

**NOTMAN FINANCIAL GROUP**  
**3133 W. March Lane, Suite 2000**  
**Stockton, CA 95219**

**Firm Brochure**

(Part 2A of Form ADV)

This brochure provides information about the qualifications and business practices of Notman Financial Group. If you have any questions about the contents of this brochure, please contact us at: (209) 955-5955, or by email at [NotmanFinancial@aol.com](mailto:NotmanFinancial@aol.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.

November 1, 2012

## **MATERIAL CHANGES**

On July 28, 2010, the United States Securities and Exchange Commission published "Amendments to Form ADV" which amends the disclosure document that Notman Financial Group provides to clients as required by applicable rules and regulations. This Disclosure Brochure dated November 1, 2012 is a new document prepared according to the new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous Form ADV Part II and Schedule F did not require. In the future, this item will discuss only specific material changes that are made to the Disclosure Brochure and provide readers with a summary of such changes. We will also reference the date of the last annual update of the brochure.

In the past our firm has offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new rules, we will ensure that you receive a summary of any material changes to this and subsequent Disclosure Brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes no later than April 30 each year. At that time we will also offer a copy of the most current Disclosure Brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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## **ADVISORY BUSINESS**

### **Firm Description**

Notman Financial Group is an independent financial services firm that provides comprehensive financial planning and investment advisory services. The firm's advisory business compensation is solely from fees paid directly by clients. Assets under the direct management of Notman Financial Group are held by independent custodians, including ING, Allmerica, and others, in the client's name. Notman Financial Group does not act as a custodian of client assets.

### **Principal Owners**

John S. Notman is the President of Notman Financial Group.

### **Types of Advisory Services**

Notman Financial Group provides services to individuals, families and their related entities, trusts and estates, pension and profit sharing plans, charitable organizations and small businesses.

### **Comprehensive Financial Planning:**

When performing financial planning services we work with clients to define financial objectives and develop strategies for reaching those objectives. These strategies may be implemented over a period of time. Strategies may include wealth accumulation, investment planning, retirement planning, college funding planning, risk management analysis, income tax and estate planning implications, cash flow and debt management and company benefit plan optimization; especially stock options and 401k/profit sharing plans.

### **Investment Advisory Services:**

Notman Financial Group provides both investment supervisory services and investment management services. In the case of asset supervision, Notman Financial Group selects and monitors other money managers. Asset management entails the direct selection and management of accounts by the principals of the firm.

Investment advisory services start with the evaluation and assessment of the client's financial position and tolerance for risk. After a review of a client's personal data, an investment strategy is developed and specific investments are recommended. The strategy is then implemented. Investment portfolios and strategies are reviewed periodically.

### **Tailored Relationships**

At Notman Financial Group, advisory services are tailored to the individual needs of clients. Client goals and objectives are clarified in meetings and via correspondence, and are used to determine the course of action for each individual client. The goals and objectives for each client are documented in client files. In some cases clients may impose restrictions on investing in certain securities or types of securities.

### **Assets Under Management**

As of December 31, 2011, Notman Financial Group managed approximately \$5,381,144 in assets of about 91 households consisting of 131 accounts. Approximately \$5,381,144 is managed on a discretionary basis.

**FEES AND COMPENSATION****Description**

The firm's advisory business compensation is solely from fees paid directly by clients. All fees are negotiable.

**Investment Supervisory/Management Fees**

Annual fees for both assets under supervision and assets under management are calculated as a percentage of assets under supervision or management and are as follows:

Up to \$500,000	-	2.0%
Next \$500,000	-	1.5%
Next \$1,000,000	-	1.0%
Next \$1,000,000	-	0.75%
Over \$3,000,000	-	0.50%

## **PERFORMANCE-BASED-FEES**

Notman Financial Group does not charge performance based fees.

## **CONFLICT OF INTEREST DISCLOSURES**

**Conflict of Interest Disclosure (CCR Section 260.238(k)).** This is to disclose that there may be conflicts of interest which could be reasonably expected to impair the rendering of unbiased or objective advice. These conflicts of interest may include, but are not limited to: (a) compensation arrangements connected with advisory services which are in addition to the advisory fees; (b) other financial industry activities or affiliations; and (c) participation of interest in client transactions.

**Financial Planning Conflict of Interest Statement (CCR Section 260.235.2).** Because we provide financial planning services and receive compensation (e.g. commissions, fees) from the sale of securities, insurance, real estate and other products or services recommended in a financial plan, this is to disclose that: (a) a conflict exists between my interests and the interests of my client; (b) my client is under no obligation to act upon my recommendation; and (c) if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through me.

**Advisory Fee (CCR Section 260.238(j)).** Any advisory fee charged to my client(s) are believed to be reasonable in light of the type of services to be provided, my experience and expertise, the sophistication and bargaining power of the client, and it is hereby disclosed that lower fees for comparable services may be available from other sources.

**TYPES OF CLIENTS**

Notman Financial Group provides services to individuals, families, trusts and estates, pension and profit sharing plans, charitable organizations and small businesses. Client relationships vary in scope and length of service. Notman Financial Group does not impose a minimum dollar value of assets or other condition for opening or maintaining an account.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Methods of Analysis**

We utilize various methods for analyzing securities. They include fundamental analysis, technical analysis, charting and cyclical analysis. Numerous sources of information are employed by Notman Financial Group including Morningstar Principia, Value Line, Standard & Poor's and various internet web-sites. The principals of Notman Financial Group also attend meetings with fund and portfolio managers, conference calls, continuing education seminars and industry conferences.

### **Investment Strategies**

The investment strategy for a specific client is based upon the objectives, income needs, and tax situation stated by the client during consultations. The client may change these objectives at any time. Each client portfolio is constructed solely for that client.

The primary investment strategy we use is strategic asset allocation. This strategy is based on Modern Portfolio Theory. It consists of allocating portions of a client's portfolio to various asset classes in order to develop an optimal portfolio to meet a client's financial objectives. An optimal portfolio is the asset allocation which, given the client constraints, is intended to meet specified return objectives with the minimum risk or volatility.

Portfolios are generally globally diversified to minimize the risk or volatility associated with traditional markets. We may recommend unrelated, third party investment managers who have a greater expertise in certain disciplines when appropriate for the client. The types of investments we utilize include actively and passively managed mutual funds, exchange traded funds, stocks (US and foreign), various types of bonds and certificates of deposit, US government securities, structured notes, futures, options and private investment partnerships.

### **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Using a strategic asset allocation strategy mitigates those risks. However, as with all investments, clients face investment risks including the following: Loss of Principal Risk, Interest-rate Risk, Market Risk, Inflation Risk, Currency Risk, Reinvestment Risk, Business Risk, Liquidity Risk, and Financial Risk.



**DISCIPLINARY INFORMATION**

Members of Notman Financial Group have not been involved in any legal or disciplinary events related to past or present advisory service activities.

**OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS****Activities**

Notman Financial Group does not participate in any other industry business activities.

**Affiliations**

Notman Financial Group does not have any affiliations that would result in a conflict of interest.

## **CODE OF ETHICS. PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

Notman Financial Group has a Code of Ethics which is outlined in our company compliance manual. All owners and employees are expected not only to comply with the code, but also to live up to the broader spirit of the code. The general principles of the code include integrity, objectivity, competence and fairness in work that is performed for Notman Financial Group. All client information is to be kept strictly confidential. All owners and employees are expected to act professionally and exercise diligence in their work. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

### **Participation or Interest in Client Transactions**

On occasion, Notman Financial Group, or its owners/employees, may trade securities that Notman Financial Group recommends to clients for their own accounts. There is no conflict of interest with this activity as the securities in question are widely held and publicly traded, with trading volumes of owners/employees too small to affect the market. Additionally, Notman Financial Group and its owners/employees always place client interests above their own.

**BROKERAGE PRACTICES**

Notman Financial Group may recommend that clients establish brokerage accounts with certain institutional brokerage companies ("custodian/s") in order to maintain custody of clients' assets and to effect trades for their accounts. Although Notman Financial Group may recommend a specific custodian, it is the clients' decision to establish an account at a particular custodian. However, there may be additional costs to the client depending on their selection of a custodian. Notman Financial Group is independently owned and operated and not affiliated with any of the recommended custodians.

For all managed investment accounts, the client is free to select any broker or custodian the client wishes. If the client requests a broker or custodian recommendation, the client will receive a recommendation based on the broker/custodian's costs, skills, reputation, dependability and compatibility with the client, and never upon a financial arrangement between Notman Financial Group, or its owners/employees, and the recommended broker or custodian. Some outside money managers that we work with do have limited custodian options and may request that a client establish a brokerage account with a certain brokerage company. Notman Financial Group does not receive any benefits from the selected custodian. The recommended custodians provide Notman Financial Group with access to their institutional trading and custody services, which are typically not available to retail brokerage customers. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them if they maintain a certain level of client assets with their brokerage institution. Notman Financial Group recommends custodians based upon factors relevant to the client's best interests and never on the total amount of assets placed with the custodian. Custodian services include the execution of securities transactions, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

## **REVIEW OF ACCOUNTS**

Transactions & balances are reviewed at least monthly for all managed and supervised accounts. Investment policy and strategy are reviewed quarterly or more often if necessary. All accounts are reviewed by the primary investment advisor assigned to the account, John S. Notman. He reviews the consistency of the asset allocation with the investment policy statement & suitability of individual securities.

The frequency of review meetings with clients is individually negotiated with each client and may be quarterly, semi-annually, annually or on another frequency established by the client.

### **Review Triggers**

Account reviews for Notman Financial Group clients are performed more frequently when market conditions dictate, or when a client's objectives change. A review may be triggered by client request, changes in market condition, new information about an investment, changes in tax laws, or other important changes.

### **Regular Reports**

All clients receive account statements from their asset custodian based on that custodian's reporting schedule (usually monthly). Clients will also receive a periodic portfolio performance report from Notman Financial Group if one is requested as stated in the client services agreement.

**CLIENT REFERRALS AND OTHER COMPENSATION**

Notman Financial Group has received client referrals from current clients, estate planning attorneys, accountants, personal friends and other sources. Outside persons or entities seeking to utilize Notman Financial Group's services for their clients may be compensated through advisory or referral fees. Such relationships and fee structures are fully disclosed to clients.

**CUSTODY**

All assets are held at qualified custodians, who provide account statements directly to clients at their address of record at least quarterly. Occasionally, qualified clients may invest in investment partnerships which are not held at qualified custodians. In these cases, statements are generally provided directly by the investment partnerships at least annually. Clients are encouraged to carefully review the statements provided by their custodians. Notman Financial Group does not provide account statements directly to clients.

**INVESTMENT DISCRETION**

Notman Financial Group accepts discretionary authority to manage accounts on behalf of clients. This authority allows Notman Financial Group to determine, without obtaining specific prior client consent, the type and amount of securities to be bought or sold. However, if discretionary authority or a limited power of attorney has not been given, Notman Financial Group consults with the client prior to each trade.

When Notman Financial Group manages client accounts on a discretionary basis, it limits the discretionary authority by prohibiting its owners/employees from withdrawing funds and/or securities from client accounts without prior client approval. The one exception to this is advisory fees that the client has agreed to have directly deducted from their account by Notman Financial Group. In addition, discretionary trading in the accounts is limited to general securities, exchange traded funds, mutual funds, government securities and exchange-listed options.

Outside money managers have full discretion over trades and do not consult with Notman Financial Group or with clients before placing trades.

Discretionary authority is specifically granted by wording in Notman Financial Group's contracts with clients and in the custodian account applications.



**VOTING CLIENT SECURITIES**

Unless the client designates otherwise, Notman Financial Group votes proxies for securities held in discretionary client accounts. Notman Financial Group has adopted proxy voting policies and procedures for guidance in voting these proxies (see below). Proxies are voted according to what, in Notman Financial Group's judgment, is in the best long-term interest of the client and may or may not be in agreement with the security issuer's Board of Directors' recommendations (particularly in regard to issues of Board and executive compensation and issues of corporate governance like the classified election of directors and adoption of "poison pill" provisions). Information on how securities have been voted by Notman Financial Group on any historical measure is available to clients upon request. In accordance with SEC Rule 206(4)-6, Notman Financial Group has established the following policies and procedures:

1. Identify potential conflicts of interest: This could include business or personal relationships with individuals employed by the company or proponents or participants in the proxy proposal, providing services to the company or fund, having a financial interest in the outcome.
2. Resolve any conflicts of interest: When a conflict is identified it must be disclosed to the client and the client's consent to vote the proxy must be obtained prior to voting.
3. Vote the proxy: Complete the voting via the internet in a timely manner.
4. Retain Records: Elections made for each proxy issue will be noted on the paper proxy statement received and then maintained in a historical voting file.

**FINANCIAL INFORMATION**

Notman Financial Group is financially sound and is able to meet all contractual commitments to clients.

**REQUIREMENTS FOR STATE-REGISTERED ADVISORS**

Please see the attached ADV Part 2B for further information.

## Form ADV Part 2B: Advisory Personnel Brochure Supplement

### **Item A**

#### ***Designated Principal (Supervisor)/Sole Shareholder/Investment Advisor Representative***

John S. Notman (Born 1949)

#### ***Educational Background and Business Experience***

1980 ~ San Francisco State University, Masters Degree

1986 – 1990 ~ PaineWebber Incorporated, Investment Representative  
1990 – 1995 ~ Merrill Lynch, Investment Representative  
1995 – 1997 ~ Dean Witter Reynolds, Investment Representative  
1997 – 2003 ~ Sky Investments, Investment Representative  
2003 – Present ~ Notman Financial Group, President

### **Item B**

#### ***Other Business Activities***

2004 – Present ~ Notman Real Estate Group  
2008 – Present ~ Property Preservation Experts

The abovementioned other business activities do not present material conflicts of interest for the financial planning and investment advice services that are by provided by Mr. Notman as the principal of Notman Financial Group.

### **Item C**

Mr. Notman is not compensated for advisory services involving performance-based fees.

### **Item D**

Mr. Notman has been involved in the following events listed below:

Customer Name: Larry and Sandra Wilgenbush/Armando and Martha Uribe  
Claim: The clients allege breach of fiduciary duty, fraud, violation of California Corporate Securities Law of 1968 and negligence.  
Disposition Date: 02/04/2011  
Monetary Compensation: \$140,000.00  
Mr. Notman's Contribution Amount: \$ 0  
Mr. Notman was dismissed with prejudice from the case.

Customer Name: Frank Stempski and Eugene Kiernan  
Claim: The clients allege the representative and firm failed to conduct an adequate due diligence examination of the tenants-in-common property that was sold. Disposition Date: 09/04/2009  
Monetary Compensation: \$50,000.00  
Mr. Notman's Contribution Amount: \$ 0  
Without admitting to or conceding liability, the firm agreed to settle the arbitration. Mr. Notman was dismissed with prejudice from the case.

Customer Name: Carlisle and Alice Dehner  
Claim: The clients allege the representative did not inform them of 1031 refinance.  
Disposition Date: 03/16/2006  
Monetary Compensation: \$25,000.00  
Mr. Notman's Contribution Amount: \$ 8333.33  
Mr. Notman and/or Berthel Fisher do not admit any liability or fault whatsoever regarding this 1031 transaction.

Customer Name: Oma Dill  
Claim: The client alleges the representative erroneously prepared forms making the client's grandchildren the beneficiaries instead of the children on an annuity. Disposition Date: 10/30/2006  
Monetary Compensation: \$79,000.00  
Mr. Notman's Contribution Amount: \$ 0  
Mr. Notman was dismissed with prejudice from the case.

Customer Name: Diana Riegel  
Claim: The client alleges the representative stated annuity would grow to a particular amount by the end of the year and in five years and that it would have no more expenses.  
Disposition Date: 09/30/2003  
Monetary Compensation: \$76,040.00  
Mr. Notman's Contribution Amount: \$ 0  
Client was within the 30 day free look period and entire amount of premium was returned.  
Mr. Notman was dismissed with prejudice from the case.

## **Item E**

Mr. Notman does not have a material relationship involving an issuer of a security.