

## Item 1 – Cover Page

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March 20, 2014

This brochure provides information about the qualifications and business practices of PlanFIRST, Inc. [“PFI” or “Adviser”]. If you have any questions regarding the contents of this brochure, please contact us at 864 233-7405 and/or by electronic mail at [info@planfirst.com](mailto:info@planfirst.com). 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. PFI is a registered investment adviser. Registration of an investment adviser does not imply a certain level of skill or training. Additional information about PFI is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

Item 8 has been amended to update changes to the manner in which investments are categorized. A copy of these changes is provided to all clients.

You may request PFI's brochure at any time by contacting Rhonda Scofield, Chief Administrative Officer, at 864-233-7405 or [rscofield@planfirst.com](mailto:rscofield@planfirst.com). Additional information about PFI is available on the SEC's web site ([www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)). The SEC's web site also provides information about any persons affiliated with the Adviser who are registered as investment adviser representatives.

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## **Item 4 – Advisory Business**

PFI has been in business since 1984 and offers the services described below primarily to individuals but also to pension and profit sharing plans, trusts, estates, and charitable organizations. The firm is owned by Michael Miller, who is the Principal and Chief Compliance Officer. As of February 28, 2014, PFI managed discretionary client assets valued at \$301,505.031.

### **Asset Management**

PFI provides ongoing asset management as its primary service. PFI is generally compensated on the basis of fees calculated as a percentage of assets under management, although PFI may also be compensated through fixed or hourly fee arrangements.

PFI tailors services to the individual needs of clients. An initial consultation is complimentary so that neither the client nor PFI feels obligated to move forward. It is important that the client has an understanding of PFI's process and that PFI believes it can meet the expectations of the client. This decision is made as a result of in-depth discussion, inquiries as to goals and objectives of the client, as well as a review of risk profile results. As long as there is a mutual understanding of the process and agreement with expectations, then the client and PFI proceed to the next step.

After determining a client's risk tolerance and assessing his/her needs, PFI presents a portfolio design for approval. Ongoing monitoring of the portfolio, quarterly performance statements, and regular reviews are all included in this service.

PFI management of client portfolios is generally limited to no-load or load-waived mutual funds, although PFI is not precluded from managing other types of investments. The criteria for mutual fund selection may include, but is not limited to, the following:

- Style, market capitalization and portfolio characteristics
- Investment performance
- Fees
- Amount of assets under management
- Portfolio concentration and/or turnover
- Investment manager turnover
- New managers or funds to the marketplace
- Tax efficiency of management

PFI may also recommend separate account managers for a portion of clients' assets. Separate account managers give clients the opportunity to place reasonable restrictions on the types of investments recommended. Clients retain individual ownership of all securities. Separate account managers may be accessed through their own account programs or contractual arrangement with the separate account manager. Additional specific disclosure is provided by the separate account manager to each client participating in these programs.

PFI also manages client assets in qualified retirement plan accounts with various mutual fund companies and client assets in variable annuity ("VA") accounts. PFI has no relationship with these companies. Clients may authorize PFI to place trades in these accounts. The fund products available in these types of accounts are determined by the Retirement Plan or VA Provider and not by PFI. PFI chooses from among the available investment options. In order for PFI to place these trades, a client provides PFI with a user name and password. Appropriate physical and procedural safeguards have been adopted by PFI to control access to these user names and passwords including an annual surprise custody audit to verify adequacy of PFI processes.

## **Financial & Estate Planning**

As a complement to asset management services, PFI provides financial and estate planning advice. This may include structuring of asset ownership and/or beneficiary designations. PFI also works with independent trust companies or other trustees to manage trust assets. Additionally, there may be circumstances in which the client requires advice regarding financial decisions, such as a car purchase or lease, form and timing of retirement benefit payments, or mortgage refinancing analysis.

## **Retirement Planning & Analysis**

As a complement to its asset management services and part of its core service, PFI provides, when appropriate and/or requested, an abbreviated retirement analysis that may include:

- Initial Analysis
- Cash flow projection
- Asset projection
- Monte Carlo Simulation
- Minimum Required Distribution (review)  
Ongoing Analysis
- Cash flow projections (review and update)
- Strategy revisions (as needed)
- Annual Minimum Required Distribution calculations

## **Optional Wealth Management Services**

These are additional services beyond the scope of PFI's core services. These services are generally provided without charge, with PFI reserving the right to charge for them at its discretion. PFI notifies a client in advance if additional charges are to apply. These services include:

- Insurance Reviews
- Long-Term Care, Life, Disability, Liability, Home, and Auto
- Survivor Income Planning
- Attorney Meetings
- Optimal Beneficiary Designations, Asset Ownership
- Cash Flow Analysis
- "What If" Analyses - Optional Retirement Dates, Impact of Various 401(k) Contribution Levels, Impact of Gifting Assets
- Meeting with Personal Administrator and/or Trustee

## **Item 5 – Fees and Compensation**

### **Asset Management Services**

As of April 1, 2011, PFI requires a minimum of \$400,000 of investable assets for account management. The annual fee schedule is as follows:

Annual billing percentages	Client Assets under Management
1.0%	up to \$500,000
.75%	from \$500,001 to \$1,000,000
.50%	from \$1,000,001 to \$5,000,000
.40%	above \$5,000,000

For example, a client with \$1,200,000 in assets would be billed 1.0% annually for the first \$500,000, 0.75% for the next \$500,000, and 0.50% for the remaining \$200,000.

In certain unusual circumstances, fees and account minimums may be negotiable.

For purposes of calculating fees, client accounts are aggregated in determining the total assets amount used in the fee calculation. Fees are billed quarterly, in advance, at the beginning of each calendar quarter, based on the current market value of managed assets in the portfolio on the last day of the previous calendar quarter. For new clients depositing funds during a calendar quarter, the advisory fee is payable no sooner than upon the approval date of the written agreement between Client and PFI. The fee is then pro-rated based on the number of days remaining in that quarter beginning no earlier than the first date funds are received in a client account and the client has signed the Investment Management Agreement. In addition, in the event that a client elects to cancel services, termination fees as described below may apply.

### **Other Core and Non-Core Services**

Under special circumstances, a client may engage in one or more of the core or optional PFI services without utilizing PFI's asset management services. In these instances, PFI may negotiate a fee based on the estimated time and complexity of the work proposed. This fee may consist of a flat fee, a fee of \$175/hour, or a combination fee.

### **Termination**

The Investment Management Agreement between PFI and the client is open-ended and may be terminated by either party without penalty upon at least 30 days' written notice. Transactions in progress will be completed in the normal course of business. Upon termination, client shall receive a pro-rata refund of that portion of any prepaid advisory fees based on the number of days from the termination date to the end of the calendar quarter. Such refund will be calculated from the date of receipt of the written termination notice or other agreed upon date. In the event that a client elects to cancel services prior to the first billing cycle and/or the signing of the written agreement, PFI shall reserve the right to charge a fee of \$175/hour for work performed over and above the initial consultation.

PFI does not bill existing clients, on a pro-rata basis, for funds deposited during the quarter, nor does it refund, on a pro-rata basis, for partial withdrawal of funds during the quarter.

### **Payment of Advisory Fees**

Clients' account management fees are directly debited from the account. The manner in which management fees are charged by PFI is described in a client's Investment Management Agreement. Advisory fees are directly debited from a client account as follows:

1. The client provides written authorization permitting PFI fees to be paid directly from client account(s) held by an independent custodian.
2. PFI sends a notification to the client and a bill to the custodian. The client's notification shows the amount of the advisory fee and how it was calculated, while the custodian statement only shows the amount of the advisory fee.
3. PFI informs the client that it is the client's responsibility to verify the accuracy of the fee calculation and that the custodian will not determine whether the fee is properly calculated.
4. The custodian agrees to send to the client a statement, at least quarterly, indicating all amounts disbursed from the account, including the amount of advisory fees paid directly to PFI.

PFI urges clients to carefully review the official custodial statements and compare them to performance reports PFI provides. For marketable securities, prices provided by custodians are used for client reporting and fee billing.

PFI fees do not include brokerage commissions, transaction fees, and other related costs and expenses to the client. Clients may be charged additional fees by custodians, brokers and other third parties. These additional fees may include wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

All fees paid to PFI for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus and will generally include a management fee, other fund expenses, and a possible distribution fee. Clients could invest in most mutual funds directly, without the services of PFI. In that case, clients would not receive the services provided by PFI, which are designed, among other things, to assist clients in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. In some cases, PFI provides the client with access to mutual fund share classes that charge lower fees than those generally available to non-clients.

As a client evaluates the services provided by PFI, clients should review both the fees charged by the funds and the fees charged by PFI to fully understand the total amount of fees to be paid by the client. PFI does not receive any portion of the commissions, fees, and costs paid to the custodian and/or mutual fund company.

Item 12 further describes the factors that PFI considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

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

PFI 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).

## **Item 7 – Types of Clients**

PFI mainly offers advisory services primarily to individuals, but clients may also include pension and profit-sharing plans, trusts, estates, and charitable organizations. As of April 1, 2011, PFI requires a minimum of \$400,000 of investable assets for account management.

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

### **Mutual Funds and Separate Accounts**

PFI researches each mutual fund and separate account it uses for its clients. There are several ways in which PFI accomplishes this task. PFI may meet directly with the fund/account managers and/or their marketing representatives at industry conferences, at its offices, or at the managers' offices. Additionally, PFI may participate in teleconferences with the managers and/or their analysts. Third-party research or data also helps PFI do unbiased, in-depth research for preliminary and ongoing due diligence. These methods and sources are used to screen for new funds/separate accounts as well as to keep up to date with currently selected funds/accounts. PFI continually monitors the investment performance of each fund/account compared to its peers and benchmarks.

The PFI Investment Committee regularly meets to discuss and make decisions related to this process. The investments selected by the PFI Investment Committee are assigned to one of three investment

categories. The first, called Growth Equities Investments, will generally include funds or separate accounts that invest in U.S. and international equities of small, medium, and large companies. One major type of risk for these investments is that the underlying investments can substantially decrease in price due to company performance, general economic conditions, or a variety of other factors. International investments contain an extra level of risk because changes in the exchange rates between the dollar and various foreign currencies can impact the dollar value of the investments. Additionally, a portion of the international equity investments may be made in companies headquartered in “emerging market” countries where political instability can have a major impact on the value of the investment.

The second investment category is called Alternative Investments. These investments may include funds/accounts whose managers use “hedging” techniques that they believe will increase investment returns over time and/or reduce the size of losses in a period of falling equity prices. These techniques may make the funds perform differently from the general price trend of the underlying equity securities in which they are invested. For example, they may decline in value when equities are generally increasing in value, or increase in value when equities are generally decreasing in value. This category may also include investments in funds/separate accounts that invest in the stock of publicly traded real estate investments, directly or indirectly in managed futures in various sectors, opportunistically in various types of investments inside and outside the U.S. (often referred to as “global macro” investments), or that make other types of investments. The diversity of investment types in this category creates a greater variety of risks than in the other two categories. These include the same risks as mentioned in the growth equities category above and the fixed income/cash category below, as well as others. For example, the hedging techniques that the managers may employ add another source of risk, since hedging can produce losses that add to (or potentially reduce) the losses of the underlying securities in which the fund or separate account is invested.

The third investment category is Fixed-Income Investments and Cash. These include mutual funds or separate accounts that are invested primarily in intermediate or short-term bonds issued by domestic and international companies; local, state, or federal governments; foreign governments; or other entities. These may include municipal bonds whose interest payments are exempt from state and/or federal income tax. The investments may also include securities rated below investment grade at manager discretion consistent with the fund's prospectus or other investor disclosures. This category may also use “unconstrained” bond funds or separate accounts. “Unconstrained” funds/separate accounts have broad flexibility to change the types of fixed-income securities in which they invest and may use derivative investments. Their goal is to produce positive returns, regardless of the fixed-income investment environment. There are three primary types of events that can produce losses in fixed-income investments. The first is that interest rate increases or changes in the credit-worthiness of borrowers can reduce the value of the securities owned. The second is that the entity that issued a security may not repay the amount borrowed. The last is that changes in the exchange rate between the dollar and various foreign currencies can decrease the dollar value of international securities. Cash balances are usually only a relatively small residual amount not invested in the other two investment categories. Larger amounts may be held for special purposes or to provide liquidity for periodic account withdrawals. Cash investments are usually held in a money market fund. Money market funds are not generally subject to investment losses, but they may earn little or no investment return during periods of low interest rates.

Clients should always be aware that investing in any type of security involves risk of loss that clients should be prepared to bear. The performance of actively managed mutual funds and separate accounts is directly tied to the performance of the individual securities and any hedging strategies selected by the fund or separate account manager.

PFI generally invests in mutual funds but occasionally uses separate account investments. Its choice is based on a number of factors, including, but not limited to, a client's total amount of investable assets, a client's income tax situation, or a client's desire for “direct ownership.” PFI bases its asset allocation decisions on risk/return information, and it selects funds/separate accounts within the categories as

outlined above. Specific investment decisions within the funds or separate accounts are made by their managers.

## **Item 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 Adviser or the integrity of its management. PFI has no applicable disciplinary information.

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

Mike Miller, the Principal of PFI, is also 90% owner of Planned Financial Services, Inc., which is in the business of selling insurance. While clients of PFI have purchased insurance through this entity, clients are under no obligation to obtain insurance from Planned Financial Services, Inc. The client's decision to obtain insurance through Planned Financial Services, Inc., will have no bearing on the advisory services performed by PFI on behalf of the client. There are no referral fee arrangements between PFI and Planned Financial Services, Inc.

Leon Fayonsky, an advisor emeritus with PFI, is also a 50% owner of Action Tax Service, a tax preparation business. While some clients of PFI may also be clients of Action Tax Service, they are under no obligation to do so. There are no referral fee arrangements between Action Tax Service and PFI.

## **Item 11 – Code of Ethics**

It is possible that a PFI-related person could buy or sell securities that he/she recommends to a client. This might occur where a PFI-related person buys a mutual fund also recommended to clients. No PFI-related persons are associated in any capacity with any of the funds utilized for client portfolios. PFI does not recommend individual securities to clients.

PFI has adopted a Code of Ethics and Insider Trading Policies and Procedures governing the personal trading activity of PFI's employees. The Code of Ethics is based on the principle that PFI and its personnel owe a fiduciary duty to clients to conduct their personal securities transactions in a manner that does not interfere with clients' portfolio transactions or take advantage of client relationships.

Any conflicts of interest are dealt with through the reporting provisions of the Code that require pre-clearance of certain personal securities transactions, quarterly and annual reporting of transactions and securities holdings, annual certifications of compliance with the Code, and compliance reviews.

PFI will provide a copy of the Code of Ethics to any client or prospective client upon request. To obtain a copy of PFI's Code of Ethics, please contact Rhonda Scofield at 864-233-7405 or [rscofield@planfist.com](mailto:rscofield@planfist.com).

## **Item 12 – Brokerage Practices**

### **Directed Brokerage**

#### ***Asset Management Services***

PFI expects, absent exceptional circumstances and unless mutually agreed upon otherwise, clients to establish brokerage accounts, including the effecting of trades and custody of assets, with the Schwab Institutional division of Charles Schwab & Co., Inc., a FINRA-registered broker-dealer, member SIPC. In making broker-dealer recommendations, PFI is not obligated to seek in advance competitive bidding for



the most favorable commission rate applicable to any particular transaction for the client's account or recommend any broker or dealer on the basis of its posted commission rate. Accordingly, the recommended broker or dealer may charge commission rates in excess of the amounts another broker or dealer would have charged for effecting transactions. PFI believes that Schwab's commission rates generally are reasonable in relation to the value of the brokerage provided by the broker or dealer. PFI no longer receives client referrals from Schwab. (See following discussion of continued benefits to PFI.)

Not all advisers require or strongly recommend that clients direct brokerage through a specified broker-dealer. In the absence of direction from the client, PFI reserves the right to choose any broker-dealer through which to execute client transactions, consistent with PFI's fiduciary obligation to obtain best execution. In selecting a broker-dealer, PFI may consider, among other things, the broker or dealer's execution capabilities, reputation, and access to the markets for the securities being traded. When placing client trades, PFI might consider the fact that a broker or dealer has provided PFI with products or services related to the investment research and portfolio management process. As a result, the account might pay brokers a commission or transaction charge greater than another qualified broker might charge to effect the same transaction, where PFI determined in good faith that the commission is reasonable in relation to the value of the brokerage and research products or services received by PFI. Such research and/or services generally would be used to service all of PFI's clients.

If mutually agreed to, clients may instruct PFI to execute all transactions through a broker or dealer other than Schwab. In directing the use of a particular broker or dealer, clients may lose out on certain benefits that may otherwise be obtained, and it should be understood that PFI would not have authority to obtain volume discounts. Consequently, clients directing the use of a particular broker may not receive best execution. PFI would attempt to negotiate the commission rate that a client is to pay to the broker-dealer that he or she has directed PFI to use. The client would either approve the commission rate negotiated by PFI or separately determine the commission rate pursuant to his or her own efforts. In either procedure, the authority to negotiate and establish the rate is solely maintained by the client. A disparity in commission charges may exist between the commissions charged to clients by different brokers or dealers.

### ***Separate Account Managers***

Each separate account manager recommended to clients by PFI generally has investment discretion over that portion of the client's accounts managed by the particular separate account manager. The client has a direct contractual relationship with each such separate account manager and receives disclosures from each such manager's practice, including brokerage, aggregation of orders, and use by the investment manager of "soft dollars" to obtain research products and services from broker-dealers based on customer orders placed through the brokers. The designation by a client of a particular broker for execution of client account transactions (particularly if it differs from the brokers used by that manager for execution of most of the manager's other clients' accounts) may affect the commission rates and the method and pricing of execution of the client's account transactions for the portion of the client's portfolio managed by a particular separate account manager.

### ***Schwab Institutional, Division of Charles Schwab & Co.***

PFI participates in Schwab's Institutional Brokerage program. While there is no direct link between the investment advice given and participation in the Institutional Brokerage program, economic benefits are received that would not be received if PFI did not participate in the program. PFI may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc., a FINRA-registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Schwab Institutional provides PFI with access to its institutional trading and operations services that are typically not available to Schwab retail investors.

These services generally are available to independent investment advisors on an unsolicited basis at no charge to them as long as a total of at least \$10 million of the advisor's clients' account assets are

maintained at Schwab Institutional. Schwab Institutional services include research, brokerage, custody, and access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. For PFI clients' accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to PFI other products and services that benefit PFI but may not benefit its clients' accounts. Some of these other products and services assist PFI in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of PFI's fees from its clients' accounts, and assist with back-office support, record keeping, and client reporting. Many of these services generally may be used to service all or a substantial number of PFI's accounts, including accounts not maintained at Schwab Institutional.

Schwab Institutional may also provide PFI with information and consulting services intended to help PFI manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance publications, and marketing. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to PFI.

As a fiduciary, PFI desires to act in its clients' best interest. PFI's expectation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to PFI of the availability of some of these products and services and not solely on the nature, cost, or quality of custody and brokerage services provided by Schwab. PFI recognizes this as a potential conflict of interest.

### ***Additional Compensation***

Through 2006, PFI received client referrals from Charles Schwab & Co., Inc., ("Schwab") through PFI's participation in Schwab Advisor Network™ (the "Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with PFI. Schwab does not supervise PFI and has no responsibility for PFI's management of clients' portfolios or PFI's other advice or services. PFI paid Schwab fees to receive client referrals through the Service. PFI's prior participation in the Service may raise potential conflicts of interest described below.

PFI continues to pay Schwab a Participation Fee on all previously referred clients' accounts that remain in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by PFI is a percentage of the fees the client owes to PFI or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. The Participation Fee is billed to PFI quarterly and may be increased, decreased, or waived by Schwab from time to time. The Participation Fee is paid by PFI and not by the client. PFI has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs PFI charges clients with similar portfolios who were not referred through the Service.

PFI generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from, Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees PFI generally pays in a single year. Thus, PFI has an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees are based on assets in accounts of PFI's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, PFI has incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit PFI's fees directly from the accounts.

For accounts of PFI's clients maintained in custody at Schwab, Schwab does not charge the client separately for custody but receives compensation from PFI's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also receives a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. This might give PFI an incentive to execute trades through Schwab rather than another broker-dealer. PFI acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for PFI's other clients. As a consequence of this, trades for accounts with custody at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

### **Trade Aggregation and Allocation**

Because PFI utilizes mutual funds in managing client portfolios, opportunities to utilize either trade aggregation or trade allocation resulting in cost benefits to clients are not available.

### **Trade Errors**

From time to time PFI may make an error in submitting a trade order on a client's behalf. When this occurs, PFI may place a correcting trade with the broker-dealer that has custody of the client's account. If an investment gain results from the correcting trade, one of three things is the case: (1) the gain will remain in the client's account, unless the same error involved other client account(s) that should have received the gain, (2) it is not permissible for the client to retain the gain, or (3) Schwab confers with the client, and the client decides to forego the gain (e.g., due to tax reasons). If the client chooses not to retain the gain and Schwab is the custodian, Schwab donates the amount of any gain \$100 and over to charity. If a loss greater than \$100 occurs, PFI pays for the loss. Schwab will cover losses that are less than \$100 and any gain less than \$100 that does not remain in the client's account is kept by Schwab to offset its administrative time and expense. Generally, related trade errors resulting in both gains and losses in a client account are netted.

### **Item 13 – Review of Accounts**

While the mutual fund and separate account managers are continuously monitored, client accounts are assigned to and reviewed by a PFI Financial Advisor. The frequency of client reviews varies with market conditions, client withdrawal or contribution frequency, asset allocation target, and other factors. Rebalancing guidelines have been adopted by the Investment Committee and are followed in making account rebalancing decisions. Michael Miller, Principal, and /or Jim Rook, Vice President and Chief Investment Officer, are responsible for overall account supervision.

More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances (including financial goals or requirements and life-changing events), market and political factors, and the economic environment.

Clients are encouraged to call at any time to schedule a consultation or portfolio review.

Clients receive a quarterly performance report in addition to monthly or quarterly custodial statements. The quarterly performance report generally shows the Internal Rate of Return earned on the client's accounts during the preceding 12 month period. It may also contain other information that PFI believes is helpful to its clients.

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

PFI does not have any client referral or solicitation arrangements. Persons or firms who are not clients do not receive economic benefits for providing investment advice or other advisory services to PFI clients other than normal and customary brokerage commissions for effecting client transactions, as described above under “Brokerage Practices.”

#### **Item 15 – Custody**

Clients receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains client's investment assets. PFI urges clients to carefully review such statements and compare such official custodial records to the performance reports that PFI provides. PFI reports are not official statements, and may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

#### **Item 16 – Investment Discretion**

PFI usually receives discretionary authority from the client at the outset of an advisory relationship to select and identify the proportion of assets allocated to fixed income and growth-oriented securities based on the client's risk profile. In all cases, discretion is exercised in a manner consistent with the stated objectives for the particular client account contained in an Investment Management Agreement. Any further investment guidelines and restrictions must be provided to PFI in writing.

PFI also has discretionary authority to add or remove investment managers in an asset class. It may also begin or discontinue investments in any asset class as long as in PFI's judgment these changes do not materially increase the risk level of the client's overall portfolio.

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

As a matter of firm policy and practice, PFI does not have any authority to vote and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients receive their proxies directly from the custodian or a transfer agent and not from PFI. PFI may be contacted by a client for advice concerning a proxy but PFI will not vote a client proxy.

#### **Item 18 – Financial Information**

Under certain circumstances, a registered investment adviser is required to provide to clients financial information or disclosures about its financial condition. No information is required to be provided by PFI, as it does not have any financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and PFI has not been the subject of a bankruptcy proceeding.