

Disclosure Brochure

July 2, 2013

Stability Financial, LLC

a Registered Investment Adviser

This brochure provides information about the qualifications and business practices of Stability Financial, LLC (hereinafter “Stability Financial” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed below. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC’s website at www.adviserinfo.sec.gov. Stability Financial is a state registered investment adviser. Registration does not imply any level of skill or training.

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Item 2. Material Changes

In this Item, Stability Financial is required to discuss any material changes that have been made to the brochure since the last annual amendment. The Firm has the following material changes to disclose:

State Registration

Since the Firm's last filing, Stability Financial has withdrawn its current registration with the U.S. Securities and Exchange Commission (SEC). This switch to state registration means that Stability Financial will be primarily regulated by the various states rather than the SEC. This change in registration status will have little, if any, impact on the investment advisory services that Stability Financial provides to its clients.

Item 3. Table of Contents

| | | |
|----------|---|-----|
| Item 1. | Cover Page | i |
| Item 2. | Material Changes | ii |
| Item 3. | Table of Contents | iii |
| Item 4. | Advisory Business | 4 |
| Item 5. | Fees and Compensation | 6 |
| Item 6. | Performance-Based Fees and Side-by-Side Management | 8 |
| Item 7. | Types of Clients..... | 8 |
| Item 8. | Methods of Analysis, Investment Strategies and Risk of Loss | 9 |
| Item 9. | Disciplinary Information..... | 11 |
| Item 10. | Other Financial Industry Activities and Affiliations | 11 |
| Item 11. | Code of Ethics | 11 |
| Item 12. | Brokerage Practices | 12 |
| Item 13. | Review of Accounts..... | 15 |
| Item 14. | Client Referrals and Other Compensation | 16 |
| Item 15. | Custody | 16 |
| Item 16. | Investment Discretion..... | 17 |
| Item 17. | Voting Client Securities | 17 |
| Item 18. | Financial Information | 17 |
| Item 19. | Requirements for State Registered Investment Advisers | 18 |

Item 4. Advisory Business

Stability Financial employs a goals-based approach to investment management and financial planning. To that end, the Firm will analyze client information to assess their current situation, define their goals and determine what should be done in order to meet those goals. Depending on which services the Firm is engaged to provide, this could entail analyzing client assets, liabilities and cash flow, current insurance coverage, investments, tax strategies, among other less quantifiable concerns.

Stability Financial offers a variety of advisory services, which include financial planning, consulting and investment management services. As this is Stability Financial's initial application for investment adviser registration, the Firm does not have any assets under management to report as of the date of this filing. Prior to the rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with Stability Financial setting forth the relevant terms and conditions of the advisory relationship (the "*Agreement*").

Stability Financial has been an independent registered investment adviser and is principally owned by Raymond L. Davis.

While this brochure generally describes the business of Stability Financial, certain sections also discuss the activities of its *Supervised Persons*, which refer to the Firm's officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on Stability Financial's behalf and is subject to the Firm's supervision or control.

Financial Planning and Consulting Services

Stability Financial offers clients a range of financial planning and consulting services, which may include any or all of the following functions:

- Business Planning
- Cash Flow Forecasting
- Retirement Planning
- Estate Planning
- Investment Consulting & Asset Allocation
- Insurance Needs Analysis
- Retirement Plan Analysis
- Risk Management

While each of these services is available on a stand-alone basis, certain of them may also be rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement (described in more detail below).

In performing these services, Stability Financial is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants) and is expressly authorized to rely on such information. Stability Financial may recommend the services of itself, its *Supervised Persons*

in their individual capacities as insurance agents and/or other professionals to implement its recommendations.

Clients are advised that a conflict of interest exists if Stability Financial recommends its own services. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by Stability Financial under a financial planning or consulting engagement or to engage the services of any such recommended professionals, including Stability Financial itself. Clients are advised that it remains their responsibility to promptly notify the Firm if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Stability Financial's previous recommendations and/or services.

Investment Management and Wealth Management Services

Stability Financial manages client investment portfolios on a discretionary basis. In addition, Stability Financial may provide clients with wealth management services which generally include a broad range of comprehensive financial planning and consulting services as well as discretionary management of investment portfolios.

Stability Financial primarily allocates client assets among various independent investment managers ("*Independent Managers*"), mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities and options, as well as the securities components of variable annuities and variable life insurance contracts, in accordance with the investment objectives of its individual clients. In addition, Stability Financial may also recommend that clients who qualify as accredited investors, as defined by Rule 501 of the Securities Act of 1933, invest in privately placed securities, which may include debt, equity and/or interests in pooled investment vehicles (e.g., hedge funds). Where appropriate, the Firm may also provide advice about any type of legacy position or other investment held in client portfolios.

Clients may also engage Stability Financial to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts, and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Stability Financial directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

Stability Financial tailors its advisory services to meet the needs of its individual clients and continuously seeks to ensure that client portfolios are managed in a manner consistent with their specific investment profiles. Stability Financial consults with clients on an initial and ongoing basis to determine their specific risk tolerance, time horizon, liquidity constraints and other factors relevant to the management of their portfolios. Clients are advised to promptly notify Stability Financial if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Stability Financial

determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the firm's management efforts.

Use of Independent Managers

As mentioned above, Stability Financial may select or recommend certain *Independent Managers* to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an *Independent Manager* are set forth in a separate written agreement between the designated *Independent Manager* and either Stability Financial or the client.

Stability Financial evaluates various information about the *Independent Managers* it chooses to manage client portfolios, which may include the *Independent Managers'* public disclosure documents, materials supplied by the *Independent Managers* themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the *Independent Managers'* investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. Stability Financial also takes into consideration each *Independent Manager's* management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

Stability Financial continues to provide services relative to the discretionary or non-discretionary selection of the *Independent Managers*. On an ongoing basis, the Firm monitors the performance of those accounts being managed by *Independent Managers*. Stability Financial seeks to ensure the *Independent Managers'* strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

Item 5. Fees and Compensation

Stability Financial offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management or advisement. Additionally, certain of Stability Financial's *Supervised Persons*, in their individual capacities, may offer insurance products under a separate commission arrangement.

Financial Planning and Consulting Fees

Stability Financial generally charges a negotiable hourly and/or fixed fee to provide clients with stand-alone financial planning or consulting services. These fees are largely determined by the scope and complexity of the agreed upon services and range from \$250 to \$25,000 on a fixed fee basis and \$100 to \$300 on an hourly basis.

The specific terms and fee structure are negotiated in advance and set forth in the *Agreement* with Stability Financial. Generally, Stability Financial requires one-half of the financial planning or consulting

Stability Financial, LLC Disclosure Brochure

fee payable upon execution of the *Agreement* and the balance due at the time the financial plan is delivered or the underlying services are rendered to completion. If the client engages Stability Financial for additional investment advisory services, Stability Financial may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

Investment Management and Wealth Management Fees

Stability Financial provides investment management services for an annual fee based on the amount of assets under the firm's management. This fee varies between 100 and 200 basis points (1% – 2%), depending upon the size of a client's portfolio and the type of services rendered, as follows:

| PORTFOLIO VALUE | ANNUAL FEE |
|----------------------------|------------|
| up to \$5,000,000 | 2.00% |
| \$5,000,001 – \$10,000,000 | 1.00% |
| above \$10,000,000 | negotiable |

This fee is prorated and charged monthly in advance, based upon the market value of the assets being managed by Stability Financial on the last day of the previous billing period.

If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is not adjusted or prorated to reflect the change in portfolio value. For the initial term of an engagement, the fee is calculated on a *pro rata* basis. In the event the *Agreement* is terminated, the fee for the final billing period is prorated through the effective date of the termination and the unearned portion is refunded to the client, as appropriate.

Fee Discretion

Stability Financial, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention and *pro bono* activities.

Additional Fees and Expenses

In addition to the advisory fees paid to Stability Financial, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "*Financial Institutions*"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees charged by the *Independent Managers*, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), 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.

Fee Debit

Clients may grant Stability Financial the authority to directly debit their accounts for payment of the Firm's investment advisory fees. The *Financial Institutions* that act as qualified custodian for client accounts have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Stability Financial.

Account Additions and Withdrawals

Clients may make additions to and withdrawals from their account at any time, subject to Stability Financial's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to Stability Financial, subject to the usual and customary securities settlement procedures. However, Stability Financial designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Stability Financial may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e., contingent deferred sales charge) and/or tax ramifications.

Item 6. Performance-Based Fees and Side-by-Side Management

Stability Financial does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets)

Item 7. Types of Clients

Stability Financial provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

No Minimum Account Requirements

Stability Financial does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship. Certain *Independent Managers* may, however, impose more restrictive account requirements and varying billing practices than Stability Financial. In these instances, Stability Financial may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Stability Financial may utilize a combination of fundamental and technical methods of analysis.

Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular fund or issuer. For Stability Financial, this process typically involves an analysis of an issuer's management team, investment strategies, style drift, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact the security.

Technical analysis involves the examination of past market data rather than specific issuer information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that Stability Financial will be able to accurately predict such a reoccurrence.

Risks of Loss

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear potential losses.

Market Risks

The profitability of a significant portion of Stability Financial's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Stability Financial will be able to predict those price movements accurately.

Mutual Funds and ETFs

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated

daily per share net asset value (“NAV”), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund’s holdings. The trading prices of a mutual fund’s shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund’s shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their *pro rata* NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Use of Independent Managers

Stability Financial may recommend the use of *Independent Managers*. In these situations, Stability Financial continues to do ongoing due diligence of such managers, but such recommendations rely to a great extent on the *Independent Managers*’ ability to successfully implement their investment strategies. In addition, Stability Financial generally may not have the ability to supervise the *Independent Managers* on a day-to-day basis.

Management Through Similarly Managed “Model” Accounts

Stability Financial manages certain accounts through the use of similarly managed “model” portfolios, whereby the firm allocates all or a portion of its clients’ assets among various mutual funds and/or securities on a discretionary basis using one or more of its proprietary investment strategies. In managing assets through the use of models, the firm remains in compliance with the safe harbor provisions of Rule 3a-4 of the Investment Company Act of 1940.

The strategy used to manage a model portfolio may involve an above average portfolio turnover that could negatively impact clients’ net after tax gains. While the firm seeks to ensure that clients’ assets are managed in a manner consistent with their individual financial situations and investment objectives, securities transactions effected pursuant to a model investment strategy are usually done without regard to a client’s individual tax ramifications. Clients should contact Stability Financial if they experience a change in their financial situation or if they want to impose reasonable restrictions on the management of their accounts.

Use of Margin

While the use of margin borrowing can substantially improve returns, it may also increase overall portfolio risk. Margin transactions are generally effected using capital borrowed from a *Financial Institution*, which is secured by a client's holdings. Under certain circumstances, a lending *Financial Institution* may demand an increase in the underlying collateral. If the client is unable to provide the additional collateral, the *Financial Institution* may liquidate account assets to satisfy the client's outstanding obligations, which could have extremely adverse consequences. In addition, fluctuations in the amount of a client's borrowings and the corresponding interest rates may have a significant effect on the profitability and stability of a client's portfolio.

To the extent that a client authorizes the use of margin, and margin is thereafter employed by Stability Financial in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to Stability Financial will not be increased.

Item 9. Disciplinary Information

Stability Financial has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management.

Item 10. Other Financial Industry Activities and Affiliations

Receipt of Insurance Commission

Certain of Stability Financial's *Supervised Persons*, in their individual capacities, are also licensed insurance agents. When appropriate, these *Supervised Persons*, in their individual capacities, may recommend the purchase of certain insurance products to advisory clients on a fully-disclosed commission basis. A conflict of interest exists to the extent that Stability Financial recommends the purchase of insurance products where its *Supervised Persons* receive insurance commissions or other additional compensation. As a result Stability Financial has procedures in place to ensure that any recommendations made by such Supervised Persons are in the best interest of its clients.

Item 11. Code of Ethics

Stability Financial and persons associated with Stability Financial ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with the Firm's policies and procedures.

Stability Financial has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("*Code of Ethics*"). Stability Financial's *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of

material non-public information by the Firm or any of its associated persons. The *Code of Ethics* also requires that certain of Stability Financial's personnel (called "*Access Persons*") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no *Access Person* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the *Access Person* is completed as part of a batch trade (as defined below in Item 12) with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

This *Code of Ethics* has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by *Access Persons* to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated above.

Clients and prospective clients may contact Stability Financial to request a copy of its *Code of Ethics*.

Item 12. Brokerage Practices

Stability Financial generally recommends that clients utilize the brokerage and clearing services of TD AMERITRADE Institutional, a division of TD AMERITRADE, Inc. ("*TD Ameritrade*") for investment management accounts. Stability Financial participates in the institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("*TD Ameritrade*"), an unaffiliated SEC-registered broker-dealer and FINRA member. *TD Ameritrade* offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Stability Financial receives some benefits from *TD Ameritrade* through its participation in the program.

Factors which Stability Financial considers in recommending *TD Ameritrade* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *TD Ameritrade* enables Stability Financial to obtain many mutual funds without transaction charges and other

Stability Financial, LLC Disclosure Brochure

securities at nominal transaction charges. In addition, *TD Ameritrade* has agreed initially to compensate clients for any transfer fees that may be assessed for moving their account(s) to *TD Ameritrade*. The commissions and/or transaction fees charged by *TD Ameritrade* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by Stability Financial's clients comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where Stability Financial determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Stability Financial seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Stability Financial periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct Stability Financial in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and the Firm will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by Stability Financial (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Stability Financial may decline a client's request to direct brokerage if, in the Firm's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless Stability Financial decides to purchase or sell the same securities for several clients at approximately the same time. Stability Financial may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Stability Financial's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Stability Financial's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Stability Financial determines to aggregate client orders for the purchase or sale of securities, including securities in which Stability Financial's *Supervised Persons* may invest, the Firm generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Stability Financial does not receive any additional compensation or remuneration as a

result of the aggregation. In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, Stability Financial may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Stability Financial in its investment decision-making process. Such research generally will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Stability Financial does not have to produce or pay for the products or services.

Software and Support Provided by Financial Institutions

Stability Financial may receive from *TD Ameritrade*, without cost to Stability Financial, computer software and related systems support, which allow Stability Financial to better monitor client accounts maintained at *TD Ameritrade*. Stability Financial may receive the software and related support without cost because Stability Financial renders investment management services to clients that maintain assets at *TD Ameritrade*. The software and support is not provided in connection with securities transactions of clients (i.e. not "soft dollars"). The software and related systems support may benefit Stability Financial, but not its clients directly. In fulfilling its duties to its clients, Stability Financial endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Stability Financial's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Stability Financial's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

There is no direct link between Stability Financial's participation in the program and the investment advice it gives to its clients, although Stability Financial receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. Additionally, Stability Financial

may receive the following benefits from *TD Ameritrade* through its registered investment adviser division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Registered Investment Adviser participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

These products or services may assist Stability Financial in managing and administering client accounts, including accounts not maintained at *TD Ameritrade*. Other services made available by *TD Ameritrade* are intended to help Stability Financial manage and further develop its business enterprise. The benefits received by Stability Financial's participation in the program do not depend on the amount of brokerage transactions directed to *TD Ameritrade*. Clients should be aware, however, that the receipt of economic benefits by Stability Financial or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Stability Financial's recommendation of *TD Ameritrade* for custody and brokerage services.

TD Ameritrade may provide additional funds to the Firm to cover certain expenses associated with Stability Financial's startup costs.

Item 13. Review of Accounts

Account Reviews

For those clients to whom Stability Financial provides investment management services, Stability Financial monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom Stability Financial provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis. Such reviews are conducted by one of Stability Financial's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Stability Financial and to keep Stability Financial informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Account Statements and Reports

Clients are provided with transaction confirmation notices and regular summary account statements directly from the *Financial Institutions* where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from Stability Financial and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements

they receive from their custodian with those they receive from Stability Financial or an outside service provider.

Those clients to whom Stability Financial provides financial planning and/or consulting services will receive reports from Stability Financial summarizing its analysis and conclusions as requested by the client or as otherwise agreed to in writing by Stability Financial.

Item 14. Client Referrals and Other Compensation

Client Referrals

If a client is introduced to Stability Financial by either an unaffiliated or an affiliated solicitor, Stability Financial may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee is paid solely from Stability Financial's investment management fee, and does not result in any additional charge to the client. If the client is introduced to Stability Financial by an unaffiliated solicitor, the solicitor provides the client with a copy of Stability Financial's written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of Stability Financial discloses the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of Stability Financial's written disclosure brochure at the time of the solicitation.

Other Economic Benefits

In addition, Stability Financial is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

Item 15. Custody

Stability Financial's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize Stability Financial through such *Financial Institution* to debit the client's account for the amount of Stability Financial's fee and to directly remit that management fee to Stability Financial in accordance with applicable custody rules.

The *Financial Institutions* recommended by Stability Financial have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Stability Financial. In addition, as discussed in Item 13, Stability Financial may also send periodic supplemental reports to clients. Clients should carefully review the

statements sent directly by the *Financial Institutions* and compare them to those received from Stability Financial.

Item 16. Investment Discretion

Stability Financial is given the authority to exercise discretion on behalf of clients. Stability Financial is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Stability Financial is given this authority through a power-of-attorney included in the agreement between Stability Financial and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Stability Financial takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made;
- The *Independent Managers* to be hired or fired.

Item 17. Voting Client Securities

Stability Financial is required to disclose if it accepts authority to vote client securities. Stability Financial does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.

Item 18. Financial Information

Stability Financial is not required to disclose any financial information pursuant to this Item due to the following:

- The Firm does not require or solicit the prepayment of more than \$500 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19. Requirements for State Registered Investment Advisers

Principal Executive Officers and Management Persons

RAYMOND L. DAVIS

Born 1964

Post-Secondary Education

University of New Orleans | B.S., Finance | 1991

Recent Business Background

Stability Financial, LLC | Managing Member and Chief Compliance Officer | June 2013 – Present

Merrill Lynch | Vice President | June, 2006 – June, 2013

Stability Financial, LLC

Prepared by:



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The Adviser's Advisor®