we meet with the client (either in person or over the phone) to review and update, as necessary, the client's investment profile. However, should there be any material change in the client's personal and/or financial situation, we should be notified immediately to determine whether any review and/or revision of the client's investment profile is warranted.

All clients receive account statements from their custodian on at least a quarterly basis. Additionally, we provide clients with periodic performance measurement summary reports, usually on a quarterly basis.

Overlay Portfolio Management Program accounts for which our firm acts as the sponsor but are managed by independent portfolio managers will be reviewed quarterly by the introducing financial adviser. Reviews are also conducted by Lawrence E. Russell, Senior Vice President of Country Club Bank, Dwayne K. White, Executive Vice President and Chief Investment Officer of Tower Wealth Managers, Inc., Chall A. Jenkins, Senior Vice President of Tower Wealth Managers, Inc.

All clients receive account statements from their custodian on at least a quarterly basis. Additionally, clients are provided with periodic performance measurement summary reports, usually on a quarterly basis. Such reports are provided by Country Club Financial Services and/or the independent portfolio manager.

### **Client Referrals and Other Compensation**

In the normal course of business CCFSI and its parent company, Country Club Bank (CCB), refer clients to each other. When an individual employed by CCB refers a client to CCFSI and that client attends an appointment with a representative of CCFSI, the employee receives \$25 from CCFSI.

It is Country Club Financial Services, Inc.'s policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

**Financial Information**

As an advisory firm, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. Country Club Financial Services, Inc. has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Country Club Financial Services, Inc. has not been the subject of a bankruptcy petition at any time during the past ten years.