



**OBS Financial Services, Inc.<sup>TM</sup>**

An SEC Registered Investment Advisor

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(419) 482-4500

[www.obsfs.com](http://www.obsfs.com)

Form ADV Part 2A  
Advisory Brochure  
March 30, 2013

This brochure provides clients and prospective clients with information about OBS Financial Services, Inc. and the qualifications, business practices, and nature of its services that should be carefully considered before becoming an advisory client.

The contents of this brochure have not been approved or verified by the United States Securities and Exchange Commission (SEC) or any other state or federal governmental authority. While the firm and its associates may be registered with the SEC, it does not imply a certain level of skill or training on the part of the firm or its associated personnel.

Questions relative to the firm, its services, or this ADV Part 2A may be made to the attention of Ms. Catherine Farley, Chief Operating Officer, at (419) 482-4500. Additional information about the firm, other advisory firms, or associated investment advisor representatives is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 - Material Changes**

The firm amended its February 15, 2012 Form ADV Part 2A advisory brochure due to an update to its reportable assets under management as of its last fiscal year-end (see Item 4), changes to billing cycle options and fee assessment processes (Item 5), enhancement to risk information (Item 8), additions to custodians the firm may engage (Item 10), as well as refinement of content throughout the document, particularly within Items 11, 12 and 18.

The firm may at any time update this document and either send a copy of its updated brochure or provide a summary of material changes to its brochure and an offer to send an electronic or hard copy form of the updated brochure. Investors are also able to download this brochure from the SEC's Website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), or you may contact our firm at (419) 482-4500.

As with all firm documents, clients and prospective clients are encouraged to review this brochure in its entirety and are encouraged to ask questions at any time prior to or throughout the engagement.

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### **Important Information**

Throughout this document OBS Financial Services, Inc. shall also be referred to as “the firm,” “firm,” “our,” “we” or “us.” The client or prospective client may be also referred to as “you,” “your,” etc., and refers to a client engagement involving a single *person* as well as two or more *persons*. The term “advisor” and “adviser” are used interchangeably where accuracy in identification is necessary (i.e., Internet address, etc.).

#### **Item 4 - Advisory Business**

OBS Financial Services, Inc. is a Delaware-incorporated entity domiciled in the State of Ohio and has been operating as a registered investment advisor since 2006. The firm provides outsourced investment management solutions throughout the country; assisting financial institutions and wealth management programs with fee-based investment management platforms allowing them to effectively and successfully grow their investment management practice.

OBS Financial Services, Inc. is registered as an investment advisor with the SEC and *notice-filed* in all US states and the District of Columbia. The firm's associated personnel may register or meet certain exemptions to registration in states in which they conduct business.

The primary focus of the firm is to provide investment management services; it is not involved in financial planning or periodic investment consultation services nor does it provide legal or accounting services. As of December 31, 2012, OBS Financial Services, Inc. had over \$1,103,365,000 of assets under its management<sup>1</sup> on a non-discretionary basis (see Item 16).

Ownership of OBS Financial Services, Inc. is through OBS Holdings, Inc., which is subsequently owned by WBI OBS Holdings, LLC of Whitehouse, OH. Majority shareholders of WBI OBS Holdings, LLC are Westbridge Investments, LLC and Canandaigua National Bank & Trust.

#### **Investment Management Services**

OBS Financial Services, Inc. generally provides investment management services to clients of those financial institutions whom have engaged the firm to assist in their investment advisory programs. This is primarily accomplished through the employment of advanced online tools, exceptional service, and access to institutional level investment management programs to enhance the quality and delivery of the investment advisory services experience for all engaged.

The firm offers model portfolios offered by internationally-respected third-party investment advisors that are deemed appropriate to the client's stated investment objectives and tolerance for risk. As part of its in depth development and delivery process, OBS Financial Services, Inc. conducts due diligence on each recommended third-party investment advisor to include ensuring the investment advisor is registered or notice-filed within the jurisdiction the client is domiciled.

These third-party investment advisors will manage the client's portfolio in accordance with their stated investment policy guidelines disclosures set forth in their disclosure brochure and associated documents. Accounts are generally managed on a discretionary basis (described in further detail in Item 16) by the selected third-party investment manager.

#### ***Efficient Frontier Series***

OBS Financial Services, Inc. performs in the role of sub-advisor for the Efficient Frontier Series ("EFS") of funds. These passively-managed asset class portfolios ascribe to Modern Portfolio Theory, focused on reducing risk by diversification among asset classes, and are offered through Dimensional Fund Advisors (Austin, TX).

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<sup>1</sup>The term "assets under management" and rounding to the nearest \$100,000 are as defined by the SEC's 2010 *General Instructions for Part 2 of Form ADV*.

**EFS Aggressive:** The EFS Aggressive Portfolio is the most aggressive portfolio and offers full exposure to the stock market, and is diversified between domestic and international stocks with no exposure to bond markets.

**EFS Moderately Aggressive:** The EFS Moderately Aggressive model portfolio provides exposure to the complete stock market with an aggressive approach towards growth. A small bond presence is maintained but income generation and downside protection is limited.

**EFS Balanced:** The EFS Balanced provides a balanced investment approach with emphasis on growth. The portfolio is more resistant to inflation with an increased potential for increased return. Its 40% bond presence provides income to investors and aids in dampening volatility during stock market downturns.

**EFS Moderate:** The EFS Moderate model provides a balanced investment approach with conservative emphasis. The portfolio has exposure to the stock market with 40% of its assets diversified throughout, however, it is moderated by a strong bond presence -- 60% of the portfolio allocated to bond markets so that investors may receive a stream of income and some protection from volatile markets.

**EFS Conservative:** The EFS Conservative model portfolio provides investors with the opportunity to build wealth through a conservative, risk managed approach. With 80% of portfolio invested in fixed income assets, exposure to the stock market is limited, and bond markets provide a stream of income. To keep pace with inflation, the portfolio invests 20% into the stock market, which raises the growth potential over that of a portfolio void of stock exposure.

**EFS Fixed Income** - The EFS Fixed model provides investors with a conservative and consistent stream of income. The investor remains diversified by investing in asset classes comprised of government and corporate bonds of various quality, geographical region, and maturities.

#### ***Target Date Efficient Frontier Series (TD/EFS)***

These portfolios are based on an investor's approximate retirement year. As each portfolio's retirement date approaches, asset allocations will become progressively more conservative. TD/EFS portfolios with an earlier retirement date will have a more conservative asset allocation; TD/EFS portfolios with a later retirement date will have a more aggressive asset allocation. Each portfolio is designed primarily for the investor who seeks a professionally-managed investment program to assist the investor with their accumulation of assets prior to and during retirement.

**TD/EFS Balanced Income** – The Target Date/EFS Balanced Income Portfolio is designed for investors already in retirement. This is the most conservative of the Target Date/EFS Portfolios. It is designed to provide a constant stream of income through fixed income holdings while still moderately growing through equity allocations. *All other Target Date/EFS Portfolio allocations eventually mirror the Balanced Income Portfolio.*

**TD/EFS 2010** – The Target Date/EFS 2010 Portfolio is designed for investors planning on retiring during 2010 and up to 10 years after January of 2010. Over time the portfolio will slowly change to a more conservative allocation by replacing a portion of equity with fixed income every five years. In the year 2010, this portfolio will mirror the current allocation of the Target Date/EFS Balanced Income Portfolio.

**TD/EFS 2020** – The Target Date/EFS 2020 Portfolio is designed for those planning on retiring in 2020 and up to 10 years after January of 2020. Over time the portfolio will slowly change to a more conservative allocation by replacing a portion of equity with fixed income every five years. In the year 2020, this portfolio will mirror the current allocation of the Target Date/EFS Balanced Income Portfolio.

**TD/EFS 2030** – The Target Date/EFS 2030 Portfolio is designed for people planning on retiring in 2030 and up to 10 years after January of 2030. Over time the portfolio will slowly change to a more conservative allocation by replacing a portion of equity with fixed income every five years. In the year 2030, this portfolio will mirror the current allocation of the Target Date/EFS Balanced Income Portfolio.

**TD/EFS 2040** – The Target Date/EFS 2040 Portfolio is designed for investors planning on retiring in 2040 and up to 10 years after January of 2040. Over time, this portfolio will slowly change to a more conservative allocation by replacing a portion of equity with fixed income every five years. In the year 2040, this portfolio will mirror the current allocation of the Target Date/EFS Balanced Income Portfolio.

**TD/EFS 2050** – The Target Date/EFS 2050 Portfolio is designed for people planning on retiring in 2050 and up to 10 years after January of 2050. Over time, this portfolio will slowly change to a more conservative allocation by replacing a portion of equity with fixed income every five years. In the year 2050, this portfolio will mirror the current allocation of the Target Date/EFS Balanced Income Portfolio.

#### ***Sub-Advisor Efficient Frontier Series (SA/EFS)***

The SA/EFS Portfolio utilizes a mutual fund family commissioned by investment management firm Loring Ward (San Jose, CA) and managed by Dimensional Fund Advisors. The family-of-funds consists of three domestic equity, three international equity, two fixed income and one real estate fund.

These asset classes are similar to Dimensional Fund Advisors equivalency asset classes with the added benefit that the entire Service Fee is wrapped within the shareholder service charge. SA/EFS funds are divided into six portfolios based on a questionnaire completed by the client. This arrangement allows for the full use of diversification by asset class.

**SA/EFS Defensive** – The SA/EFS Fund Portfolios are an efficient way to access the Dimensional Fund Advisors asset classes. Portfolios share the service fees wrapped within the shareholder service charge. With a majority of the portfolio investing in fixed income assets, exposure to the stock market is limited, while bond markets provide a stream of income for the investor. To keep pace with inflation, the SA/EFS Defensive portfolio invests a small portion into the stock market, which raises growth potential over that of a portfolio absent stock exposure.

**SA/EFS Conservative** - The SA/EFS Fund Portfolios are an efficient way to access the Dimensional Fund Advisors asset classes, while portfolios share service fees wrapped within the shareholder service charge. The SA/EFS Conservative Portfolio has an exposure to the stock market with 40% of its assets diversified throughout equity asset classes; however, exposure is moderated by a strong bond presence. 60% of the portfolio's assets are in the bond markets and the investor receives a stream of income with some protection from a down-trending stock market.

**SA/EFS Moderate** - The SA/EFS Fund Portfolios are an efficient way to access the Dimensional Fund Advisors asset classes, while portfolios share service fees wrapped within the shareholder service charge. SA/EFS Moderate portfolios aim to provide balance between capital preservation and capital

appreciation with a 50/50 exposure to equity and fixed income. The moderate portfolio is designed for those who are most comfortable with a balanced approach and have an average tolerance for portfolio fluctuations.

**SA/EFS Balanced** - The SA/EFS Fund Portfolios are an efficient way to access the Dimensional Fund Advisors asset classes while portfolios share service fees wrapped within the shareholder service charge. The SA/EFS Balanced Portfolio provides a fairly balanced investment approach with an emphasis on growth. The portfolio is more resistant to inflation with an increased potential for capital appreciation. However, the portfolio has a reasonable bond presence, providing income to the investor as well as protection in a downward market.

**SA/EFS Moderately Aggressive** - The SA/EFS Fund Portfolios are an efficient way to access the Dimensional Fund Advisors asset classes while portfolios share service fees wrapped within the shareholder service charge. SA/EFS Equity Portfolios are an aggressive series containing exposure to equity securities and designed for investors willing to assume risk to potentially achieve higher than average returns. These investors should have a long time horizon.

**SA/EFS Aggressive** - The SA/EFS Fund Portfolios are an efficient way to access the Dimensional Fund Advisors asset classes, while portfolios share service fees wrapped within the shareholder service charge. SA/EFS Aggressive Portfolio is the most aggressive of the SA/EFS series containing full exposure to equity securities. They are designed for investors willing to assume a higher level of risk to potentially achieve higher returns and are designed for investors that have the longest time horizon.

#### Firm Services

The firm will use its best judgment and good faith effort in rendering its services to its clients. OBS Financial Services, Inc. cannot warrant or guarantee any particular level of account performance or that accounts will be profitable over time. Past performance is not necessarily indicative of future results.

Except as may otherwise be provided by law, the firm will not be liable to the client, heirs, or assigns for any loss an account may suffer by reason of an investment decision made or other action taken or omitted in good faith by the firm with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; any loss arising from the firm's adherence to the client or their legal agent's direction; or any act or failure to act by a service provider maintaining an account.

Federal and state securities laws impose liabilities under certain circumstances on persons who act in good faith and, therefore, nothing contained in this document shall constitute a waiver of any rights that a client may have under federal and state securities laws.

#### Item 5 - Fees and Compensation

Investors are generally assessed a tiered, annualized asset-based fee through their financial institution for those accounts that the firm provides its model portfolios and OBS Financial Services, Inc. will share in a percentage of those fees. Fees will be negotiable at the institutional level and at the discretion of an officer of OBS Financial Services, Inc.

### Billing Cycle and Fee Assessments

As determined by the engagement agreement, annualized asset-based fees for investment supervisory services may be billed: (i) quarterly, in advance, based on the account value of the last business day of the previous quarter, (ii) quarterly, in arrears, based on the account value of the last business day of the previous quarter, or (iii) quarterly, in arrears, based on the average daily account value during the previous quarter.

Fee payments will generally be assessed within 10 business days following each calendar billing period. The account's first billing cycle will normally occur once the account is funded and investments allocated, irrespective of a partial period under the firm's management, however, a partial period may be assessed a prorated fee.

Accounts will be valued in accordance with the values disclosed on the statement the client receives from their custodian of record for the purpose of verifying the computation of the advisory fee. In the absence of a reportable market value, our firm may seek an independent third-party opinion or a good faith determination by a qualified associate.

Clients will normally be required to authorize in writing the selected broker/dealer or custodian (collectively, "service provider") to deduct advisory fees, any applicable transaction charges, etc., from the client account and all such fees will be clearly noted on client statements and confirmations. Clients should note that they share in the responsibility to verify the accuracy of fee calculations; the custodian may not verify the accuracy of the fees assessed.

If a client has over \$25 million under management with OBS Financial Services, Inc. and custodies their assets with Fidelity Wealth Management Services (discussed in Item 12), then OBS Financial Services, Inc. will allow for 64 complimentary trades per year.

### Potential Additional Fees

Although the fees earlier described are for advisory fees payable to our firm, there may be additional fees an investor may pay when transactions occur in their account. The list of potential fees and expenses below depict what an investor may pay to engaged service providers, whether the position is being purchased, sold or held in an account. OBS Financial Services, Inc.'s affiliate (see Item 10) may directly or indirectly receive any of these fees, in no particular order of precedence:

- Mutual fund sales loads, including SEC 12b-1 fees
- Transaction fees
- Exchange fees
- SEC regulatory fees
- Advisory and administrative fees charged by mutual funds and exchange-traded funds (ETFs)
- Advisory fees charged by other advisors (if used)
- Custodial fees
- Deferred sales charges (on mutual funds or annuities)
- Odd-lot differentials
- Surrender charges (assessed by mutual funds or annuities)
- Transfer taxes
- Wire transfer and electronic fund processing fees



- IRA and qualified retirement plan fees
- Termination fees
- Express mailing fees
- Others as disclosed on statements or confirmations when or as required

A per-account annual maintenance fee of \$125 (paid in quarterly installments) may be assessed by OBS Brokerage Services, Inc. and will be described in the engagement agreement.

For more information about the firm's business and operational practices and its potential effect on fees, please refer to Item 12 of this brochure.

### Termination of Services

Either party may terminate the agreement at any time, which will typically be in writing. Should the client verbally notify OBS Financial Services, Inc. of the termination and, if in two business days following this notification the firm has not received notice in writing; the firm will make written notice of such termination in its records and will send its own termination notice to the client as a substitute. Fees will be prorated through the termination date.

A new client may terminate an agreement with the firm within five business days after the signing of the services agreement without penalty or charge. Thereafter, any prepaid, unearned fees will be promptly returned.

Following termination notice, it will remain the client or their legal representative's responsibility to ensure a transfer is completed of any portfolio, account, or residual to the receiving service provider. The firm will not be responsible for future allocations, transactional services or investment advice upon receipt of a termination notice.

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

Our firm's fees will not be based upon a share of capital gains or capital appreciation (growth) of any portion of managed funds, also known as "performance-based fees." OBS Financial Services, Inc. does not use a performance-based fee structure because of the potential conflict of interest this type of fee structure may pose. Performance-based compensation may create an incentive for a firm to recommend an investment that may carry a higher degree of risk to a client.

Side-by-side management refers to a firm simultaneously managing accounts that do pay performance based fees (such as a hedge fund) and those that do not; this type of arrangement, and the conflict of interest it may pose, is also not applicable to our firm's practices.

### **Item 7 - Types of Clients**

The firm provides its services to individual investors, trusts, estates, charitable organizations and foundations, financial institutions, pension and profit sharing plans, and businesses of various scale.

The firm does not require minimum income levels or dollar-value of assets for its services, however, selected third-party investment advisors and engaged financial institutions may establish account asset minimums and such guidelines will be clearly disclosed in the disclosure documents provided to the client prior to the engagement.

The firm reserves the right to waive certain fees based on unique individual circumstances, special arrangements, pre-existing relationships or as otherwise may be determined by an officer of the firm. The firm also reserves the right to decline services to any prospective client for any non-discriminatory reason.

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

### **Method of Analysis**

The firm will take into consideration the client's current financial situation, needs, goals, objectives and tolerance for risk. Asset allocation and investment decisions are made in the firm's judgment to meet the client's objectives while minimizing risk exposure. To achieve this, the firm will employ what is believed to be an appropriate blend of *fundamental* and *technical* analyses to develop long-term investment strategies.

Fundamental analysis involves evaluating economic factors including interest rates, current state of the economy, future growth of an issuer or sector, among others. Technical analysis may involve studying securities, markets, or economies as a whole in an effort to determine potential future behaviors. By combining these analyses, the firm believes it may better assist the client in determining the appropriate strategy that has been adapted to their requirements and goals.

The firm's research and recommendations may be drawn from sources that include financial publications, investment analysis and reporting software, research materials from outside sources, corporate rating services, annual reports, prospectuses and other regulatory filings, as well as company press releases.

### **Investment Strategies**

Third-party investment advisors OBS Financial Services, Inc. selects to support its model portfolios must generally ascribe to and construct portfolios based on the principles of the Modern Portfolio Theory and a mathematical technique known as "mean variance optimization." This Nobel prize-winning theory is based on the belief that proper diversification and risk management will provide the client with a more stable and consistent return over time. Furthermore, it has been statistically proven that a properly diversified portfolio, consisting of an appropriate weighting in different asset classes, will generally outperform most asset classes over time. The practice of Modern Portfolio Theory does not employ market timing or stock selection methods of investing but rather a long term buy-and-hold strategy with periodic rebalancing of the account to maintain desired risk levels.

Cost-efficient, low-cost mutual funds and ETFs are generally recommended for each asset class. In some circumstances portfolios may include a broader range of mutual fund positions, ETFs, exchange-traded notes (ETNs), individual securities, derivatives, and non-correlating asset classes.

Although not an all-inclusive list, “individual securities” may include common or preferred stocks, bond debentures, U.S. Government issues, notes, commercial paper, etc. The term “derivatives” typically refer to options, futures and swaps that may be used to hedge risk or to exchange a floating rate of return for fixed rate of return. “Non-correlating assets” would include commodities, managed futures funds, private equity and real estate that may be employed to enhance the diversity of a portfolio; typically acting as a counterbalance should investments within a portfolio of stocks and bonds fall in value. Investors should be aware that existing and future portfolio allocations, whether in an individual holding or within a mutual fund or ETF/ETN, may include all or some of the noted types of securities or alternative investments.

### Risk of Loss

While the firm believes its strategies and investment selection is designed to potentially produce the highest possible return for a given level of risk, it cannot warrant or guarantee that an investment objective or planning goal will be achieved. Some investment decisions made may result in loss, which may include the original principal invested.

The client must be able to bear the various risks involved in the investment of account assets through the firm’s portfolios, which (in general) may include: market, equity, company, risks involving ETF and mutual funds in general, management risk, among others. Examples include:

**Company Risk** – When investing in securities, such as stocks, there is always a certain level of company or industry-specific risk that is inherent in each company or issuer. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. This is also referred to as *unsystematic risk* and can be reduced or mitigated through diversification.

**Equity (Stock) Market Risk** – Common stocks are susceptible to general stock market fluctuations and to volatile increases or decreases in value as market confidence in and perceptions of their issuers change. If an investor held common stock, or common stock equivalents, of any given issuer, they would generally be exposed to greater risk than if they held preferred stocks and debt obligations of the issuer.

**ETF and Mutual Fund Risk** – When an investor purchases an ETF or mutual fund, it will bear additional expenses based on its pro-rated share of the ETF or mutual fund operating expense and certain brokerage fees, which may include the potential duplication of certain fees. The risk of owning an ETF or mutual fund also generally reflects the risks of owning their underlying securities.

**Financial Risk** – Excessive borrowing to finance a business operation increases profitability risk because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

**Firm Research** – When the firm’s research and analyses is based upon commercially available software, rating services, general market and financial information, or due diligence reviews, the firm is relying upon the accuracy and validity of the information or capabilities being provided by selected vendors, rating services, market data, and the issuers themselves. The firm makes every effort to determine the accuracy of the information received but it cannot foretell events or actions taken or not taken, or the

validity of all information it has researched or provided which may or may not affect the advice to or investment management of an account.

**Fundamental Analysis** – The challenge involving fundamental analyses is that information obtained may be incorrect; the analysis may not provide an accurate estimate of earnings, which may be the basis for a security's value. If a security's price adjusts rapidly to new information, a fundamental analysis may result in unfavorable performance.

**Inflation Risk** – When any type of inflation is present, a dollar today will not buy as much as a dollar next year because purchasing power is eroding at the rate of inflation.

**Management Risk** – An investment with a firm varies with the success and failure of its investment strategies, research, analysis and determination of its portfolio. If an investment strategy were not to produce expected returns, the value of the investment would decrease.

**Market Risk** – When the stock market as a whole or an industry as a whole falls, it can cause the prices of individual stocks to fall indiscriminately. This is also called *systemic* or *systematic* risk.

**Passive Markets Theory** – A portfolio that employs a passive, efficient markets approach (representative of Modern Portfolio Theory) has the potential risk that at times the broader allocation may generate lower-than-expected returns than those from a specific, more narrowly focused asset, and that the return on each type of asset is a deviation from the average return for the asset class. We believe this variance from the "expected return" is generally low under normal market conditions when a portfolio is made up of diverse, low or non-correlated assets.

**QDI Ratios** – While many ETFs/ETNs and certain mutual funds are known for their potential tax-efficiency and higher "qualified dividend income" (QDI) percentages, there are asset classes within these investment vehicles or holding periods within that may not benefit. Shorter holding periods as well as commodities and currencies (that may be part of an ETF/ETN or mutual fund portfolio) may be considered "non-qualified" under certain tax code provisions, therefore, the holding's QDI should be considered if tax-efficiency is an important aspect of the client's portfolio.

**Technical Analysis** – The risk of investing based on technical analyses is that it may not consistently predict a future price movement; the current price of a security may reflect all known information. Further, a particular change in the market price of a security may follow a random pattern and may not be as predictable as desired.

#### **Item 9 - Disciplinary Information**

OBS Financial Services, Inc. and its management have not been subject to a reportable legal or disciplinary event pursuant the Investment Advisers Act of 1940 (as amended) or similar state statute.

On April 4, 2005, OBS Brokerage Services, Inc., an advisory affiliate of the firm under common control of OBS Holdings, Inc., had entered into an Acceptance, Waiver and Consent (AWC) with the NASD (now FINRA) relating to its operations as a broker/dealer. As part of the AWC agreement, OBS Brokerage Services, Inc. agreed to pay a fine of \$37,500 to the NASD when found the firm had been in violation of Exchange Act Rule 10b-9 and NASD Rules 2110, 2710, 2720 and 3011. These rules relate to how funds were raised through private placement offerings for OBS Brokerage Services, Inc. under its previous

ownership, as well as the procedures followed with respect to the firm's anti-money laundering rules and financial institutions.

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

The firm's policies require it and its personnel to conduct business activities in a manner that avoid actual or potential conflicts of interest between the firm, employees and investors, or that may otherwise be contrary to law. The firm will provide disclosure to its client prior to and throughout the term of an engagement of any conflicts of interest which will or may reasonably compromise its impartiality or independence.

Ownership of OBS Financial Services, Inc. is through OBS Holdings, Inc., which is subsequently owned by WBI OBS Holdings, LLC of Whitehouse, OH. Majority shareholders of WBI OBS Holdings, LLC are Westbridge Investments, LLC and Canandaigua National Bank & Trust.

The management and certain associates of OBS Financial Services, Inc. may also be registered with its affiliate, OBS Brokerage Services, Inc., a FINRA<sup>2</sup> member introducing broker/dealer that is wholly-owned by OBS Holdings, Inc. OBS Financial Services, Inc. may engage its affiliate for its services and, therefore, fees or transaction charges may be earned by the affiliate.

As an introducing broker/dealer, OBS Brokerage Services, Inc. may clear transactions through one or more of the following unaffiliated broker/dealers on a fully-disclosed basis and in which these entities are normally paid for their services based upon gross fees and commissions earned. OBS Financial Services, Inc. and OBS Brokerage Services, Inc. address security of investor account information and privacy within these relationships through ongoing due diligence review and financial audits.

- Pershing LLC (a Bank of New York/Mellon Company)
- National Financial Services LLC (a Fidelity Investments company)
- Fidelity Wealth Management Services (a Fidelity Investments company)
- Schwab Institutional Services (a division of Charles Schwab & Co., Inc.)
- TD Ameritrade Institutional (a division of TD Ameritrade, Inc.)
- Mid Atlantic Trust Company (a Mid Atlantic Capital Group company)
- Apex Clearing Corporation

Neither OBS Financial Services, Inc. nor any of its management persons are registered as a National Futures Association (NFA) introducing broker/dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or are an associated person of the noted entities.

#### **Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

OBS Financial Services, Inc. believes that its business methodologies, ethics rules, and adopted policies are appropriate to eliminate or at least minimize potential material conflicts of interest and to appropriately manage any material conflicts of interest that may remain. Clients should be aware that no set of rules can possibly anticipate or relieve all potential material conflicts of interest.

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<sup>2</sup>Financial Industry Regulatory Authority (FINRA). For more information see: [www.FINRA.org](http://www.FINRA.org).

Our firm will disclose to advisory clients any material conflict of interest relating to the firm, its representatives, or any of its employees which could reasonably be expected to impair the rendering of unbiased and objective advice (such as roles described in Item 10).

#### Code of Ethics

The firm has adopted a Code of Ethics that sets forth the policies of ethical conduct for all personnel and accepts the obligation not only to comply with the mandates and requirements of all applicable laws and regulation but also to take responsibility to act in an ethical and professionally responsible manner in all professional services and activities. The firm's policies include the prohibition against insider trading, circulation of rumors, and certain political contribution activities. The firm periodically reviews and amends its Code of Ethics to ensure currency, and all firm access persons are required no less than annually to attest to their understanding and adherence.

OBS Financial Services, Inc. will provide a copy of its Code of Ethics to any client or prospective client upon request.

#### Privacy Policy Statement

When required, a copy of the firm's privacy policy notice will be provided to each client prior to, or contemporaneously with, the execution of an engagement agreement. The firm will notify its clients annually of its privacy policy and at any time, in advance, if its privacy policy is expected to change.

#### Participation or Interest in Client Transactions

Neither the firm nor an associate is authorized to recommend to a client, or effect a transaction for a client, involving any security in which the firm or a "related person" (e.g., associate, an immediate family member, etc.) has a material financial interest, such as in the capacity as an underwriter or advisor to an issuer of securities, etc.

An associate is prohibited from borrowing from or lending to a client unless the client is an approved financial institution.

#### Personal Trading

The firm and its related persons may buy or sell securities similar to those recommended to clients for their accounts. The firm may also make recommendations or take action with respect to investments for its clients that may differ in nature or timing from recommendations made to or actions taken for other clients or its employees. However, at no time will the firm or any related party receive preferential treatment over its clients.

In an effort to reduce or eliminate certain conflicts of interest involving personal trading, firm policy may require the utilization of published lists that restrict or prohibit transactions in specific reportable securities transactions. Any exceptions or trading pre-clearance must be approved by the firm's Chief Compliance Officer in advance of the transaction in any related person's account. The firm maintains the required personal securities transaction records per regulation.

## **Item 12 - Brokerage Practices**

### **Factors Used to Select Broker/Dealers for Client Transactions**

OBS Financial Services, Inc. does not maintain physical custody of your assets (see Item 15). Your account must be maintained by a qualified custodian that is frequently reviewed for its capabilities to serve in that capacity by their respective industry regulatory authority. Our firm is not a custodian nor is there an affiliate that is a custodian.

When engaged to provide investment management services, OBS Financial Services, Inc. will generally require the investor engage the service provider with whom the firm has established its servicing agreement in support of its model portfolio programs. In doing so, the firm will receive economic benefit in its sharing of asset-based fees.

Our firm has determined through its due diligence process that the service providers noted in Item 10 are appropriate to support its program(s) due to what the firm would describe as the industry's "best practices;" combining the elements of low (not necessarily the lowest) transaction costs for the benefit of custody of client's securities, and service to both the client and the firm in its efforts to better serve their account. Such services involve, for example, handling distributions and withdrawals, electronic client statements, among numerous others. Some of the noted services may benefit our firm but may not directly benefit a client account, and certain research and other previously referenced services may qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934. The availability of these services benefits our firm because we do not have to produce or purchase them as long as our clients maintain assets in accounts at the referenced firms. Therefore, there is an appearance of a conflict of interest since our firm may have an incentive to select or recommend one of the referenced firms as custodian based on our firm's interest in receiving these benefits rather than on our clients' interest in receiving favorable trade execution.

It is the firm's policy to restrict such non-cash compensation (termed "soft dollars" in certain jurisdictions) to those products or services that enhance our firm's ability to render quality advice and service to all of its clients that utilize the selected service provider. Although the firm may maintain a majority of its business with the notes entities, it derives no special benefit (any more than any other investment advisor) from doing so, nor does it typically "pay up" to receive these additional services.

As part of our fiduciary duty our firm endeavors at all times to put the interests of its clients first. We also believe it is important to mention that the benefit received by our firm through participation in the custodian's program does not depend on the amount of brokerage transactions directed to them, and our selection of a noted custodian is in the best interests of our clients since the selection is primarily supported by the scope, quality, and cost of their services -- not just those services that benefit only our firm.

Industry fees and schedules periodically change, subsequently transaction fees charged by its service providers may be higher or lower than those charged by others. OBS Financial Services, Inc. believes, in good faith, that rates are reasonable in relation to the value of the services received. The fees paid by investors will also comply with the firm's duty to obtain "best execution."

The firm periodically conducts an assessment of each service provider, their range of services and capabilities, as well as reasonableness of fees, in comparison to industry peers.



### Client Referrals

All compensation paid to the firm is through those fees noted in Item 5. OBS Financial Services, Inc. does not receive any additional compensation when its clients engage a recommended service provider.

### Directed Brokerage

OBS Financial Services, Inc. does not require or engage in directed brokerage involving its accounts. The firm recognizes its obligation in seeking “best execution” for its clients, however, it is the firm's belief that the determinative factor is not always the lowest possible cost but whether selected service provider's transactions represent the best “qualitative” execution while taking into consideration the full range of services provided. Therefore, the firm will seek services involving competitive rates but it may not necessarily correlate into the lowest possible rate for each transaction. The firm periodically reviews its policies regarding recommending service providers to clients in light of its duty to seek best execution.

The client may direct the firm (in writing) to use another particular broker/dealer to execute some or all transactions for the client's account. In these circumstances, the client is responsible for negotiating, in advance, the terms and/or arrangements for their account with their selected broker/dealer. The firm will not be obligated to seek better execution services or prices from these other broker/dealers or be able to aggregate client transactions for execution through other custodians with orders for other accounts managed by the firm. As a result, the client may pay higher commissions or other transaction costs, experience greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Further, pursuant the firm's obligation of best execution, OBS Financial Services, Inc. may decline a client's request to direct brokerage if the firm believes any directed brokerage arrangement would result in additional operational difficulties or risk.

### Trade Aggregation

Transactions will generally be effected for the same securities for several clients at approximately the same time, often termed “aggregated” or “batched” orders. The firm does not receive any additional compensation or remuneration as a result of aggregated transactions.

OBS Financial Services, Inc. may (but is not obligated to) aggregate orders in an attempt to obtain better execution, negotiate favorable transaction rates, or to allocate equitably among client accounts should there be differences in price spreads and transaction costs that might have been obtained had such orders been separately placed.

Within aggregated orders, transactions will generally be averaged as to price and allocated among the clients on a prorated basis on any given day and the firm will attempt to do so in accordance with applicable industry rules. For those accounts where trade aggregation is disallowed or infeasible, it may result in higher transaction costs or greater spreads than those that are batched.

The firm reviews both its trade aggregation procedures and allocation processes on a periodic basis to ensure it remains within stated policies and/or regulation. Clients will be informed, in advance, should aggregation or allocation practices change.



### Trade Errors

The firm corrects all trade errors through a Trade Error Account maintained by the firm's custodian, and the firm will be responsible for any trading error losses in client accounts caused by the firm. Likewise, the firm may also receive any gains resulting from the correction of any trade errors and, therefore, may potentially receive a benefit from this arrangement.

### **Item 13 - Review of Accounts**

Account activity is downloaded from each custodian to a firm financial management program on a daily basis. This download is reviewed for accuracy with reports being provided to each participating financial institution on any activity for their particular clients.

It is anticipated that individual accounts are reviewed by the assigned investment advisor no less than once every year, with the goal that a review of an account with the client present occurs no less than once every 18 months. Accounts are recommended to be reviewed for material changes in the clients' financial condition, goals or income levels. Accounts are subject to a more frequent review upon client request.

The service provider for clients' advisory accounts will send transaction confirmations following client account activity and, no less than quarterly, statements are provided for each account. OBS Financial Services, Inc. may also send quarterly performance reports or will provide an institutional client with the necessary information so that they may provide the account holder quarterly performance data. The quarterly performance report will detail then current valuations, performance information, cost-basis data, and realized or unrealized gains and losses.

### **Item 14 - Client Referrals and Other Compensation**

If a client is introduced to OBS Financial Services, Inc. by either an unaffiliated or an affiliated solicitor, the firm may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the firm's investment management fee and shall not result in any additional charge to the client. Any affiliated solicitor shall disclose the nature of their relationship to prospective clients at the time of solicitation and will provide prospective clients with the firm's written disclosure statement.

If the client is introduced to the firm by an unaffiliated solicitor, the unaffiliated solicitor will provide the client with both OBS Financial Services, Inc. ADV Part 2A in addition to the solicitor's disclosure statement that contains the terms and conditions of the solicitation arrangement, including its compensation arrangement.

A firm associate may hold individual membership or serve on boards or committees of professional industry associations. Generally, participation in any of these entities require membership fees to be paid, adherence to ethical guidelines, as well as in meeting experiential and educational requirements. A benefit these entities may provide to the investing public is the availability of online search tools that allow interested parties (prospective clients) to search for individual participants within a selected state or region.

These passive websites may provide means for interested persons to contact a participant via electronic mail, telephone number, or other contact information, in order to interview the participating member. The public may also choose to telephone association staff to inquire about an individual within their area, and would receive the same or similar information. A portion of these participant's membership fees may be used so that their name will be listed in some or all of these entities' websites (or other listings).

Prospective clients locating our firm or an associate via these methods are not actively marketed by the noted associations. Clients who find us in this way do not pay more for their services than clients referred to us in another fashion, such as by another client. We do not pay these entities for prospective client referrals, nor is there a fee-sharing arrangement reflective of a solicitor engagement.

#### **Item 15 - Custody**

Client funds and securities will be maintained by unaffiliated, qualified custodians, banks, broker/dealers, mutual fund company or transfer agent; not with or by OBS Financial Services, Inc. or any of its associates. In keeping with the firm's policy of not taking physical custody of client funds or securities, we:

- Restrict the firm and associates from acting as trustee for or having general power of attorney over a client account.
- Are prohibited from having authority to withdraw securities or money from a client account, other than for payment of our advisory fees that is accomplished through a qualified custodian and pursuant a written agreement (termed "constructive custody").
- Do not accept or forward client securities (i.e., stock certificates) erroneously delivered to our firm.
- Will not collect fees of \$1,200 or more for advisory services to be performed six months or more in advance.
- Will not authorize any associate to have knowledge of a client's account access information (i.e., online 401(k), brokerage or bank accounts), even for the convenience or accommodation of the client or their legal agent.

Clients will be provided transaction confirmations and summary account statements sent directly from their selected service provider, not through or by OBS Financial Services, Inc. Typically, these statements are provided no less than on a quarterly basis and as account transactions occur. Clients are reminded to inform the firm if they do not receive these statements in a timely fashion. For those accounts that elect to receive electronic statements from the selected service provider, they must ensure they maintain a current electronic mail address with that entity.

Clients may receive periodic reports from OBS Financial Services, Inc. that may summarize account performance. Clients are therefore urged to carefully compare their account statements received from the assigned service provider with those performance reports they receive from the firm for accuracy.

### **Item 16 - Investment Discretion**

The firm does not engage in discretionary trading within a client account. A selected third-party investment advisor may assume discretionary authority over the client's account, and OBS Financial Services, Inc. will not manage or obtain discretionary authority over client assets in the accounts participating in these programs.

Similar to a limited power of attorney, discretionary authority allows the third-party investment advisor to implement investment decisions on behalf of the client's account without prior client authorization in order to meet the stated account objectives. This authority will be granted through the execution of an account agreement and will specifically limit their authority to the placement of trade orders and the request for the deduction of advisory fees.

Should the client desire a third-party investment advisor account to be managed in a non-discretionary manner, thereby restricting execution of any or all transactions to occur following client approval, the client should be aware that the third-party investment advisor typically retains the discretion to either terminate the account or continue to manage the account under a higher asset-based fee. The client should thoroughly review the selected third-party investment advisor's ADV Part 2 disclosure to determine its investment discretion authority and policies.

By definition and absent client written instruction to the contrary, non-discretionary account transactions do not involve those with respect to a trade execution's price or time.

All account restrictions, limitations, and rescissions will be made in writing by the client and approved in writing by a firm officer. A record will be made and retained per regulation for each of these actions.

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

OBS Financial Services, Inc. does not vote client proxies nor does the firm offer guidance on how to vote proxies. Clients maintain exclusive responsibility for directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted as well as making all other elections relative to mergers, acquisitions, tender offers or other events pertaining to the client's investment assets.

The firm will have no power, authority, responsibility, or obligation to take any action with regard to any claim or potential claim in any bankruptcy proceeding, class action securities litigation or other litigation or proceeding relating to securities held at any time in a client account, including, without limitation, to file proofs of claim or other documents related to such proceeding, or to investigate, initiate, supervise or monitor class action or other litigation involving client assets.

A client may receive proxies or other solicitations directly from your selected custodian or transfer agent. If OBS Financial Services, Inc. receives correspondence relating to the voting of client securities, class action litigation, or other corporate actions, the firm will typically forward the correspondence to client address of record or return it to its originator.

**Item 18 - Financial Information**

With the exception of our firm having the ability to withdraw its advisory fees through the engagement of a qualified, unaffiliated custodian per the client's written authorization ("constructive custody"), OBS Financial Services, Inc. will not have physical custody of client assets (as described in Item 15).

Our firm will not collect advisory fees from a client of \$1,200 or more for services to be performed six months or more into the future.

Neither the firm nor its management serve as general partner for a partnership or trustee for a trust in which the firm's advisory clients are either partners of the partnership or beneficiaries of the trust.

The firm and its management do not have a financial condition likely to impair the firm's ability to meet commitments to our clients, nor have they been the subject of a bankruptcy petition at any time during the past 10 years.

Due to the nature of our firm's services and operational practices, an audited balance sheet is not required nor included in this brochure.

**Item 19 - Requirements for State-Registered Advisers**

This section is required for state-registered investment advisors and, therefore, does not pertain to OBS Financial Services, Inc.