

## *Strategic Financial Concepts, LLC*

*6800 Park Ten Blvd., Suite 130E*

*San Antonio, TX 78213*

*(210) 737-7800*

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### **Cover Page**

This Brochure provides information about the qualifications and business practices of Strategic Financial Concepts, LLC. If you have any questions about the contents of this Brochure, please contact Reagan Lee Wagner at (210) 737-7800 or via email at [reagan@tnfa.net](mailto:reagan@tnfa.net). 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.

Strategic Financial Concepts, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Strategic Financial Concepts, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ***Material Changes***

There are no material changes from the prior ADV filing of May 25, 2011.

Additional information about Strategic Financial Concepts, LLC is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Strategic Financial Concepts, LLC who are registered, or are required to be registered, as investment adviser representatives of Strategic Financial Concepts, LLC.

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## ***Advisory Business***

SFC offers personalized investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities. The Firm's services and fee arrangements are described in the following pages.

SFC is a limited liability company formed under the laws of the State of Texas; and SFC is SEC registered and noticed filed in the States of Alabama, California, Florida, Louisiana, New Mexico, Oklahoma, Puerto Rico, Texas and Utah. The firm has been conducting advisory services since 2006. This narrative provides Clients with information regarding SFC and the qualifications, business practices, and nature of advisory services that should be considered before becoming an advisory Client of SFC.

Individuals associated with SFC will provide its investment advisory services. These individuals are authorized to provide advisory services on behalf of SFC. Such individuals are known as Investment Adviser Representatives (IARs).

IARs with SFC may be registered representatives of LPL Financial a licensed full service securities broker/dealer and investment adviser under federal and state securities laws, located in Boston, Massachusetts. LPL Financial is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Securities Investors Protection Corporation ("SIPC"). Securities transactions for LPL's brokerage Clients are executed through LPL. SFC is not an affiliate of LPL Financial.

### **FINANCIAL PLANNING AND CONSULTING SERVICES**

Financial planning typically involves providing a variety of services, principally advisory in nature, to Clients regarding the management of their financial resources based upon an analysis of their individual needs. When a Client needs assistance in setting and evaluating financial goals, SFC may be engaged to complete one or more elements of a personal or business financial plan, including, but not limited to the following:

- Retirement Planning
- Educational Planning
- Tax Planning
- Asset Allocation/Recommendations
- Risk Management

- Cash Flow or Budgeting
- Wealth Planning
- Estate Planning
- Business Planning

SFC will first conduct a complimentary initial consultation. If the Client and SFC mutually decide to proceed, the Client will engage SFC to provide financial planning services. Follow up meetings will be conducted as necessary, during which pertinent information about the Client's financial circumstances and objectives will be collected. Once such information has been reviewed and analyzed, a financial plan designed to achieve the Client's stated financial goals and objectives will be presented to the Client.

In limited circumstances, some Clients may only require advice on a single aspect of the management of their financial resources. For these Clients, SFC offers financial plans in a targeted format and/or general consulting services that address only those specific areas of interest or concern. For hourly consulting services in which a financial plan is not presented to the Client, the fee will typically be payable upon completion of the consultation.

#### **INVESTMENT MANAGEMENT SERVICES**

SFC offers investment management services in which it actively manages Client assets based upon the Client's individual financial and personal needs, investment objectives, time horizon, and risk tolerance. SFC's investment management services may include, but may not be limited to, the use of mutual funds, individual securities (i.e. stocks and bonds), exchange traded funds, options, etc. SFC may also invest Client's assets according to one or more model portfolios developed by SFC, such as "Mutual Fund, Equity and Option Portfolio", or "Mutual Fund Only Portfolio". Clients may also choose among outside third-party money managers recommended by SFC.

While SFC does offer financial planning as a separate service, some degree of planning is inherent to the overall management process. For planning services that are purely incidental to the management process, no additional planning fees will be charged to Investment Management Clients. Written plans will not be delivered to investment management Clients, unless SFC is otherwise separately engaged for specific financial planning services that will be subject to the terms and applicable fees as set forth in a separately executed Planning Agreement, as described in the Financial Planning and Consulting section above.

SFC provides investment management services on a continuous discretionary basis. Subject to any written guidelines, which the Client may provide, SFC will be granted discretion and authority to manage the account. Accordingly, SFC is authorized to perform various functions, at the Client's expense, without further approval from the Client. Such functions include making all investment decisions regarding the securities and amount of securities to be purchased or sold. Once the portfolio is constructed, SFC provides ongoing supervision and re-balancing of the portfolio as changes in market conditions and Client circumstances may require. In very limited circumstances, SFC may enter into non-discretionary arrangements with Clients, where it will obtain Client approval prior to the execution of any trades for such accounts.

SFC manages assets on a discretionary basis. As of December 31, 2011, SFC managed \$90,939,575.00 of client assets on a discretionary basis.

#### **SELECTION OF OTHER ADVISERS**

SFC may recommend that Clients utilize the services of a third party money manager ("TPMM") to manage a portion of or their entire portfolio. All TPMMs recommended to Clients must be registered as investment advisers either with the Securities and Exchange Commission or with the appropriate state authorities.

After gathering information about the Client's financial situation and objectives, SFC will make recommendations regarding the suitability of a TPMM or investment style based on, but not limited to, the Client's financial needs, investment goals, tolerance for risk, and investment objectives. Upon selection of a TPMM, SFC will monitor the performance of the TPMM to ensure their performance and investment style remains aligned with the investment goals and objectives of the Client.

#### **LPL FINANCIAL SPONSORED ADVISORY PROGRAMS**

SFC may provide advisory services through certain programs sponsored by LPL Financial Corporation (LPL), a registered investment advisor and broker-dealer. Below is a brief description of each LPL advisory program available to SFC. For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the potential conflicts of interest presented by the programs please see the LPL Financial Form ADV Part 2A or the applicable program's Wrap Brochure and the applicable client agreement.

### **LPL Advisory Services**

#### **Optimum Market Portfolios Program (OMP)**

OMP offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds Class I shares. Under OMP, client will authorize LPL on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the client. SFC will assist the client in determining the suitability of OMP for the client and assist the client in setting an appropriate investment objective.

SFC will have discretion to select a mutual fund asset allocation portfolio designed by LPL consistent with the client's investment objective. LPL will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for the client. LPL will also have authority to rebalance the account.

#### **Personal Wealth Portfolios Program (PWP)**

PWP offers clients an asset management account using asset allocation model portfolios designed by LPL. SFC will have discretion for selecting the asset allocation model portfolio based on client's investment objective. SFC will also have discretion for selecting third party money managers (PWP Advisors) or mutual funds within each asset class of the model portfolio. LPL will act as the overlay portfolio manager on all PWP accounts and will be authorized to purchase and sell on a discretionary basis mutual funds and equity and fixed income securities.

#### **Model Wealth Portfolios Program (MWP)**

MWP offers clients a professionally managed mutual fund asset allocation program. SFC will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. SFC will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL's Research Department consistent with the client's stated investment objective. LPL's Research Department is responsible for selecting the mutual funds within a model portfolio and for making changes to the mutual funds selected.

The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds (including in certain circumstances exchange traded funds) and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts.

In the future, the MWP program may make available model portfolios designed by strategists other than LPL's Research Department. If such models are made available, SFC will have discretion to choose among the available models designed by LPL and outside strategists.

### **Manager Access Select Program**

Manager Access Select provides clients access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. SFC will assist client in identifying a third party portfolio manager (Portfolio Manager) from a list of Portfolio Managers made available by LPL. The Portfolio Manager manages client's assets on a discretionary basis. SFC will provide initial and ongoing assistance regarding the Portfolio Manager selection process.

## ***Fees and Compensation***

### **FINANCIAL PLANNING AND CONSULTING SERVICES**

The hourly fee is negotiable depending upon the scope and complexity of the services requested, the Client's financial situation and objectives, as well as the associated person providing the services. The maximum hourly fees are \$250 for Partners of SFC and \$150 for associate investment adviser representatives. Administrative tasks are billed at \$75 per hour. A fixed fee may also be negotiated based on the number of estimated hours required to provide the requested services.

Personal and/or business planning services are also offered to Clients on an on-going annual basis. As part of this annual retainer program, SFC will generally establish a regular planning cycle to work with the Client in managing specific aspects of the overall financial plan that are unique to the Client's situation. Additionally, SFC may meet with the Client's other professional advisers (financial, legal, real estate, tax, etc.) for a series of information gathering and/or implementation meetings. SFC will act as a project manager to coordinate the work of the appropriate parties in a manner consistent with the Client's long-term desired outcome. However, SFC does not provide legal or tax preparation services. Fees charged by other professionals for such services are separate and distinct from planning fees paid to SFC. Typically, other professionals will bill Clients directly. However, where Client asks SFC to engage other professionals on behalf of Client, other professionals will bill SFC; and, in turn, SFC will bill Clients for additional costs incurred. However, this arrangement will not cause the Client to pay



professional or advisory fees in excess of normal fees typically charged by either party. SFC will not share in any portion of the fees paid to other professionals on behalf of advisory Clients.

Planning fees for retainer clients are typically based on 2/10 of 1% of the gross value of the Client's Estate and/or the Business's Gross Value. If SFC is retained to provide management services, the fee will be based on the amount of the assets under management. SFC requires an annual minimum fee of \$250 for on-going planning services. A one-time set-up fee ranging between \$250 and \$50,000 may be required in advance of on-going planning services. Planning fees can be paid annually, semi-annually, or quarterly in arrears or in advance and will be drafted from the asset account or billed directly in arrears or in advance. The agreed upon retainer fee and payment arrangements will be established at the beginning of the advisory/Client relationship based upon the scope of the work to be performed and the complexity of the Client's financial situation.

For all planning services, an estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the time/cost could potentially exceed the initial estimate. In such cases, SFC will notify the Client and will request that the Client approve applicable additional fees. Applicable fees, fee payment arrangements, and the terms of the engagement will be clearly set forth in the Financial Planning & Consulting Agreement executed between SFC and the Client prior to services being rendered. In no circumstance will SFC require prepayment of a fee more than six months in advance and in excess of \$500.

Financial plans are based on the Client's financial situation at the time the plan is presented and are based on financial information disclosed by the Client to SFC. As the Client's financial situation, goals, objectives, or needs change, the Client must notify SFC promptly. Clients are advised that certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. SFC cannot offer any guarantees or promises that the Client's financial goals and objectives will be met.

Client is under no obligation to act on SFC's financial planning recommendations. Moreover, if the Client elects to act on any of the recommendations, the Client is under no obligation to implement the financial plan through SFC. Clients may act on SFC's recommendations by placing securities transactions with any brokerage firm the Client chooses.

SFC or the Client may terminate the Financial Planning & Consulting Agreement within five days of the date of acceptance without penalty to the Client. After the five-day period, either party

may terminate the Financial Planning & Consulting Agreement upon seven days written notice. Fees will be pro-rated for the quarter in which the cancellation notice was given. Any unearned prepaid fees will be returned to the Client and any fees due for work completed will be due and payable immediately.

### **INVESTMENT MANAGEMENT SERVICES**

The annual fee for investment management services is billed either monthly or quarterly in advance based on the market value of the assets as determined by the account custodian on the last day of the preceding calendar month or quarter. The signed Investment Management Agreement will reflect the billing either monthly or quarterly. Fees will be assessed pro rata in the event the Investment Management Agreement is executed at any time other than the first day of a calendar month or quarter. SFC's annualized fee is based on the following fee schedule:

<b><u>Assets Under Management</u></b>	<b><u>Maximum Annual Rate**</u></b>
Up to \$500,000	2.50%
\$500,000 to \$1,000,000	2.00%
\$1,000,000 or more	1.50%

\*\*Managed accounts are subject to an account maintenance fee of \$18.75 per quarter for accounts valued lower than \$75,000 and \$9.00 per quarter for accounts valued between \$75,000 and \$200,000.

Fees may be negotiable based on individual Client circumstances and the scope of the relationship. The fees charged are calculated as described above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds, or any portion of the funds of an advisory Client (15 U.S.C. §80b-5(a)(1)).

Typically, SFC requires a minimum of \$250,000 to open and maintain an advisory account. However, in its discretion, SFC may waive or reduce the above stated minimum and/or may allow accounts of members of the same household to be aggregated for purposes of determining the advisory fee and/or for meeting the previously stated account minimum. SFC may allow such aggregation, for example, where SFC services accounts on behalf of minor children of current Clients, individual and joint accounts for a spouse, and other types of related accounts. This consolidation practice is designed to allow Clients the benefit of an increased asset total, which could potentially cause the accounts to be assessed a reduced advisory fee.

Payment for management fees will be made by the qualified custodian holding the Client's funds and securities provided the Client grants written authorization permitting the fees to be paid directly from their account. SFC will not have access to Client funds for payment of fees without Client consent in writing. SFC will send the Client an invoice showing the amount of the fee, the value of the Client's assets on which the fee is based, and the specific manner in which the fee was calculated. Further, the qualified custodian agrees to deliver an account statement, at least quarterly, directly to the Client showing all disbursements from the account. The Client is encouraged to review their account statements for accuracy. SFC will receive a duplicate copy of or will have electronic access to the statement that was delivered to the Client. The Client can terminate the written billing authorization or Investment Management Agreement at any time. In limited circumstances and at its discretion, SFC will invoice the Client directly, and payment will be due as invoiced.

SFC or the Client may terminate the Investment Management Agreement within five days of the date of acceptance without penalty to the Client. After the five-day period, either party may terminate the Investment Management Agreement upon seven days written notice. Fees will be pro-rated for the month or quarter in which the cancellation notice was given. Any unearned prepaid fees will be returned to the Client and any fees due for work completed will be due and payable immediately.

#### **SELECTION OF OTHER ADVISERS**

SFC will share in the fee paid by the Client to the TPMM. Fees paid by the Client to the TPMM are established and payable in accordance with the Form ADV Part 2A or other equivalent disclosure document provided by each TPMM to whom the Client is referred and these fees may or may not be negotiable. Such compensation may differ depending upon the individual agreement SFC has with each TPMM. As such, SFC may have an incentive to recommend one TPMM over another TPMM with whom it has less favorable compensation arrangements or other advisory programs offered by TPMMs with which it has no compensation arrangements.

Clients who are referred to TPMMs will receive full disclosure, including services rendered and fee schedules, at the time of the referral by delivery of a copy of the relevant TPMM's Form ADV Part 2A or equivalent disclosure document. In addition, if the investment program recommended to a Client is a wrap fee program, the Client will also receive the wrap fee disclosure brochure provided by the sponsor of the program. SFC or the TPMM will provide to each Client all appropriate disclosure statements.

Clients may be required to sign an agreement directly with the TPMM selected. The Client, SFC, or the TPMM, in accordance with the provisions of those agreements, may terminate the advisory relationship. If the TPMM is compensated in advance, the Client will typically receive a pro rata refund of any prepaid advisory fees upon termination of an advisory agreement.

## **LPL FINANCIAL SPONSORED ADVISORY PROGRAMS**

### **Fees for LPL Advisory Programs**

The account fee charged to the client for each LPL advisory program is negotiable, subject to the following maximum account fees:

Manager Access Select	3.0%
OMP	2.5%
PWP	2.5%
MWP	2.5%

Account fees are payable quarterly in advance.

LPL serves as program sponsor, investment advisor and broker-dealer for the LPL advisory programs. SFC and LPL may share in the account fee and other fees associated with program accounts. Associated persons of SFC may also be registered representatives of LPL.

### **Potential Conflicts of Interest**

Transactions in LPL advisory program accounts are generally effected through LPL as the executing broker-dealer.

SFC receives compensation as a result of a client's participation in an LPL program. Depending on, among other things, the size of the account, changes in its value over time, the ability to negotiate fees or commissions, and the number of transactions, the amount of this compensation may be more or less than what SFC would receive if the client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services.

Advice offered by SFC may involve investment in mutual funds. Clients are hereby advised that all fees paid to SFC for investment advisory services are separate and distinct from the fees and

expenses charged by mutual funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. Further, there may be transaction charges involved with purchasing or selling of securities. SFC does not share in any portion of the brokerage fees/transaction charges imposed by the custodian holding the client funds or securities. The client should review all fees charged by mutual funds, SFC, and others to fully understand the total amount of fees to be paid by the client.

### ***Performance-Based Fees and Side-By-Side Management***

The fees charged are calculated in the previous Fee and Compensation section, and are not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory Client (15 U.S.C. §80b-5(a)(1)).

### ***Types of Clients***

SFC offers personalized investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities

SFC requires a minimum account size of \$250,000 for Investment Management Services. Managed accounts are also subject to an account maintenance fee of \$18.75 per quarter for accounts valued lower than \$75,000 and \$9.00 per quarter for accounts valued between \$75,000 and \$200,000. The minimum annual fee for SFC's annual retainer planning and consulting services is \$250. At SFC's discretion, accounts/fees below these minimums may be accepted on an individual basis.

LPL OMP: this program generally has a minimum account size of \$15,000.

LPL PWP: this program generally has a minimum account size of \$250,000.

LPL MWP: this program generally has a minimum account size of \$100,000.

LPL Manager Access Select: this program has a minimum account size of \$100,000, however, in certain instances; the minimum account size may be lower or higher.

### ***Methods of Analysis, Investment Strategies and Risk of Loss***

SFC will evaluate securities based on a fundamental or technical analysis using charts or cyclical studies.

Fundamental analysis is a method of evaluating a security that entails attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors.

Technical analysis is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume.

Each client will meet with SFC to discuss the specific investment strategy to be used such as long term purchases and short term purchases.

SFC does not represent, warrant, or imply that the services or methods of analysis it utilizes can or will predict future results, successfully identify market tops or bottoms, or insulate Clients from losses due to market corrections or declines.

SFC reserves the right to advise Clients on other types of investments that it deems appropriate based on the Client's stated goals and objectives. SFC may also provide advice on any type of investment held in a Client's portfolio at the inception of the advisory relationship, or on any investment for which the Client requests advice.

When appropriate for the Client's specific investment objectives, SFC will refer Clients to third-party investment advisers, who will provide advice to Clients in accordance with the relevant program provided by the third-party investment adviser. As disclosed above, SFC will assist Clients in selecting third-party investment advisers whose investment programs and strategies have been reviewed by SFC and have been determined appropriate for SFC's Clients based on their individual circumstances and investment goals. While options are not part of SFC's core strategy, from time-to-time, SFC may utilize options where it deems appropriated based on individual Client circumstances.

For the Third-Party Advisory Referral Program, SFC's recommendations for third-party advisers and programs will be based on research reports and analysis of performance provided by third-party advisers and publicly available research and reports regarding investment strategies and programs generally offered by a variety of third-party investment advisers. Advisory

Representatives may utilize computer software programs provided by such third-party advisers in providing this advice to Clients.

### ***Disciplinary Information***

Investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of SFC or the integrity of SFC' management.

SFC has no information applicable to this Item.

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

IARs associated with SFC may be registered representatives of LPL. Securities transactions for LPL's brokerage Clients are executed through LPL.

IARs of SFC who are separately licensed as registered representatives of LPL are involved in the sale of securities of various types, including, but not limited to stocks, bonds, mutual funds, variable annuities, and limited partnerships. In addition, associated persons may also be involved in the sale of insurance products. As such, associated persons can effect transactions in insurance products for Clients and earn commissions for these activities.

All compensation received by IARs of SFC for securities transactions through LPL will be separate, yet customary for effecting securities transactions, including 12b-1 fees for the sale of investment company products. IARs may make differing recommendations with respect to the same securities or insurance products to different advisory Clients. All recommendations made are specific to each Client's individualized needs and current financial situation.

SFC's Clients are advised that they have total freedom to implement recommendations through any broker/dealer. If the Client implements recommendations made by an IAR of SFC by purchasing securities through LPL, the IAR, in their separate capacity as a registered representative, may receive additional compensation in the form of commissions, including 12b-1 fees for the sale of investment company products.

IARs of SFC are involved in several outside business activities, including various independent financial services companies, such as insurance agencies, accounting firms, and mortgage services companies, as well as business consulting, and marketing firms. These companies are

affiliated with SFC through certain instances of common control and/or ownership. Messrs. Wagner and Swinehart, along with other IARs of SFC, currently devote the majority of their professional time to securities and life insurance commission businesses. It is expected that advisory Clients may utilize various services of the affiliated companies and/or of Principals or other IARs of SFC in their various capacities; however, advisory Clients are informed that they are under no obligation to utilize such services.

Associated persons of SFC, in their role as registered principals/representatives of LPL will effect securities transactions through LPL. If an advisory Client implements recommendations made by the associated person by purchasing securities or other products through LPL, the associated person may receive additional compensation in the form of commissions, including 12b-1 fees for the sale of investment company products. IARs who are licensed insurance agents may refer Clients to other licensed insurance agents and may share in commissions earned.

SFC may share in the advisory fee paid by Clients to third-party advisers to whom SFC refers Client accounts. SFC has entered into contracts with various third-party advisers performing portfolio management or other advisory services. Full disclosure, either Form ADV Part 2A or its equivalent, will be given to the Client at the time of solicitation in accordance with Rule 206 (4)-3.

As part of their fiduciary duty, SFC and its associated persons endeavor at all times to put the interest of the Clients first. However, Clients should be aware that receipt of additional compensation creates a potential conflict of interest.

### ***Code of Ethics***

From time to time, SFC or persons associated with SFC may buy or sell securities that are recommended to its Clients or securities in which its Clients are invested. It is SFC's policy that associated persons of SFC shall not have priority over any Client account in the purchase or sale of securities. Under certain circumstances, exceptions to the trading policy may be made.

SFC has adopted a Code of Ethics, the full text of which is available to Clients and prospective Clients upon request. SFC strives to comply with all applicable laws and regulations governing its practices. Therefore, SFC has set forth guidelines for professional standards of conduct for its associated persons, the goal of which is to protect Client interests at all times and to



demonstrate its commitment to its fiduciary duties of honesty, good faith, and fair dealing with Clients. All associated persons are expected to adhere strictly to these guidelines. SFC's Code of Ethics requires that certain associated persons submit personal securities transactions and holdings reports to SFC, which will be reviewed by a qualified representative of SFC on periodic basis. Associated persons are also required to report any violations of SFC's Code of Ethics. Additionally, SFC maintains and enforces written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about Clients or their account holdings by SFC or any associated person.

### **Privacy Policies**

Protecting its customers' private information is important to SFC. Therefore, SFC has instituted policies and procedures to ensure that customer information is kept private and secure. SFC does not disclose any non-public personal information about its customers or former customers to any non-affiliated third parties except as required by or permitted by law. In the course of servicing a Client account, SFC may share some information with its affiliated companies and/or service providers, such as transfer agents, custodians, broker/dealers, accountants, attorneys, and other consultants. SFC restricts internal access to non-public personal information to those employees who need access to such information in order to provide products or services to a particular Client. SFC also maintains physical, electronic, and procedural safeguards to protect Client information.

A copy of SFC's privacy policy notice will be provided to each Client prior to, or contemporaneously with, the execution of any services agreement. Thereafter, SFC will deliver a copy of the current privacy policy notice to its Clients annually. Questions regarding this policy should be directed to Reagan Lee Wagner at (210) 737-7800.

It is SFC's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. SFC will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another

person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

### ***Brokerage Practices***

Clients may utilize the broker-dealer of their choice and have no obligation to purchase or sell securities through such broker as SFC recommends. However, SFC will recommend that Clients in need of brokerage and custodial services utilize various firms, including LPL. LPL is required to supervise the securities trading activities of its representatives.

IARs of SFC, who are registered representatives of LPL, are subject to various rules that may restrict such registered individuals from conducting securities transactions away from LPL, unless LPL provides the representative with written authorization. Therefore, the Client is advised that IARs may be limited to conducting certain securities transactions through LPL, or various other custodians, such as Charles Schwab & Co., Inc. ("Schwab") and TD AMERITRADE Institutional, Division of TD AMERITRADE, Inc. member FINRA/SIPC.

SFC believes that recommended brokers provide quality services at reasonable commission rates. SFC bases its opinion on several factors, including the broker's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, the broker's reputation, experience, financial stability, and the quality of service rendered by the broker or dealer in other transactions.

Best execution is not measured solely in reference to commission rates. Lower commissions might be available elsewhere, but SFC believes the difference in cost is reasonably justified by the quality of the brokerage services offered through recommended brokers.

Although certain associated persons of SFC are Registered Representatives of LPL, SFC will recommend Charles Schwab & Co., Inc. ("Schwab") and/or TD AMERITRADE Institutional, Division of TD AMERITRADE, Inc. member FINRA/SIPC, to Clients in need of brokerage and/or custodial services, where SFC believes such recommendation is in the Client's best interest.

SFC may recommend that Clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, to maintain custody of Client assets and to effect trades for their accounts. SFC is independently

owned and operated, and is not affiliated with Schwab. Schwab provides SFC with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to SFC, so long as a total of at least \$10 million of SFC's Client assets is maintained in accounts at Schwab Institutional. Such services are not otherwise contingent upon SFC committing to Schwab any specific amount of business (assets in custody or trading). Schwab's services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or that would require a significantly higher minimum initial investment.

For SFC's Client accounts maintained in its custody, Schwab generally does not charge separately for custody, but Schwab is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to SFC other products and services that benefit Schwab but may not benefit its Client accounts. Some of these other products and services assist Schwab in managing and administering Client accounts. These products and services include software and other technology that: provide access to Client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple Client accounts); provide research, pricing information, and other market data; facilitate payment of SFC's fees from Client accounts and assistance with back-office functions, recordkeeping, and Client reporting. Generally, many of these services may be used to service all or a substantial number of SFC's Client accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional also makes available to SFC other services intended to help SFC manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange, and/or pay for these types of services rendered to SFC by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to SFC. As a fiduciary, SFC endeavors to act in the best interests of its Clients. However, SFC's recommendation that Clients maintain their assets in accounts at Schwab may be based in part on benefits provided to SFC by the availability of some of the foregoing products and services

and not solely on the nature, cost, or quality of custody and brokerage services provided by Schwab, which would create a potential conflict of interest.

### **Aggregation of Trades**

SFC may aggregate orders with respect to a security for advisory Client accounts if such aggregation is consistent with achieving best execution for the various Client accounts. When orders are aggregated, each participating account receives the weighted average share price for all transactions in a particular security effected to fill such orders at the time of execution and transaction costs are shared pro rata based upon each account's participation in the transaction. However, smaller Clients may bear higher charges if they fail to meet the minimum account sizes set by the broker. Allocations of orders among Client accounts must be made in a fair and equitable manner.

### **Correction of Trade Errors**

On infrequent occasions, an error may be made in a Client account. For example, a security may be erroneously purchased for a Client account instead of sold. In these situations, SFC's policy is a restoration or return the Client to the position he/she/it would have been in had the trading error not occurred. Depending on the circumstances, various corrective steps may be taken, including but not limited to, canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, the profit is not allocated to the Client account, it remains in the error account of the executing broker/dealer.

The Client acknowledges that SFC cannot and will not be responsible for trades that are not properly executed by any clearing firm, custodian, mutual fund, or insurance company, when an order has been properly submitted by SFC.

### ***Review of Accounts***

Mr. Wagner, Chief Compliance Officer, is responsible for the overall review process. Investment Adviser Representatives conduct regular reviews of managed and monitored accounts. Reviews are conducted as a matter of course at least quarterly. All Clients are encouraged to meet with their IAR at least annually. Additional reviews may be triggered by events such as a Client meeting, change in a Client's risk tolerance, financial position or investment objective, change in a company or fund's management, unusual market or economic circumstances or other unforeseen event.

Clients are required to open accounts with a qualified custodian that provides at least quarterly statements showing all transactions occurring in the account during the period, listing all assets valued as of period end. Confirmations and statements are sent by the custodian directly to each Client.

SFC may provide various reports in conjunction with regular reviews and/or upon request. Updates to financial plans will be provided as needed for retainer planning Clients. For non-retainer planning Clients, updates to financial plans will be available upon request, but may be subject to SFC's then current hourly rate.

LPL OMP Program: In addition to the quarterly portfolio reports described in the applicable program Wrap Brochure or the Form ADV Part 2A of LPL, LPL will transmit to clients: (1) trade confirmations unless the trade is the result of a systematic purchase, systematic redemption or systematic exchange; and (2) account statements, showing all transactions in cash and securities and all deposits and withdrawals of principal and income during the preceding calendar month.

LPL Manager Access Select, Model Wealth Portfolios and Personal Wealth Portfolios Programs: In addition to the quarterly portfolio reports described in the applicable program Wrap Brochure or the Form ADV Part 2A of LPL, LPL will transmit to clients account statements showing all transactions in cash and securities and all deposits and withdrawals of principal and income during the preceding calendar month.

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

Non-employee (outside) consultants, individuals and/or entities, who are directly responsible for bringing a Client to SFC, may receive compensation from SFC. Such arrangements will comply with the requirements set forth in Rule 206(4)-3 of the Investment Advisers Act of 1940, including the requirement that the relationship between the solicitor and the investment adviser be disclosed to the Client at the time of the solicitation or referral. Under these arrangements, the Client does not pay higher fees than SFC's normal/typical advisory fees.

## ***Custody***

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. SFC urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## ***Investment Discretion***

Generally, Clients grant SFC discretion over the selection and amount of mutual funds to be bought or sold without obtaining their prior consent or approval. However, SFC's investment authority may be subject to specified investment objectives, guidelines, and/or conditions imposed by the Client. For example, a Client might specify that investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or a Client might request restrictions or prohibitions of transactions in the securities of a specific industry. Clients may amend these limitations, as required. Such amendments must be submitted in writing.

## ***Voting Client Securities***

SFC will not vote proxies on behalf of advisory Client accounts. Persons associated with SFC will not advise Clients regarding corporate actions and the exercise of proxy voting rights. Clients owning shares of common stock or mutual funds must exercise their own right to vote as a shareholder.

From time to time, securities held in the accounts of Clients will be the subject of class action lawsuits. SFC has no obligation to determine if securities held by Clients are subject to a pending or resolved class action lawsuit. It also has no duty to evaluate a Client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, SFC has no obligation or responsibility to initiate litigation to recover damages on behalf of Clients who may have been injured because of actions, misconduct, or negligence by corporate management of issuers whose securities are held by Clients.

While it is unlikely that SFC would receive written or electronic proxy materials or notices regarding class action legal matters involving securities held in Client accounts, settlements, or

verdicts affecting securities owned by a Client, SFC would immediately forward all notices, proof of claim forms, and other materials, to the relevant Client. Electronic mail is acceptable where appropriate, if the relevant Client has authorized contact in this manner.

### ***Financial Information***

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about SFC' financial condition. SFC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.