

NATIONAL CHRISTIAN FINANCIAL ADVISORS, INC

FIRM BROCHURE

MARCH 29, 2013

*National Christian Financial Advisors, Inc
7421 Douglasville Blvd., Ste N251
Douglasville, GA 30135
Phone: (615) 206-3070
Fax: (866) 803-6185
www.NCFALLC.com*

This brochure provides information about the qualifications and business practices of National Christian Financial Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at (615) 206-3070.

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

Additional information about National Christian Financial Advisors, Inc is available on the SEC's website www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for the Adviser is 154794.

2. MATERIAL CHANGES

Our last annual update to this Brochure was dated March 30, 2012. Since that time the firm relocated to 7421 Douglasville Blvd., Ste N251, Douglasville, GA 30135 from 5016 Spedale Court, #312, Spring Hill, TN 37174.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide Clients with a summary of such changes. We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Our Brochure may be requested by contacting the Firm at (615) 206-3070.

TABLE OF CONTENTS

Item 2. Material Changes	2
Item 3. Table of Contents	3
Item 4. Advisory Business	5
A. Ownership/Advisory History	5
B. Advisory Services Offered	5
C. Tailored Services	8
D. Wrap Program	8
E. Client Assets Managed	8
Item 5. Fees and Compensation	8
A. Portfolio Management Services	8
B. Non-Discretionary Qualified Plan Consulting	10
C. Financial Planning	11
D. Selection and Monitoring of Third Party Advisers	13
Item 6. Performance-Based Fees and Side-By-Side Management	15
Item 7. Types of Clients	15
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss	15
A. Methods of Analysis	15
B. Investment Risks	15
C. Recommended Securities and Their Risks	16
Item 9. Disciplinary Information	19
A. Criminal Disclosures	19
B. Administrative Disclosures	19
C. Self Regulatory Organization Disclosures	20
Item 10. Other Financial Industry Activities and Affiliations	20
A. Broker-Dealer Affiliations	20
B. Future/Commodities Firm Affiliations	20
C. Other Industry Affiliations	20
D. Selection and Monitoring of Third Party Investment Advisers	20
Item 11. Code of Ethics	21
A. Description	21

B. Material Interest in Securities	21
C. Other Industry Affiliations	21
D. Recommending the Same Securities	21
Item 12. Brokerage Practices	22
A. Recommendation Criteria.....	22
B. Trade Aggregation	22
Item 13. Review of Accounts	23
A. Periodic Reviews	23
B. Other Reviews	23
C. Reports.....	23
Item 14. Client Referrals and Other Compensation.....	23
A. Other Compensation	23
B. Client Referrals	23
Item 15. Custody	23
Item 16. Investment Discretion	24
Item 17. Voting Client Securities	24
Item 18. Financial Information.....	24
A. Balance Sheet	24
B. Financial Condition	25
C. Bankruptcy.....	25

4. ADVISORY BUSINESS

A. OWNERSHIP/ADVISOR HISTORY

National Christian Financial Advisors, Inc (“NCFA”, “the Firm” or “we”) is owned by Beverly J. Webb and Raynell J. Webb. The Firm’s Chief Executive Officer and Chief Compliance Officer is Hakeem J. Webb. The Firm was formed as a Connecticut corporation on September 6, 2006. It was subsequently registered as an investment adviser in January 2011. Mr. Webb is also the Firm’s sole investment adviser representative and he has worked in the securities industry since November 1993.

B. ADVISORY SERVICES OFFERED

Prior to the Adviser-Client relationship, the Firm may offer a complimentary general consultation to discuss services available, to give a prospective Client time to review services desired, and to determine the possibility of a potential relationship. Investment advisory services begin only after the Client and Firm formalize the relationship with a properly executed Client Agreement.

After engaging the Firm, the Client will be asked to share in a data gathering and discovery process in an effort to determine the Client’s stated needs, goals, intentions, time horizons, risk tolerance and investment objectives, based upon information provided by the Client and the nature of services requested.

The following services are offered by the Firm:

Portfolio Management Services:

The Firm offers two types of Portfolio Management Services, the 7-Mountain Portfolio and also individualized portfolios. With the individualized portfolios, the Firm works with each Client to formulate a portfolio based upon his/her objectives, time frame, risk parameters and other investment considerations. The investment philosophy of the Firm is to use principals of value, safety and quality to seek investment options globally. The Firm places heavy emphasis on risk control, believing that avoiding losses allows appreciation potential of equities to be realized.

The Firm believes in active management for its portfolio management service accounts. Active management is an investment approach based on informed, independent investment judgment with the Firm moving in and out of positions in an effort to capture gains or stem losses. This is the opposite of passive management that is often a buy and hold philosophy that seeks to match performance of the overall market (or some part of it) by mirroring an index or composite of the market.

In addition to the individualized portfolio services the Firm offers the 7-Mountain Portfolio. The

7-Mountain Portfolio is created to make investments in companies, mutual funds, and exchanged traded funds by practicing moral and socially responsible investing within the combined framework of Judeo-Christian principles and the United States Conference of Catholic Bishops Socially Responsible Investment Guidelines. The portfolio will follow this combined guideline by using an approach that focuses on Christian values screening of portfolio companies, proactive dialogue with those companies whose practices conflict with such guidelines, and potential exclusion of those companies that are unwilling to alter their practices over a reasonable period of time.

The 7-Mountain Portfolio monitors investment selections for policies and activities on various issues including but not limited to:

- abortion
- pornography
- antifamily entertainment
- non-married lifestyles
- alcohol
- tobacco
- gambling
- weapon of mass destruction
- human rights
- environmental irresponsibility
- and fair employment practices

In monitoring investment selection, the Firm will utilize screening services provided by third parties and other independent research resources.

Some investments will be immediately screened out of the portfolio, but there may be times when an investment is made in the portfolio whose policies and activities are inconsistent with our moral and social values. In such cases, we may attempt to influence the violating company's policies through, among other efforts. If our efforts are unsuccessful over a reasonable period of time, we may sell the company's securities or otherwise exclude future investments in such companies.

Non-Discretionary Qualified Plan Consulting

The Firm will offer advice on Client's employer sponsored qualified plans for a fixed monthly fee. The advice is offered on a non-discretionary basis, which means it is up to each Client to act upon the recommendations of the Firm. Clients are not obligated to follow the Firm's recommendations or to pursue the recommendations through it.

The Firm will review the Client's current asset allocation of his/her employer sponsored qualified plan along with the available investment options. After the review, the Firm may recommend changes to the Client's asset allocation. The Firm will continue to monitor the investments in the Client's account and make periodic recommendations.

Financial Planning:

The Firm offers Clients financial planning services to evaluate their financial situation, goals and risk tolerance. Through a series of personal interviews and the use of questionnaires the Firm will collect pertinent data, identify goals, objectives, financial problems, potential solutions, prepare specific recommendations and implement recommendations. As a result of these actions, the Firm's advice may be provided on financial and cash management, risk management, financial issues relating to divorce or marital issues, charitable donation planning, estate planning, tax issues, retirement planning, educational funding, goal setting, or other needs as identified by the Client and Firm. The Firm may offer comprehensive planning services or the Client may desire advice on certain planning components; the Firm can tailor services as desired by the Client. At the conclusion of the Financial Planning Service the Firm shall present the Client with a written financial plan.

Selection and Monitoring of Third Party Investment Advisers:

After an initial meeting with the Client and when deemed appropriate, the Firm may recommend the services of an independent investment adviser ("Third Party Adviser"). The recommendation will depend on the Client's circumstances, goals and objectives, strategy desired, account size, risk tolerance, or other factors. The Firm and Client will work together to determine which Third Party Adviser may be appropriate. Clients are never obligated to use a recommended Third Party Adviser.

The Firm shall review Third Party Advisers prior to making a recommendation to the Client. The Firm shall consider the following factors during its review: fees, reputation, performance, financial strength, management, price, reporting capabilities, Client's financial situation, Client's goals, Client's needs, and Client's investment objectives. After its review the Firm shall present the Client with one or more recommendations.

If the Client wishes to proceed with the recommendation, the Firm shall enter into a Co-Adviser relationship with the recommended Third Party Adviser. The Co-Adviser relationship means the Firm and the Third Party Adviser shall have separate rolls while serving the Client. In effect, the Client shall engage both the Firm and the Third Party Adviser to serve his/her accounts and the Adviser and Third Party Adviser shall provide separate services to the Client.

Under this arrangement, the Third Party Adviser will be responsible for portfolio management,

best execution, portfolio reporting, trading, trade error resolution, and custodian reconciliations. While the Firm shall maintain its relationship with the Client by monitoring the status of the Client's accounts with the Third Party Adviser, make recommendations about the Third Party Adviser that could include changing to a different Third Party Adviser, meeting the Client at least annually and acting as the Client's primary financial adviser. All questions regarding the Third Party Adviser's services and performance shall be directed to the Firm.

As a result of the Firm and the Third Party Adviser having different roles, the Client shall engage each separately. The Client will sign a Recommendation and Monitoring Third Party Adviser Service Agreement with the Firm. This agreement outlines the services provided to the Client by the Firm and the fees associated with those services. It will also allow the Firm the ability to monitor performance of the Third Party Adviser on behalf of the Client. The Client will also sign a separate agreement with the Third Party Adviser that will detail its services and fees.

When utilizing the services of a Third Party Adviser, Clients will be given a copy of their Form ADV Part 2 or a substitute brochure. Clients are encouraged to read and understand this disclosure document.

C. TAILORED SERVICES

As described above, all of the Firm's services are tailored to a Client's needs, goals and objectives.

D. WRAP PROGRAM

The Firm does not sponsor a wrap program. However, as part of its Selection and Monitoring of Third Party Investment Adviser, the Firm may recommend the use of a Third Party Adviser's wrap program. When utilizing the services of a Third Party Adviser, Clients will be given a copy of their Form ADV Part 2 or a substitute brochure. Clients are encouraged to read and understand this disclosure document.

E. CLIENT ASSETS MANAGED

As of March 29, 2013, the Firm manages \$900,000 in discretionary assets and \$100,000 in non-discretionary assets.

5. FEES AND COMPENSATION

A. PORTFOLIO MANAGEMENT SERVICES

Fees for portfolio management services will be a percentage of the assets under management, and Clients pay periodic investment management fees. Fees will be calculated, accrued and due monthly in advance based upon the annualized rates below. Managed accounts may consist of

common and/or preferred stocks, bonds, mutual funds, ETFs, certificates of deposits and annuities. Fees on these accounts generally start at 1.50% of the assets under management for stocks, bonds, mutual funds, and ETFs, but may increase up to a maximum of 2.00%. Variable Annuity management fees start at 1.25% to a maximum of 1.50%. The exact fee is reflected in the Client's investment management agreement. The complete list of fees is as follows:

Managed Stock Accounts	Annualized Rate
\$50,000 - \$499,999	1.50% - 2.00%
\$500,000 - \$999,999	1.25% - 1.75%
\$1,000,000+	1.00% - 1.50%
Managed Mutual Fund & ETF's	Annualized Rate
\$15,000 - \$499,999	1.50% - 2.00%
\$500,000 - \$999,999	1.25% - 1.75%
\$1,000,000+	1.00% - 1.50%
Managed Fixed Income Accounts	Annualized Rate
\$15,000 - \$499,999	1.50% - 2.00%
\$500,000 - \$999,999	1.25% - 1.75%
\$1,000,000+	1.00% - 1.50%
Managed Variable Annuity and VUL Accounts	Annualized Rate
\$15,000 - \$499,999	1.25% - 1.50%
\$500,000 - \$999,999	1.00% - 1.25%
\$1,000,000+	.75% - 1.00%

The pro-rated first month's management fee will be calculated on the Account's initial value as reported by the Client's custodian. Thereafter, the management fee will be calculated on the Account's month-end value as reported by the Client's custodian. Cash balances and investments in money market funds, demand deposit accounts, and certificates of deposit at banks or brokerage firms are covered by the Account and are included in the fee calculations.

Under some circumstances the Firm's fees may be lower than the rate schedule. Accordingly, rates may vary based on a variety of factors. For example, in determining fees, rates, and minimums, the Firm may aggregate related accounts and, for billing purposes, treat them like one account.

Fees will not be based upon a share of capital gains or capital appreciation of the funds or of any portion of the funds under advisory contract. Fees for services to be performed will not be collected six or more months in advance. Fees are billed directly to the custodian.

The Firm may from time to time unilaterally amend its fees and billing arrangements. Any

change will only become effective after thirty (30) days prior written notice.

The Firm's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that are incurred by the Client. Clients may incur certain charges imposed by custodians, brokers, third party investment advisers or other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Firm's fee and the Firm does not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that the Firm considers in selecting or recommending broker-dealers for *Client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

Termination of Portfolio Management Services

A Client may terminate this service for any reason within the first five (5) business days after signing the contract without any cost or penalty. Thereafter, the contract may be terminated at any time by giving ten (10) days written notice to the Firm at National Christian Financial Advisors, Inc 5016 Spedale #312, Spring Hill, TN 37174. Upon written notice of termination, a prorated refund of fees will be sent to the Client based upon the number of days that services were rendered during the termination month.

B. NON-DISCRETIONARY QUALIFIED PLAN CONSULTING

The fee for this service is a fixed monthly fee that is due in advance and it based upon the account balance as reported by the Client's custodian. The Client shall be sent an invoice on a monthly basis detailing the fee. The fees are outlined as follows:

Managed Qualified Employer Plan	Accounts Monthly Rate
<\$24,000	\$15/monthly
\$25,000 - \$49,999	\$25/monthly
\$50,000 - \$74,000	\$50/monthly
\$75,000 - \$99,000	\$75/monthly
\$100,000 - \$124,999	\$100/monthly
\$125,000 - \$149,999	\$125/monthly
\$150,000 - \$249,999	\$150/monthly
\$250,000 - \$499,999	\$200/monthly
\$500,000+	\$250/monthly

The pro-rated first month's management fee will be calculated on the Account's initial value as reported by the Client's custodian. Thereafter, the management fee will be calculated on the Account's month-end value as reported by the Client's custodian. Cash balances and investments in money market funds, demand deposit accounts, and certificates of deposit at banks or brokerage firms are covered by the Account and are included in the fee calculations.

Fees will not be based upon a share of capital gains or capital appreciation of the funds or of any portion of the funds under advisory contract. Fees for services to be performed will not be collected six or more months in advance. Fees are billed directly to the custodian.

The Firm may from time to time unilaterally amend its fees and billing arrangements. Any change will only become effective after thirty (30) days prior written notice.

Termination of Non-Discretionary Qualified Plan Consulting

A Client may terminate this service for any reason within the first five (5) business days after signing the contract without any cost or penalty. Thereafter, the contract may be terminated at any time by giving ten (10) days written notice to the Firm at National Christian Financial Advisors, Inc 5016 Spedale #312, Spring Hill, TN 37174. Upon written notice of termination, a prorated refund of fees will be sent to the Client based upon the number of days that services were rendered during the termination month.

C. FINANCIAL PLANNING

Financial Planning services are provided on an hourly fee basis in accordance with the following fee schedule:

Hourly Financial Planning: The Firm assesses an hourly rate not to exceed \$200 an hour for consulting related financial planning services. The minimum hourly planning fee is \$400. The number of hours will vary depending upon the complexity of the financial situation, the estimate of hours involved, including preparation and research, areas to be specified and estimated in the written agreement for services. The hourly fee can be negotiated with the Client. All fees for planning services are agreed upon in advance in writing and due at that time. For prepaid fees in excess of \$500.00, services will be completed within six months of the date fees are received.

Comprehensive Financial Plan: The Firm offers Comprehensive Financial Planning that is based on the Client's gross income as reported on their most recent tax return and other factors such as the size of the Client's gross estate. The total fee is fixed when the Client signs the Investment Advisory Agreement.

<u>Gross Income</u>	<u>Down Payment</u>	+	<u>Monthly Amount</u>	<u>Total Fee</u>
under \$50,000	\$280		\$35	\$700-2,000

\$50,000 but under \$75,000	\$380	\$35	\$800-3,000
\$75,000 but under \$100,000	\$480	\$35	\$900-4,000
\$100,000 but under \$150,000	\$580	\$35	\$1,000-5,000
\$150,000 but under \$250,000	\$680	\$35	\$1,100-10,000
\$250,000 and above	\$780	\$35	\$1,200-20,000

The down payment is due upon submission of the Client's data. The monthly payment is due each month for the following 12 months. If there is a balance due, (the contract price less the down payment and the monthly payments is less than the total fee), then the balance is due 30 days after the written report is completed and made available to the Client.

The retainer fee for subsequent years will range from \$35 to \$250 per month, depending upon the agreed upon scope of work. Specialty services can also be billed at an agreed upon rate of up to \$200 per hour.

Modular Financial Planning: Clients desiring a less comprehensive financial plan can choose to have a "mini" or "modular" plan created for them, which may consist of one or more of the following services and fees:

Estate Analysis	\$600-20,000
Medicaid Planning	\$200-5,000
Business Financial Plan	\$600-20,000
Investment Analysis	\$300-1,500
Income Funding Analysis	\$150-1,500
Educational Funding Analysis	\$150-1,500
Retirement Analysis	\$300-1,500
Accumulation Funding Analysis	\$150-1,500
Budget Construction/Analysis	\$300-1,500
Ongoing Management	up to \$200/hr
Checkbook Maintenance	\$20/mo.
Checkbook Maintenance w/Bill Paying	\$30/mo.

As a rule with Modular Planning, the entire fee is due upon delivery of the analysis or service and is generally not refundable. The Client is under no obligation to effect securities or insurance transactions through the applicant's affiliates or related person if they choose to act on or otherwise implement any recommendations made in either Comprehensive Financial Plan or other Modular Plan.

Termination of Financial Planning Services

A Client may terminate this service for any reason within the first five (5) business days after signing the contract without any cost or penalty. Thereafter, the contract may be terminated at any time by giving ten (10) days written notice to the Firm at National Christian Financial

Advisors, Inc 5016 Spedale #312, Spring Hill, TN 37174. Upon notice of termination, Hourly Financial Planning fees will be prorated based upon the number of hours that services were rendered. For Comprehensive Financial Planning if, before the total fee has been paid, the Client is not satisfied and the plan cannot be modified, then one-half of the total fee that has been collected will be refunded. If, after payment in full, the Client is not satisfied and the plan cannot be modified, then 50% of the total fee will be refunded. Any claim for refund of a Comprehensive Financial Plan fee must be made within sixty days of delivery of the completed plan to the Client. With Modular Financial Planning Services, the Firm does not provide refunds after the first five (5) days.

D. SELECTION AND MONITORING OF THIRD PARTY ADVISERS FEE

The Client shall be charged two separate fees. The first fee shall be charged by the Firm and the second fee shall be charged by the Third Party Adviser.

Third Party Adviser Fee

The Third Party Adviser fee will vary from adviser-to-adviser and it will be based upon the Client's asset under management with the Third Party Adviser. The Client will be given the recommended Third Party Adviser's ADV Part 2A or similar disclosure document that will state its fees. Additionally, the Firm shall discuss the Third Party Adviser's fees with the Client upon recommendation.

The Firm will not share in any portion of the Third Party Adviser's fee. The Firm does not receive any referral fees or solicitor fees from the Third Party Adviser. Additionally, the Client pays the same fee as other Clients of the Third Party Adviser. The Third Party Advisers do not make their portfolios directly available to Clients. The Third Party Advisers require a Client to use a primary adviser such as this Firm that will maintain the adviser-Client relationship.

Third Party Adviser Billing

The Third Party Adviser shall request the Client provide written authorization to withdraw its fee directly from the Client's account.

NCFA's Fee

The Selection and Monitoring Services fee will be a percentage of the assets under management as reported by the Third Party Adviser. The Fee is 1.00%, but can be negotiated. The Fee is due quarterly in arrears and it is based on the Client's quarter-end account value as reported by the Third Party Adviser.

Under some circumstances the Firm's fees may be lower than the stated rate and can be negotiated. Accordingly, rates may vary based on a variety of factors. For example, in

determining fees, rates, and minimums, the Firm may aggregate related accounts and, for billing purposes, treat them like one account.

Fees will not be based upon a share of capital gains or capital appreciation of the funds or of any portion of the funds under advisory contract. Fees for services to be performed will not be collected six or more months in advance. Fees will be calculated, accrued and due quarterly in arrears.

The Firm may from time to time unilaterally amend its fees and billing arrangements. Any change will only become effective after thirty (30) days prior written notice. If the Client does not accept the amended fee or billing arrangements, he/she may terminate the service at any time.

NCFA's Fee Billing

The Firm offers Clients two options regarding its fee billing.

Option 1 – Client's can elect to have the Firm bill the Client quarterly by invoice. Upon receipt of the Client's quarterly statement from the Third Party Adviser, the Firm shall send a billing statement to the Client that indicates the fee to be withdrawn and how it was calculated. The fee is due upon receipt of the billing statement. A Client may object to the calculation of Firm's fee by notifying Firm at the address or telephone number shown on each billing statement.

Option 2 – A Third Party Adviser may offer the Clients the ability to have the Firm's fee directly withdrawn from the Client's account at the same time the Third Party Adviser withdraws its own fees. The Third Party Adviser shall request the Client provide written authorization to deduct its fees directly from the Client's account. When providing the written authorization, the Client may have the option to provide the same written authorization to have the Firm's fee directly withdrawn from the Client's account. After the deduction, the Third Party Adviser shall forward the Firm's fee directly to it.

Clients are reminded that the fees for each adviser's services are separate.

This option is only available when it is a service provided by the Third Party Adviser. Some but not all Third Party Advisers offer this service.

Termination of Selection and monitoring Services

A Client may terminate this service for any reason within the first five business days after signing the contract without any cost or penalty. Thereafter, the contract may be terminated at any time by giving ten (10) days written notice to the Firm at National Christian Financial Advisors, Inc 5016 Spedale #312, Spring Hill, TN 37174. Upon notice of termination, unearned

fees will be refunded on a prorated basis according to upon the number of days that services were rendered.

6. PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT

The Firm does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a Client).

7. TYPES OF CLIENTS

The Firm's services are offered to individuals, pension plans, corporations and other businesses entities. The Firm does not require a minimum account size or Client net worth for any service.

8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

With respect to the Firm's individual portfolio management services, the Firm utilizes an individualized asset allocation method for each Client account. When deciding on the asset allocation for a Client's account, the Firm studies various market indicators such as financial newspapers and magazines, research prepared by other advisers, company press releases, prospectuses, and other market related filings. After studying the market indicators the Firm allocates assets among various securities such as, common stocks, bonds, mutual funds, or Exchange Traded Funds.

When managing the 7-Mountain Portfolio the Firm, with the use of independent software and internet programs, attempts to use an approach that focuses on Christian values screening of companies, proactive dialogue with those companies whose practices conflict with such values, and potential exclusion of those companies that are unwilling to alter their practices over a reasonable period of time. The Firm will attempt to recommend investments in companies that do not support, benefit and invest in immoral lifestyles, violates human rights, environmentally irresponsible, etc. Due to a lack of investments in certain management strategies, this may not always be possible.

B. INVESTMENT RISKS

All investments bear different types and degrees of risk and **investing in securities involves risk of loss that Clients should be prepared to bear.** While we recommend various securities that are designed to provide appropriate investment diversification, some investments have significantly greater risks than others. Obtaining higher rates of return on investments entails accepting higher levels of risk. Recommended investment strategies seek to balance risks and

rewards to achieve investment objectives. Clients need to ask questions about risks they do not understand. We would be pleased to discuss them.

We strive to render our best judgment on behalf of our Clients. Still, we cannot assure or guarantee Clients that investments will be profitable or assure that no losses will occur in an investment portfolio. Past performance is an important consideration with respect to any investment or investment adviser but is not a reliable predictor of future performance. We continuously strive to provide outstanding long-term investment performance, but many economic and market variables beyond our control can affect the performance of an investment portfolio.

C. RECOMMENDED SECURITIES AND THEIR RISKS

The Firm recommends several types of securities. They and their risks are as follows:

Corporate and Governmental Bonds

Definition. A bond is a debt investment in which an investor loans a certain amount of money, for a certain amount of time, with a certain interest rate, to a company or the government. A corporate bond is a bond issued by a corporation. It is a bond that a corporation issues to raise money in order to expand its business. The term is usually applied to longer-term debt instruments, generally with a maturity date falling at least a year after their issue date. (The term "commercial paper" is sometimes used for instruments with a shorter maturity.) A government bond is a bond issued by a national government denominated in the country's own currency.

Interest rate risk. This is the risk that a rise in interest rates will cause the price of a fixed rate debt security to fall. Generally, a bond with a longer maturity or weighted average maturity of a bond, the greater the interest rate risk will be.

Credit risk. This is the risk that an issuer of a bond could suffer an adverse change in financial condition that results in a payment default, security downgrade, or inability to meet a financial obligation.

Liquidity risk. This is the risk that the Firm may not be able to sell the bond in a timely manner at a desired price.

Prepayment risk and extension risk. Prepayment risk is the risk that the principal on a bond or any fixed income security with a call option may be prepaid at any time, which could reduce yield and market value. The rate of prepayments tends to increase as interest rates fall, which could cause the average maturity of the portfolio to shorten. Extension risk may result from a rise in interest rates, which tends to make bonds and other callable fixed income securities more volatile.

Exchange Traded Funds (“ETF”)

Definition. An exchange-traded fund (ETF) is an investment fund traded on stock exchanges, much like stocks. An ETF holds assets such as stocks, commodities, or bonds and trades at approximately the same price as the net asset value of its underlying assets over the course of the trading day. Most ETFs track an index, such as the S&P 500.

ETF investments and have risks similar to stocks. There are risks involved with investing in ETFs including the risk of principal (i.e. possible loss of money). The share price may trade above or below the purchase price.

Market Risk. Since the ETF invests most or a substantial portion of its assets in stocks, it is subject to stock market risk. Market risk involves the possibility that the value of the ETF's investments in stocks will decline due to drops in the stock market. In general, the value of the ETF will move in the same direction as the overall stock market in which the ETF invests, which will vary from day to day in response to the activities of individual companies, as well as general market, regulatory, political and economic conditions.

Trading Risk. Although ETFs will be listed on the Exchange, there can be no assurance that an active or liquid trading market for them will develop or be maintained. In addition, trading in the ETF on the Exchange may be halted due to market conditions or for reasons that, in the view of the Exchange, make trading in the ETF inadvisable. Further, trading in the ETF on the Exchange is subject to trading halts caused by extraordinary market volatility pursuant to the Exchange “circuit breaker” rules. There can be no assurance that the requirements of the Exchange necessary to maintain the listing of the ETF will continue to be met or will remain unchanged.

Value Stock Risk. Value stocks are subject to the risk that their intrinsic value may never be realized by the market or that their prices may go down. While the ETF's investments in value stocks may limit its downside risk over time, the ETF may produce more modest gains than riskier stock funds as a trade-off for this potentially lower risk.

Mutual Funds (open and closed end)

Definition. A mutual fund is a professionally managed type of collective investment scheme that pools money from many investors and invests typically in investment securities (stocks, bonds, short-term money market instruments, other mutual funds, other securities, and/or commodities such as precious metals). The mutual fund will have a fund manager that trades (buys and sells) the fund's investments in accordance with the fund's investment objective.

Risks. Every type of investment, including mutual funds, involves risk. Risk refers to the possibility that you will lose money (both principal and any earnings) or fail to make money on

an investment. A mutual fund's investment objective and its holdings are influential factors in determining how risky a fund is. Reading the prospectus will help a Client to understand the risk associated with that particular fund.

Generally speaking, risk and potential return are related. This is the risk/return trade-off. Higher risks are usually taken with the expectation of higher returns at the cost of increased volatility. While a fund with higher risk has the potential for higher return, it also has the greater potential for losses or negative returns. The school of thought when investing in mutual funds suggests that the longer your investment time horizon is the less affected you should be by short-term volatility. Therefore, the shorter your investment time horizon, the more concerned you should be with short-term volatility and higher risk.

Different mutual fund categories have inherently different risk characteristics and should not be compared side by side. A bond fund with below-average risk, for example, should not be compared to a stock fund with below average risk. Even though both funds have low risk for their respective categories, stock funds overall have a higher risk/return potential than bond funds.

Of all the asset classes, cash investments (i.e. money markets) offer the greatest price stability but have yielded the lowest long-term returns. Bonds typically experience more short-term price swings, and in turn have generated higher long-term returns. However, stocks historically have been subject to the greatest short-term price fluctuations—and have provided the highest long-term returns.

Mutual funds face risks based on the investments they hold. For example, a bond fund faces interest rate risk and income risk. Bond values are inversely related to interest rates. If interest rates go up, bond values will go down and vice versa. Bond income is also affected by the change in interest rates. Bond yields are directly related to interest rates falling as interest rates fall and rising as interest rise. Income risk is greater for a short-term bond fund than for a long-term bond fund.

Similarly, a sector stock fund (which invests in a single industry, such as telecommunications) is at risk that its price will decline due to developments in its industry. A stock fund that invests across many industries is more sheltered from this risk defined as industry risk. Stock funds also have the same risks as described above under equities.

9. Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the Firm or the integrity of its management.

- A. CRIMINAL DISCLOSURES. A criminal or civil action in domestic, foreign or military court of competent jurisdiction in which the *supervised person*
- i. Was convicted of, pled guilty or nolo contendere (“no contest”) to (a) any *felony*; (b) a *misdemeanor* that *involved* investments or an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;
 - ii. Is the named subject of a pending criminal *proceeding* that involves an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offense;
 - iii. Was *found* to have been *involved* in a violation of an *investment-related* statute or regulation or
 - iv. Was the subject of any *order*, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, the *supervised person* from engaging in any investment-related activity, of from violating any investment-related statute, rule or order.

National Christian Financial Advisors, Inc has no information applicable to this Item because it has never been the subject of any civil, criminal or regulatory proceedings.

- B. ADMINISTRATIVE DISCLOSURES. An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which the supervised person
- i. Was *found* to have caused an *investment-related* business to lose its authorization to do business; or
 - ii. Was *found* to have been involved in a violation of an *investment-related* statute or regulation and was the subject of an order by the agency or authority
 - 1. Denying, suspending, or revoking the authorization of the supervised person to act in an *investment-related* business;
 - 2. Barring or suspending the supervised person’s association with an *investment-related* business;
 - 3. Otherwise significantly limiting the supervised person’s *investment-related* activities; or
 - 4. Imposing a civil penalty of more than \$2,500 on the supervised person.

National Christian Financial Advisors, Inc has no information applicable to this Item because it has never been the subject of any administrative, civil, criminal or regulatory proceedings.

C. SELF REGULATORY ORGANIZATION DISCLOSURES. A self-regulatory organization (SRO) proceeding in which the supervised person

- i. Was *found* to have caused an *investment-related* business to lose its authorization to do business; or
- ii. Was *found* to have been involved in a violation of the SRO's rules and was (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500.

National Christian Financial Advisors, Inc has no information applicable to this Item because it has never been the subject of any civil, criminal or self-regulatory proceedings.

10. Other Financial Industry Activities and Affiliations

A. BROKER-DEALER AFFILIATIONS

The Firm, its owners and investment adviser representatives are not affiliated with a broker-dealer.

B. FUTURES/COMMODITIES FIRM AFFILIATION

The Firm, its owners and investment adviser representatives are not affiliated with a futures or commodities broker.

C. OTHER INDUSTRY AFFILIATIONS

The Firm's investment adviser representative, Mr. Webb, is an independent insurance agent (Life and Health Licensed). He spends approximately 10 to 20 hours a week on this activity, which is considered investment related. This other business activity pays Mr. Webb commissions that are separate from the fees described above. Mr. Webb may recommend these services to Clients. With the ability to work as a Client's insurance agent and investment adviser representative, this is a conflict of interest because each service pays a separate fee or commission. However, Mr. Webb attempts to mitigate any conflicts of interest to the best of his ability by placing the Clients interests ahead of his own and through the implementation of policies and procedures that address the conflict.

D. SELECTION AND MONITORING OF THIRD PARTY INVESTMENT ADVISERS

The Firm's services include the Selection and Monitoring of Third Party Advisers. A complete

description of this service can be found under above Item 4 – Advisory Services.

11. CODE OF ETHICS

A. DESCRIPTION

The Firm's Code of Ethics establishes ideals for ethical conduct upon fundamental principles of openness, integrity, honesty, and trust. The Firm will provide a copy of our Code of Ethics to any Client or prospective Client upon request.

The Firm's Code of Ethics covers all supervised persons and it describes its high standard of business conduct, and fiduciary duty to its Clients. The Code of Ethics includes provisions relating to the confidentiality of Client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at the Firm must acknowledge the terms of the Code of Ethics annually, or as amended.

B. MATERIAL INTEREST IN SECURITIES

The Firm, its owners and investment adviser representatives do not recommend the purchase or sale of securities in which they have a material financial interest.

C. INVESTING IN THE SAME SECURITIES

On occasion, the Firm, its owner and investment adviser representatives may buy or sell for their own accounts securities that are the same as, similar to, or different from those that they recommend to their Clients for purchase or sale. Differences can arise due to variations in personal goals, investment horizons, risk tolerance, and the timing of purchases and sales. The Firm attempts to mitigate the conflict of interest to the best of its ability through the enactment of the Firm's code of ethics, trading policies, and its fiduciary responsibilities. Nonetheless, the Firm generally attempts to place Client transactions ahead of its own, the owners and investment adviser representative's trades. When using the Firm's average price account, the Firm may trade all accounts at the same time. The associates of the Firm are aware of their fiduciary duty to their Clients and the prohibitions against the use of any insider information. Records of all associates' proprietary trading activities will be kept by the Firm, available to regulators to review on the premises.

D. RECOMMENDING THE SAME SECURITIES

On occasion, the Firm, its owner and investment adviser representatives may buy or sell for their own accounts securities that are the same as, similar to, or different from those that they

recommend to their Clients for purchase or sale. Differences can arise due to variations in personal goals, investment horizons, risk tolerance, and the timing of purchases and sales. The Firm attempts to mitigate the conflict of interest to the best of its ability through the enactment of the Firm's code of ethics, trading policies, and its fiduciary responsibilities. Nonetheless, the Firm generally attempts to place Client transactions ahead of its own, the owners and investment adviser representative's trades. When using the Firm's average price account, the Firm may trade all accounts at the same time. The associates of the Firm are aware of their fiduciary duty to their Clients and the prohibitions against the use of any insider information. Records of all associates' proprietary trading activities will be kept by the Firm, available to regulators to review on the premises.

12. BROKERAGE PRACTICES

A. RECOMMENDATION CRITERIA

When the Firm recommends brokers or custodians, it will seek broker-dealers who offer competitive commissions costs together with reliable services. A Client's choice of another broker-dealer is acceptable if proven feasible. The Firm has and continues to recommend TradePMR for transaction execution. The Firm recognizes its fiduciary responsibility in negotiating brokerage commissions, assuring best execution practices and assuring adequate investment availability/inventory on behalf of its Clients. We do not receive compensation with respect to execution of trades at TradePMR.

With the use of independent broker-dealers, a Client may incur a ticket charge or sales commission for the sale or purchase of securities. The Firm does not receive any portion of the ticket charge or sales commission. It also does not receive or use any soft dollars or research from the independent third-party broker-dealers.

The Firm does not receive Client referrals or any other incentive from TradePMR.

Some Clients may direct us to a specific broker-dealer to execute securities transactions for their accounts. When so directed, we may not be able to effectively negotiate lower brokerage commissions or achieve best execution on Clients' transactions. This can result in substantially higher fees, charges or dealer concessions in one or more transactions for the Clients' account because the Firm cannot negotiate favorable prices.

B. TRADE AGGREGATION

When trading multiple accounts for the same security, the Firm will aggregate orders to a single block order against an average price account. The average price account will allocate

proportionate shares to each Client's account. It will also provide Clients with an average price for the securities transaction or transactions, which reduces the transaction costs for the Client.

13. REVIEW OF ACCOUNTS

A. PERIODIC REVIEWS

On a quarterly basis the Firm's investment adviser representatives meet with Clients either in person, by phone or through video conference. In addition to the quarterly reviews the Firm's investment adviser representatives review Client accounts on a semi-annual basis for rebalancing purposes.

B. OTHER REVIEWS

Additional reviews are conducted periodically depending on market conditions, economic or political events, or by changes in a Client's financial situation (such as retirement, termination of employment, physical move or inheritance).

C. REPORTS

Financial planning Clients receive a written report at the end of the financial planning process. Portfolio Management and Selection and Monitoring of Third Party Adviser Clients receive at least quarterly statement from their custodian. The Firm urges Clients to carefully review such statements.

14. CLIENT REFERRALS AND OTHER COMPENSATION

A. OTHER COMPENSATION

The Firm does not receive extra compensation or any other economic benefit for providing investment advice or other advisory services to Clients. All compensation received by the Firm and its investment adviser representatives is outlined in Item 5 – Fees and Compensation and Item 10 - Other Financial Industry Activities and Affiliations.

B. CLIENT REFERRALS

The Firm does not pay for Client referrals or use solicitors.

15. CUSTODY

All Client funds, securities and accounts are held at third-party custodians. The Firm does not take possession of a Client's securities or funds.

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains Client's investment assets. The Firm urges each Client to carefully review such statements.

16. INVESTMENT DISCRETION

The Firm's Portfolio Management Services are discretionary. The Firm's discretionary authority is obtained when a Client signs an investment management agreement. The agreement allows the Firm to buy and/or sell securities the Firm has selected, within the tolerance agreed to by the Client, and in the amounts the Firm deems suited to the agreed upon portfolio structure. It also allows the Firm to place each such trade without the Client's prior approval. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular Client account, and any other investment policies, limitation or restrictions.

Financial Planning, Qualified Plan Consulting, and Selection and Monitoring of Third Party Advisers services are nondiscretionary. A non-discretionary investment account means the Client retains full discretion to supervise, manage, and direct the assets of the account. The Client maintains full power and authority to purchase, sell, invest, reinvest, exchange, convert, and trade the assets in the Account in any manner deemed appropriate and to place all orders for the purchase and sale of Account assets with or through brokers, dealers, or issuers selected by the Client. The Client is free to manage the account with or without the recommendation of the Firm and all with or without prior consultation with the Firm.

17. VOTING CLIENT SECURITIES

Unless otherwise mutually agreed in writing, the Firm will not be responsible for responding to proxies that are solicited with respect to annual or special meetings of shareholders of securities held in Clients' accounts. Proxy solicitation materials will be forwarded to Clients for response and voting. In the event a Client has a question about a proxy solicitation, the Client should contact his/her investment adviser representative.

18. FINANCIAL INFORMATION

A. BALANCE SHEET

The Firm does not require or solicit prepayment of more than \$500 in fees per Client, six months or more in advance. Therefore, this section is not applicable.

B. FINANCIAL CONDITION

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the Firm's financial condition. The Firm has no financial commitment that impairs its ability to service its Clients.

C. BANKRUPTCY

The Firm, its owners and its investment adviser representatives have not been the subject of a bankruptcy proceeding.