



**Part 2A of Form ADV: *Firm Brochure***

**ClientFirst Financial Strategies, Inc.**

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This brochure provides information about the qualifications and business practices of ClientFirst Financial Strategies, Inc. If you have any questions about the contents of this brochure, please contact us at (937) 293-5500 or [advisors@clientfirstonline.com](mailto:advisors@clientfirstonline.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 ClientFirst Financial Strategies, 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 152628.

## **Item 2    Material Changes**

There have been no material changes to our Part 2A brochure since it was last updated on 07/01/11.

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## **Item 4    Advisory Business**

ClientFirst Financial Strategies, Inc. is an SEC-registered investment adviser with its principal place of business located in Ohio. ClientFirst Financial Strategies, Inc. began conducting business in 2010.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- Stanley James Katz, President

ClientFirst Financial Strategies, Inc. offers the following advisory services to its clients:

### **INVESTMENT MANAGEMENT SERVICES**

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. These services include:

- (i) reviewing a client's net worth and financial goals;
- (ii) making investment recommendations and developing investment strategies designed to enhance a client's investment portfolio consistent with the client's investment objectives, financial circumstances and risk tolerance levels;
- (iii) ongoing monitoring of each client's portfolio, including providing monthly statements that reflect the current month's account performance and industry benchmark indices; and
- (iv) regular and direct contact with the client.

We manage client accounts on a discretionary basis; in other words, we are not required to contact the client prior to making a transaction in the client's account.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following types of securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Mutual fund shares
- Municipal securities
- United States government securities
- Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Options contracts on securities

- Interests in partnerships investing in real estate or other attractive investment opportunities (managed on a non-discretionary basis only).

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

## **ASSET ALLOCATION**

This service provides periodic reviews of investments held in an individual's 401(k) plan, or similar employer sponsored plans, insurance products (life and annuities), IRAs and non-qualified accounts to determine appropriate asset allocations and re-balancing as determined by the market and tempered by each client's investment objectives. Investment recommendations may be limited to those available through the 401(k) plan or annuity/fund custodian.

## **MANAGER SELECTION PROGRAMS**

We also offer advisory consulting services to our clients through the Manager Selection Programs (hereinafter, "Programs").

*(i) Lockwood Advisors, Inc. (Managed Account Link Program®)*

We provide consulting services to clients who participate in a wrap-fee program offered by Lockwood Advisors, Inc. ("Lockwood"). Lockwood's *Managed Account Link Program®* ("MAL®") offers clients access to independent money managers, brokerage and custodial services, and our investment consulting services for a single wrap-fee.

We review each client's investment objectives, financial circumstances and risk tolerance levels and assist the client in selecting one or more independent money managers available through the MAL® program. Clients' accounts are thereafter managed on a discretionary basis by the individual money managers.

We will periodically review each client's MAL® account and may recommend a particular portfolio manager, or the replacement of one portfolio manager with another, based upon such factors as the performance of the manager and the progress achieved toward meeting a client's stated investment objectives or changes in the client's investment objectives, risk tolerance levels or, perhaps, investment philosophy. We will also provide consulting services regarding the reallocation of client assets among portfolio managers or among available styles within the MAL® program. We will assist the client in identifying tax strategies to be followed by a respective portfolio manager, although we cannot guarantee that the portfolio manager will follow the suggested tax strategy.

Clients who participate in the MAL® program should read Lockwood's Wrap Fee Brochure (Form ADV Part2A Appendix 1) that describes the wrap-fee program. Clients should also review each individual portfolio manager's disclosure document.

*(ii) JP Morgan Clearing Corp. (Managed Account EDGEsm Program)*

We provide consulting services to clients who participate in a wrap fee program sponsored by JP Morgan Clearing Corp (“JPMCC”). Through JPMCC's *Managed Account EDGEsm Program* (“MAE”), clients are offered access to independent money managers, brokerage and custodial services for a single Program Fee charged by JPMCC. Clients also pay us a separate advisory consulting services fee in connection with the program.

We review each client's investment objectives, financial circumstances and risk tolerance levels and assist the client in the selection of one or more independent money managers available to them through the MAE program. Clients' accounts are thereafter managed on a discretionary basis by the individual money managers, who are selected by client, while we provide consulting services to the client as described below.

Similar to the Lockwood MAL® program discussed in subparagraph (i) above, we will periodically review each client's MAE account and may recommend a particular portfolio manager, or the replacement of one portfolio manager with another, based upon such factors as the performance of a portfolio manager and the progress achieved toward meeting a client's stated investment objectives or changes in the client's investment objectives, risk tolerance or investment philosophy. We will also provide consulting services regarding the reallocation of client assets among portfolio managers or among available styles within the MAE program. We will assist the client in identifying tax strategies to be followed by a respective portfolio manager, although we cannot guarantee that the portfolio manager will follow the suggested tax strategy.

Either our firm or JPMCC will provide clients who participate in the MAE Program with JPMCC's MAE Disclosure Brochure. In addition, clients are provided disclosure documents for the individual portfolio managers selected by clients to manage their program assets.

#### *(a) Selection of Money Managers*

Under the MAE Program, we are solely responsible for reviewing money managers and determining which of the money managers shown on the “*Managed Account EDGEsm Program Money Manager List*” (the “*MAE Manager List*”), provided to us by JPMCC. We make this list available to clients. While we will typically work closely with the client on all decisions regarding the client's account, we have the discretionary authority to hire, fire, or allocate assets among any manager without obtaining specific permission from the client.

We will identify money managers to present to clients based on such factors as:

- manager styles;
- asset classes; and
- the ability to diversify a portfolio consistent with, among other things, a particular client's
  - financial circumstances
  - investment objectives
  - risk tolerance levels
  - investment philosophy.

Using these criteria, we will identify managers on the MAE Manager List from which clients can make their selection.

### *(b) Performance / Replacement of Money Managers*

We review empirical data to determine if a manager is meeting a client's expectations or if we need to replace that manager with another. Before recommending a change of managers, we consider if the client's holdings must be sold and the tax impact of those sales.

### *(c) Other Matters*

Our firm, and not JPMCC or any recommended manager, is responsible for determining the suitability of the MAE Program and the selection of any manager for the client. Certain Portfolio Managers in the MAE Program may be affiliated with JPMCC. JPMCC may have a conflict of interest when including these Managers in the Program because JPMCC and/or its affiliates will receive compensation if client selects one of these Managers. Our firm is not affiliated with JPMCC or with any of managers included in the MAE Program.

Clients should review the disclosure documents of recommended managers for information on the types of securities typically included in each manager's portfolios.

## **CONSULTING/FINANCIAL PLANNING**

We provide investment advice through consulting services, on a limited basis, on estate planning, retirement planning and tax planning matters. Based on each client's needs, we will gather information concerning the client's current financial condition, tax status, future goals, returns objectives and risk tolerance. If requested, we will prepare a report which provides the client with a detailed plan designed to assist in achieving their financial goals and objectives. Upon the client's request, we will review our recommendations with the client's attorney or accountant. Should the client choose to implement the recommendations contained in the plan, we suggest they work closely with their attorney, accountant, insurance agent, and/or stockbroker. Implementation of consulting/financial planning recommendations is entirely at the client's discretion.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following types of securities or financial products:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities

- Life insurance
- Variable life insurance
- Annuities
- Variable annuities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in real estate or other attractive investment opportunities
- Any investment in the client's portfolio or about which the client has an interest.

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

We can also provide administrative and research services at the client's request.

As of 12/31/11 we managed \$124,163,000 for 476 discretionary accounts and \$27,915,000 for 163 non-discretionary accounts.

## Item 5 Fees and Compensation

### Annual Fees (percentage of assets under management)

<i>Household Assets Under Management</i>	<i>Investment Supervisory Services Balanced / Equity</i>	<i>Investment Supervisory Services Mutual funds</i>	<i>Investment Supervisory Services Bonds</i>	<i>Asset Allocation Services Annuities and 401(k)</i>	<i>Manager Selection Programs (Lockwood) (MAL) &amp; (JP Morgan) (MAE)</i>
Up to \$100,000	1.75% - 2.00%	1.75% - 2.00%	.50% - .75%	1.00% - 1.50%	
\$100,000 - \$350,000	1.00% - 1.75%	1.25% - 1.75%	.375% - .50%	.50% - 1.00%	
Over \$350,000	.25% - 1.00%	.50% - 1.25%	.125% - .375%	.25% - .50%	
Up to \$6,000,000					.40% - 1.00%
Over \$6,000,000					.20% - .40%



We provide Investment Supervisory Services, Asset Allocation Services and Manager Selection Programs based on a percentage of assets under management. The annual fee percentages set out above represent the ranges within which annual advisory fees will generally be charged. The actual fee charged to a client will be based upon the Adviser's judgment while taking into consideration factors such as:

- (i) the type and composition of assets in the account;
- (ii) anticipated account activity, and
- (iii) the level of services reasonably anticipated to be provided to a particular client based upon past levels of service or reasonably foreseen levels of services to be provided with respect to a client's unique needs.

We may set a client's annual advisory fee lower than the ranges set out above.

Fees charged on a percentage of assets under management are payable quarterly, in advance, based on the market value of all managed assets in client accounts and calculated as of the last trading day of the previous calendar quarter.

Clients may open an account at any time during a calendar quarter. A client's initial fee payment will be based on the market value of all assets in the client's account at the end of the month in which assets are first deposited into the account. Client will be billed for the remaining full months during the quarter, if any, that services are provided. We do not pro-rate billing for partial months upon opening an account, except where such fees are part of a wrap-fee program and the Program Sponsor pro-rates all fees that are part of the single wrap-fee charged to client.

*(i) Lockwood's Managed Account Link Program®*

The advisory consulting fee charged to clients who participate in the Lockwood Financial Advisors, Inc. ("Lockwood") Managed Account Link Program® ("MAL®") is included as part of a single "wrap-fee" charged to clients by Lockwood as the MAL® program sponsor. We determine the amount of the fee.

The fees for other services provided in the MAL® program are disclosed in Lockwood's Wrap Fee Brochure, as well as in the separate disclosure documents of the money managers available in the program. Information concerning termination and refund policies for the MAL® program is available in Lockwood's Wrap Fee Brochure.

*(ii) JP Morgan Managed Account EDGEsm Program*

The advisory consulting fee charged to clients who participate in the JPMCC Managed Account EDGEsm Program ("MAE") is a separate fee for advisory consulting services provided to clients under this Agreement in connection with the MAE Program. We determine the amount of the fee.

The fees for other services provided in the MAE Program are disclosed in JPMCC's Managed Account EDGEsm Program Wrap Fee Brochure and in each money manager's disclosure

document. We provide these documents to the client prior to, or simultaneous with, the opening of an MAE account and client selection of a portfolio manager. Information concerning termination and fee refund policies for the MAE program can be found in the respective disclosure documents.

## **CONSULTING/FINANCIAL PLANNING**

Consulting/Financial Planning clients will be charged on an hourly basis at a rate of \$300 per hour, billed in quarter-hour increments. Hourly fees are payable, upon invoicing, at the end of the calendar quarter in which such services were provided.

Fees for administrative and research services are charged on an hourly basis, which may range between fifty dollars (\$50.00) and three-hundred dollars (\$300.00) per hour, charged in quarter-hour increments, depending on the nature and complexity of the service requested and the individual performing the services. In addition to the hourly fees set out above, incidental costs and expenses associated with providing such administrative and research services are also passed through to clients at the actual cost incurred by Adviser. Such costs may consist of, for example, postage and express delivery costs; travel related expenses; and, actual costs charged to Adviser by third-parties that provide information/documents requested by client.

## **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 written notice. Such notice given to Adviser may be delivered in person, by U.S. Mail or by overnight courier (postage prepaid) to: ClientFirst Financial Strategies Inc., Attn: Stanley Katz, 3033 Kettering Blvd., Suite 326 Dayton, OH 45439.

We will refund all pre-paid and un-earned advisory fees upon the closing of an account, or the closing of all accounts in connection with the termination provisions in the advisory agreements, during a calendar quarter. The refund will be pro-rated from the date that such account was closed, through the end of the calendar quarter. Refunds will be provided promptly, but in no event later than sixty (60) days after closing such account. A refund for an account closing shall be made only where there is a complete liquidation of assets in the account, without reinvestment of such assets into another ClientFirst advisory account, or where a transfer of assets "in kind" is made to a custodial account for which ClientFirst does not provide advisory services.

Any earned, unpaid fees will be due and payable upon termination.

***Set-up Fees:*** In more complex cases, we may perform an initial analysis and account set up for which we will charge on an hourly basis at a rate of up to \$300 per hour, billed in quarter-hour increments. Hourly fees are payable, upon invoicing, at the end of the calendar quarter in which such services were provided.

**Mutual Fund Fees:** All fees paid to ClientFirst Financial Strategies, 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(s) 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 and to thereby evaluate the advisory services being provided.

Where ClientFirst's adviser receives such fees in connection with their activity as brokers of record on a client's mutual fund advisory account, those fees will be credited against the client's annual advisory fees.

**Wrap Fee Programs:** In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately.

**Additional Fees and Expenses:** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Broker-dealer ticket charges, imposed in connection with effecting securities transactions for a client's account, will be passed-through to client at the actual ticket charge transaction cost.

Management personnel and other related persons of our firm are licensed as registered representatives of a broker-dealer and/or licensed as insurance agents or brokers. In their separate capacity(ies), these individuals are able to implement investment recommendations for advisory clients for separate and typical compensation (i.e., commissions, 12b-1 fees or other sales-related forms of compensation). This presents a potential conflict of interest to the extent that these individuals recommend that a client invest in a security which results in a commission being paid to the individuals. Clients 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.

**ERISA Accounts:** ClientFirst Financial Strategies, 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, we 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. We will offset our advisory fees for advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees. Such offsets will never be used as a credit against a client's account.

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

ClientFirst Financial Strategies, Inc. does not charge performance-based fees.

## **Item 7 Types of Clients**

ClientFirst Financial Strategies, Inc. provides advisory services to the following types of clients:

- Individuals (including participants of Retirement Plans)
- High net worth individuals
- Qualified Retirement Plans (Pension, Profit Sharing, SEP IRA, Defined Benefit)
- Taft-Hartley Plans
- Charitable organizations
- Corporations or other business entities not listed above (Non-qualified Plan)

## **Item 8 Methods of Analysis, Investment Strategies and Risk of Loss**

### **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**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, the financial condition and management of the company itself) to determine if the company is undervalued (indicating it may be a good time to buy) or overvalued (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 company.

**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.

***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. We will periodically review the client's goals and tolerance for risk with the client. We may alter the allocation over time as market and economic conditions warrant.

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 other 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***

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

***Long-term purchases.*** We typically purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, 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, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

***Short-term purchases.*** Less frequently, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are 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 less favorable tax treatment of short-term capital gains.

***Margin transactions.*** For clients that choose to set up a margin account, we can purchase stocks for a client's portfolio with money borrowed from their brokerage account. This allows for the purchase of more stock than would be possible with just available cash, and allows us to purchase stock without selling other holdings. However, this strategies is used infrequently, largely due to the risks outlined below.

In volatile markets, a risk of margin trading is security prices can fall very quickly. If the value of the securities in the account minus what is owed to the broker falls below a certain level, the broker will issue a "margin call", and the client will be required to sell the position or add more cash to the account. In some circumstances, the client may lose more money than was originally invested.

***Option writing.*** Infrequently, we may use options 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 a client the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have 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. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option sale to limit the potential upside and downside of a security we have purchased for the client's portfolio.

Typically we use "covered calls", in which we sell an option on a security the client owns. In this strategy, a client receives a premium for making the option available, and the person purchasing the option has the right to buy the security from the client at an agreed-upon price.

A risk of covered calls is the option buyer does not have to exercise the option, so that if we want to sell the stock prior to the end of the option agreement, we have to buy the option back from the market, for a possible loss.

**Risk of Loss.** Securities investments are not guaranteed and a client may lose money on their investments. We ask that a client works with us to help understand their tolerance for risk.

## **Item 9     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 management personnel have no reportable disciplinary events to disclose.

## **Item 10    Other Financial Industry Activities and Affiliations**

Our President, other officers and some employees (together, "Associated Persons") are registered representatives of Access Financial Group, Inc. ("Access Financial"). Access Financial is a broker-dealer registered under Section 15 of the Securities Exchange Act of 1934. In their capacity as registered representatives of Access Financial, our Associated Persons can effect security transactions for advisory clients in connection with the implementation of Investment Supervisory Services, Asset Allocation, and Financial Planning/Consulting services. Our Associated Persons spend approximately 30% of their time on brokerage related activities.

Our Associated Persons do not charge commissions in connection with effecting securities transactions for clients' Investment Supervisory Services or Asset Allocation accounts. They will, however, pass through to clients the actual transaction charge(s) imposed by the custodian or mutual fund companies in connection with executing securities transactions. We

do not allow our Associated Persons to charge clients more than the actual transaction charge(s).

Should a Consulting/Financial Planning client elect to use our Associated Persons to effect recommended transactions, our Associated Persons will receive separate and typical commissions in their separate capacities as registered representatives of Access Financial (unless the client engages us for Investment Management services).

Clients should be aware that the receipt of additional compensation by our Associated Persons creates a conflict of interest which may impair the objectivity of our firm and these individuals when making advisory recommendations. We endeavor at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser, and so we take the following steps to address this conflict:

- Disclose to clients the existence of all material conflicts of interest, including the potential for our firm and employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- Disclose to Consulting/Financial Planning clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- Collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- 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;
- 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;
- Periodically monitor their outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- 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.

## **Item 11 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.

ClientFirst Financial Strategies, 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 record keeping provisions.

ClientFirst Financial Strategies, 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 [advisors@clientfirstonline.com](mailto:advisors@clientfirstonline.com), or by calling (937) 293-5500.

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.

When we are considering the purchase or sale of a security for a client account, our policies prohibit our officers, directors and employees from purchasing or selling such security for their own accounts prior to the completion of the purchase or sale transaction for the client account. Our officers, directors and employees may purchase or sell securities for their own accounts, identical to those recommended to clients, subsequent to the completion of such purchase or sale affected for a client account. If orders for the purchase or sale of securities for an account of our officers, directors or employees is part of a "bunched" transaction with client orders, then such officers, directors or employees may receive the same price as, but not a better price than, client orders included in the "bunched" order.

Our policies require that all purchases and sales for accounts of our related persons be reported to our Chief Compliance Officer on the day such purchase or sale occurs. If any of our officers, directors or employees purchase or sell, for their own accounts, the same security purchased or sold for a client account on the same day, our policy is to give the client the best price.

## **Item 12 Brokerage Practices**

### **INVESTMENT SUPERVISORY SERVICES**

As our firm does not have the discretionary authority to determine the broker-dealer to be used or the commission rates to be paid, clients must direct us to use a specific broker-dealer for all trades.

As noted in Item 10, above, certain of our officers, directors and employees (together, "Associated Persons") are registered representatives of Access of Access Financial Group, Inc. ("Access Financial"). In order to meet its supervisory requirements, Access Financial will not allow us to accept an Investment Supervisory Services client who directs us to use a broker-dealer other than Access Financial. As such, execution prices may not be as favorable as execution prices received by clients who do not execute their transactions through Access Financial, nor as favorable as they otherwise may be if we were to seek best price executions from other broker-dealers. Because we will not seek best execution through

other broker-dealers, it is possible that best execution will not be achieved for every transaction.

Our Associated Persons, in their separate capacities as registered representative of Access Financial, will contact various brokers and dealers who are not associated with Access Financial, when effecting fixed-income securities transaction for client accounts. Fixed-income transactions nevertheless clear through, and settle in, JPMCC, the custodian broker-dealer used for all Access Financial accounts.

Our Associated Persons do not charge commissions on securities transactions affected in Investment Supervisory Services accounts. Our Associated Persons may pass through ticket charges. Please refer to the disclosure in Item 10 of this brochure for more information on commissions and ticket charges.

### Trade Errors

Trade errors are the responsibility of our Associated Persons, in their capacity as registered representative of Access Financial. We correct trade errors by taking the affected client out of the erroneous trade and placing the client into the trade as it should have been in the first instance. As such, our Associated Persons assume the risk, including the market risk, associated with an erroneous trade position. Additionally, Access Financial nets our Associated Persons' trade errors on a monthly basis and either charges or credits them for net losses or net gains related to erroneous trading activity. Our Associated Persons are liable for all net trading losses associated with trade errors and retain all net gains associated with trade errors.

## **ASSET ALLOCATION SERVICES**

We require the client to direct and authorize us to place all trades through the mutual fund/annuity company selected by the client or, in the case of 401(k) plans, the plan's third party administrator or custodian.

Our Associated Persons do not charge commissions on securities transactions affected in Asset Allocation Services accounts. Our Associated Persons may pass through ticket charges. Please refer to the disclosure in Item 10 of this brochure for more information on commissions and ticket charges.

### Trade Errors

In the event we make a trade error, we will make the client whole. In the case of certain pension plans, that may require the use of a credit against the client's advisory fee.

## **MANAGER SELECTION SERVICES**

Please refer to the Wrap Fee Brochure(s) of Lockwood's *Managed Account Link Program*® and/or JPMCC's *Managed Account EDGEm Program* ("MAE") for information on brokerage practices in these programs. Please also refer to the disclosure documents of any recommended managers for information on their brokerage practices.

## **CONSULTING/FINANCIAL PLANNING**

Consulting/Financial Planning clients may use any broker-dealer they choose to implement recommended transactions. Should a Consulting/Financial Planning client elect to use our Associated Persons to effect recommended transactions, our Associated Persons will receive separate and typical commissions in their separate capacities as registered representatives of Access Financial. Please refer to the disclosure in Item 10 of this brochure for more information.

### **Bunching Client Trades:**

We will bunch trades where possible and when advantageous to clients. Bond purchases will be bunched when a bond is identified that has the characteristics needed by several clients. Individual equity purchases will typically not be bunched, as the determination as to whether a particular equity is appropriate for a specific client's account is based on that client's individual situation. Across the board sells of individual bond or equity securities will typically be bunched.

This bunching of trades permits the trading of aggregate bunches of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such bunch.

Bunching may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Our bunching policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with ClientFirst Financial Strategies, Inc., or our firm's order allocation policy.
- 2) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable ClientFirst Financial Strategies, Inc. to seek best execution for each client participating in the aggregated order.
- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to

participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.

6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.

7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.

8) ClientFirst Financial Strategies, Inc.'s client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.

9) Funds and securities for aggregated orders are clearly identified on ClientFirst Financial Strategies, Inc.'s records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.

10) No client or account will be favored over another.

## **Item 13    Review of Accounts**

### ***REVIEWS:***

#### **INVESTMENT SUPERVISORY SERVICES**

We continuously review the securities in client accounts. Client accounts are reviewed at least monthly.

#### **ASSET ALLOCATION SERVICES**

Client accounts are reviewed at least quarterly.

#### **MANAGER SELECTION SERVICES**

Client accounts are reviewed at least quarterly.

## **CONSULTING/FINANCIAL PLANNING SERVICES**

We will negotiate the frequency of reviews (if any) with each client.

### **GENERAL INFORMATION ON REVIEWS**

Additional reviews may be triggered by material market, political or economic events, or by changes in the client's circumstances. All accounts are reviewed by Stanley Katz, President and Portfolio Manager.

### **REPORTS:**

### **INVESTMENT SUPERVISORY SERVICES**

Clients receive monthly statements and confirmations of transactions from their broker-dealer or custodian or both. We provide a monthly "Premier" statement to certain clients. This statement consists of the current month's account balance, the prior month's account balance and the balance of the account as of the beginning of the year or inception (whichever is later).

### **ASSET ALLOCATION SERVICES**

Clients receive monthly statements and confirmations of transactions from their broker-dealer or custodian or both. We provide a monthly "Premier" statement to certain clients. This statement consists of the current month's account balance, the prior month's account balance and the balance of the account as of the beginning of the year or inception (whichever is later).

### **MANAGER SELECTION SERVICES**

Please refer to the Wrap Fee Brochure(s) of Lockwood's *Managed Account Link Program*® and/or JPMCC's *Managed Account EDGEsm Program* ("MAE") for information on reporting brokerage practices in these programs.

Clients receive monthly statements from their broker-dealer or custodian or both. We provide a monthly "Premier" statement to certain clients. This statement consists of the current month's account balance, the prior month's account balance and the balance of the account as of the beginning of the year or inception (whichever is later).

## CONSULTING/FINANCIAL PLANNING SERVICES

We will negotiate the nature and frequency of reports (if any) with each client.

### Item 14 Client Referrals and Other Compensation

#### CLIENT REFERRALS

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

#### OTHER COMPENSATION

##### Economic Benefits from Non-Clients in Connection with Giving Advice to Clients

###### (i) Interest Sharing on Margin Accounts

Our Associated Persons, in their capacity as registered representatives, receive from Access Financial a portion of the interest paid by clients on their margin debt balances. Under this arrangement, Access Financial, through its clearing firm, JPMCC, deducts the cost of lending money to clients from the total interest paid by clients in connection with financing securities transactions in their margin accounts. In turn, Access Financial pays our Associated Persons thirty-five percent of this remainder amount. Because we offer discretionary management to our advisory clients, we are in a position to determine when to use margin in clients' accounts, for those clients that have margin accounts. As such, a potential conflict of interest exists by virtue of this arrangement because our Associated Persons will receive a portion of the margin interest paid by clients when we make discretionary investment decisions in clients' margin accounts. We will only use our discretionary authority to make margin transactions when doing so is in the best interest of the client.

###### (ii) Re-allowance on Mutual Fund Balances

Our Associated Persons, in their capacity as registered representatives, also receive from Access Financial, in connection with their client accounts in the FundCircuit (non-transaction fee funds) and non-FundCircuit (transaction-fee funds) programs, a share of re-allowance fees paid to JPMCC by mutual funds in those programs. The total re-allowance is capped at \$50,000 annually. The re-allowance is calculated based on 10 basis points per year (.001) of

account balances in the respective funds each quarter 2.5 basis points per quarter (.00025). There is a \$25,000 annual cap on the re-allowance related to non-FundCircuit funds with a combined re-allowance share not to exceed \$50,000 annually. As such, a potential conflict of interest exists by virtue of this arrangement because our Associated Persons have an incentive to use non-Fund Circuit funds when we make discretionary investment decisions in clients' accounts. We will only use our discretionary authority to use non-Fund Circuit funds when doing so is in the best interest of the client.

(iii) Service Fee Revenue

We do not permit our Associated Persons to charge clients more than the actual ticket charge it incurs by Access Financial for effecting securities transactions in clients' advisory accounts. However, in addition to ticket charges, clients pay the broker-dealer a transaction service fee of \$4.00 for each securities transaction effected for their accounts. Our Associated Persons receive \$1.50 of that service fee from Access Financial as additional compensation. As such, a potential conflict of interest exists by virtue of this arrangement because our Associated Persons have an incentive to make frequent trades when we make discretionary investment decisions in clients' accounts. We will only use our discretionary trading authority when doing so is in the best interest of the client.

(iv) Referral Fee from Insurance Agents

Our Associated Persons have an oral agreement with certain independent insurance agents ("Agents") under which the Associated Persons receive a referral fee equal to half of the commission amount paid by clients, and received by the Agents, in connection with a client's purchase of insurance products through the Agents. This fee is received in connection with our recommendation of the Agents' services to our clients. As such, a potential conflict of interest exists by virtue of this arrangement because our Associated Persons adviser will receive a referral fee from the Agents if our clients purchase insurance products from them as a result of a referral. We will only use our discretionary trading authority when doing so is in the best interest of the client.

Other Matters

Third Party Managers' Contributions to Client Events

We periodically hold informational seminars and golf outings for our clients. Some money managers and mutual fund families or annuity companies that we may recommend to our advisory clients make financial contributions to us to defray expenses of holding those events. As such, a potential conflict of interest exists by virtue of the receipt of these contributions because we may have an incentive to prefer money managers who contribute to client events over other money managers that it recommends to clients. We will only recommend any money manager, mutual fund or annuity when doing so is in the best interest of the client.

There are also times when we receive more contributions from money managers than we spend in connection with holding a client event. We retain these funds to defray the anticipated costs of the next planned event. Funds in excess of anticipated costs are donated to a 501(c)(3) charitable organization.

## Payments Made to Money Management Firms for Investment Research/Asset Allocation Models

We may pay for investment research and asset allocation models that we use in connection with providing investment advisory services to our clients. We purchase the research and allocation models from a money management firm, at variable rates, as negotiated between us and each of the firms.

### **Item 15 Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

Our firm does not have custody of the funds or securities of client accounts.

### **Item 16 Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we have the authority to place trades in a client's account without contacting the client prior to each trade to obtain the client's permission. However, when consistent with the needs of the client, we may elect to contact the client to discuss specifics of a proposed transaction. Therefore, we may not place all trades in all accounts for a particular security at the same time, and clients may receive different pricing for the same security.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

### **Item 17 Voting Client Securities**

We vote proxies for all Investment Supervisory Services client accounts; however, the client always has the right to vote their own proxies. The client can exercise this right by instructing us in writing to not vote proxies in the client's account.



We will vote proxies in the best interests of clients and in accordance with our established policies and procedures. Our firm will retain all proxy voting books and records for at least five years, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies. If our firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and retain an independent third-party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting Pat Ryan at ClientFirst Financial Strategies, Inc. 3033 Kettering Boulevard, Suite 326 Dayton, OH 45439 or calling (937) 293-5500. Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

With respect to ERISA accounts, we will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies. To direct us to vote a proxy in a particular manner, clients should contact Pat Ryan at ClientFirst Financial Strategies, Inc. 3033 Kettering Boulevard, Suite 326 Dayton, OH 45439 or call (937) 293-5500.

Clients may, at their election, choose to receive proxies related to their own accounts, in which case we may consult with clients as requested.

## **Item 18 Financial Information**

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.

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. We have no additional financial circumstances to report.

We have not been the subject of a bankruptcy petition at any time during the past ten years.