

## Item 1 – Cover Page

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This brochure provides information about the qualifications and business practices of Smedley Financial Services, Inc. If you have any questions about the contents of this brochure, please contact James Derrick at (801) 355-8888. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Smedley Financial Services, Inc. is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for our name Smedley Financial Services, Inc. or our firm CRD number **CRD# 110870**.

\*Registration as an investment advisor does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that Smedley Financial Services, Inc. provides to clients as required by applicable rules and regulations. Since our last annual update dated August 2013, we have had no material changes to this disclosure brochure.

In the past our firm has offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new rules, we will ensure that you receive a summary of any material changes to this and subsequent Disclosure Brochures within 120 days after our fiscal year ends. Our fiscal year ends on June 30 so you will receive the summary of material changes no later than October 28 each year. At that time, we will also offer or provide a copy of the most current Disclosure Brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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#### Item 4 – Advisory Business

Roger Smedley founded Smedley Financial Services, Inc.<sup>®</sup> in 1982. Under his leadership the Smedley Financial Team has become known for its ability to deliver focused and proven wealth strategies for affluent clients as well as managed investment portfolios.

The Smedley Wealth Management Team focuses on building relationships through world class client service, specialized private wealth planning solutions, and proven wealth management offerings. We understand that financial choices abound and work to deliver superior solutions to our clients.

As an independent firm, we have the ability to match each product and solution that best meets each client's unique situation.

Our Investment Management Team provides proven investment strategies designed to navigate the changing market environment. Focusing on investment time horizon, diversification, and risk tolerance, each portfolio is designed to provide superior investment opportunities.

In today's financial landscape two things ring true, ethics and integrity are paramount. Smedley Financial applies a company-wide philosophy that centers on putting our client's needs first in all that we do.

Smedley Financial Services, Inc. is an investment advisor registered with the United States Securities and Exchange Commission ("SEC") and is a Corporation formed under the laws of the State of Utah.

- Roger Smedley is the President and majority owner of Smedley Financial Services, Inc. Sharla Jessop is Vice President and a minority owner.
- Smedley Financial Services, Inc. has been registered as an investment advisor since June, 1982.
- We provide fee-based investment advisory services through Smedley Financial Services, Inc. The nature and extent of the specific services provided to clients, including you, will always depend on each client's financial status, objectives and needs, time horizons, concerns, expectations and risk tolerance.
- The advisor representatives of Smedley Financial Services are also licensed as registered representatives with Securities America, Inc. a registered broker/dealer, member FINRA/SIPC, and some of our advisor representatives are also independent insurance agents. When acting in these capacities, our advisor representatives will earn commissions. Our advisory representatives typically spend approximately 40% their time providing commission-based services through Securities America. These potential conflict of interest situations are discussed in more detail at *Item 5, Item 10, Item 12, and Item 14 of this Disclosure Brochure.*
- When providing advisory services, we are able to use various programs sponsored by Securities America Advisors, an investment advisor registered with the SEC and an affiliated company of Securities America, Inc. More details are provided at *Item 5* of this Disclosure Brochure.
- More information about our investment advisor representatives' business and education background can be found at the section titled *Information Required by Part 2B of Form ADV: Brochure Supplement* at the end of this brochure.

### **General Description of Primary Advisory Services**

The following are brief descriptions of Smedley Financial Services, Inc.'s primary services. A detailed description of Smedley Financial Services, Inc.'s services is provided in *Item 5 – Fees and Compensation* so that clients and prospective clients can review the description of services and description of fees in a side-by-side manner.

**Financial Planning Services** - Smedley Financial Services, Inc. provides advisory services in the form of financial planning services. Financial planning services do not involve the active management of client accounts, but instead focuses on a client's overall financial situation. Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. The role of a financial planner is to find ways to help the client understand his/her overall financial situation and help the client set financial objectives.

**Asset Management Services** - Smedley Financial Services, Inc. provides advisory services in the form of Asset Management Services. Asset Management Services involve providing clients with continuous and on-going supervision over client accounts. This means that Smedley Financial Services, Inc. will continuously monitor a client's account and make trades in client accounts when necessary.

**Retirement Plan Services** - Smedley Financial Services offers retirement plan consulting services to retirement plan sponsors and to individual participants in retirement plans. For a corporate sponsor of a retirement plan, our retirement plan consulting services can include, but are not limited to, the following services:

**Fiduciary Services** - Smedley Financial Services provides the following Fiduciary Retirement Plan Consulting Services:

- **Investment Policy Statement Preparation.** Smedley Financial Services will help you develop an investment policy statement. The investment policy statement establishes the investment policies and objectives for the Plan. You will have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the investment policy statement.
- **Discretionary Investment Management Services.** Smedley Financial Services will monitor the investment options of the Plan and add or remove investment options for the Plan. Smedley Financial Services will have discretionary authority to make all decisions regarding the investment options that will be made available to Plan participants.

Smedley Financial Services also provides Fiduciary Management Services through the management of Model Portfolios. Model Portfolios are investment options that are made available to Plan participants. If a Plan has elected to include Smedley Financial Services' Model Portfolios as available options for the qualified retirement plan, then each Plan participant will have the option to elect or not elect the Model Portfolios managed by Smedley Financial Services and will be allowed to impose reasonable restrictions upon the management of each account by written instructions to Smedley Financial Services.

If a Plan elects to make our Model Portfolios available to Plan participants, then Smedley Financial Services will be acting as an Investment Manager to the Plan, as defined by ERISA section 3(38), with respect to the management of the Model Portfolios, and Smedley Financial

Services hereby acknowledges that it is a fiduciary with respect to its management of Model Portfolios for Plan participants.

- **Non-Discretionary Investment Advice.** Smedley Financial Services may provide you with general, non-discretionary investment advice regarding assets classes and investment options, consistent with your Plan's investment policy statement.
- **Investment Selection Services.** Smedley Financial Services may provide you with recommendations of investment options consistent with ERISA section 404(c).
- **Investment Due Diligence Review.** Smedley Financial Services may provide you with periodic due diligence reviews of the Plan's reports, investment options and recommendations.
- **Investment Monitoring.** Smedley Financial Services will assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformation to the guidelines set forth in the investment policy statement. Smedley Financial Services can make non-discretionary recommendations to maintain or remove and replace investment options or if the account is managed on a discretionary basis Smedley will reallocate the portfolios as necessary.
- **Individualized Participant Advice.** Upon request, Smedley Financial Services may provide one-on-one advice to Plan participants regarding their individual situations.

Smedley Financial Services acknowledges that in performing the Fiduciary Consulting Services listed above that it is acting as a "fiduciary" as such term is defined under Section 3(21)(A)(ii) of Employee Retirement Income Security Act of 1974 ("ERISA") for purposes of providing non-discretionary investment advice only. Smedley Financial Services will act in a manner consistent with the requirements of a fiduciary under ERISA if, based upon the facts and circumstances, such services cause Smedley Financial Services to be a fiduciary as a matter of law. However, in providing the Fiduciary Consulting Services, Smedley Financial Services (a) has no responsibility and will not (i) exercise any discretionary authority or discretionary control respecting management of Client's retirement plan, (ii) exercise any authority or control respecting management or disposition of assets of Client's retirement plan, or (iii) have any discretionary authority or discretionary responsibility in the administration of Client's retirement plan or the interpretation of Client's retirement plan documents, (b) is not an "investment manager" as defined in Section 3(38) of ERISA and does not have the power to manage, acquire or dispose of any plan assets, and (c) is not the "Administrator" of Client's retirement plan as defined in ERISA.

### **Non-Fiduciary Services**

Smedley Financial Services provides clients with the following Non-Fiduciary Retirement Plan Consulting Services:

- **Participant Education.** Smedley Financial Services will provide education services to Plan participants about general investment principles and the investment alternatives available under the Plan. Smedley Financial Services' assistance in participant investment education will be consistent with and within the scope of DOL Interpretive Bulletin 96-1. Education presentations will not take into account the individual circumstances of each participant and individual recommendations will not be provided unless otherwise agreed upon.

- **Participant Enrollment.** Smedley Financial Services will assist you with group enrollment meetings designed to increase retirement plan participation among employees and investment and financial understanding by the employees.
- **Qualified Plan Development.** Smedley Financial Services will assist you with the establishment of a qualified plan by working with you and a selected Third Party Administrator. If you have not already selected a Third Party Administrator, we shall assist you with the review and selection of a Third Party Administrator for the Plan.
- **Due Diligence Review.** Smedley Financial Services will provide you with periodic due diligence reviews of your Plan's fees and expenses and your Plan's service providers.
- **Fiduciary File Set-up.** Smedley Financial Services will help you establish a "fiduciary file" for the Plan which contains trust documents, custodial/brokerage statements, investment performance reports, services agreements with investment management vendors, the investment policy statement, investment committee minutes, asset allocation/asset liability studies, due diligence fields on funds/money managers and monitoring procedures for funds and/or money managers.

Although an investment adviser is considered a fiduciary under the Investment Advisers Act of 1940 and required to meet the fiduciary duties as defined by the Advisers Act, the services listed here as non-fiduciary should not be considered fiduciary services for the purposes of ERISA since Advisor is not acting as a fiduciary to the Plan as the term "fiduciary" is defined in Section 3(21)(A)(ii) of ERISA.

The exact suite of services provided to a client will be listed and detailed in the Qualified Retirement Plan Consulting Agreement.

All recommendations of investment options and portfolios will be submitted to the client for the client's ultimate approval or rejection. Therefore, it is always the client's responsibility to accept investment recommendations of Smedley Financial Services and then physically make changes to the plan itself.

In the event a client contracts with Smedley Financial Services for one-on-one consulting services with plan participants, such services are consultative in nature and do not involve Smedley Financial Services implementing recommendations in individual participant accounts. It will be the responsibility of each participant to implement changes in the participant's individual accounts.

We can also meet with individual participants to discuss their specific investment risk tolerance, investment time frame and investment selections.

Retirement plan consulting services are not management services, and Smedley Financial Services does not serve as administrator or trustee of the plan. Smedley Financial Services does not act as custodian for any client account or have access to client funds or securities (with the exception of, some accounts, having written authorization from the client to deduct our fees). In addition, we do not implement any transactions in a retirement plan or participant's account. For retirement plan consulting services, the retirement plan or the plan participant who elects to implement any recommendations made by us is solely responsible for implementing all transactions.

Smedley Financial Services will disclose, to the extent required by ERISA Regulation Section 2550.408b-2(c), to you any change to the information that we are required to disclose under ERISA Regulation Section 2550.408b-2(c)(1)(iv) as soon as practicable, but no later than sixty (60) days from the date on which we are informed of the change (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclose as soon as practicable).

In accordance with ERISA Regulation Section 2550.408b-2(c)(vi)(A), we will disclose within thirty (30) days following receipt of a written request from the responsible plan fiduciary or Plan Administrator (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable) all information related to the Qualified Retirement Plan Consulting Agreement and any compensation or fees received in connection with the Agreement that is required for the Plan to comply with the reporting and disclosure requirements of Title 1 of ERISA and the regulations, forms and schedules issued thereunder.

If we make an unintentional error or omission in disclosing the information required under ERISA Regulation Section 2550.408b-2(c)(1)(iv) or (vi), we will disclose to you the correct information as soon as practicable, but no later than thirty (30) days from the date on which we learn of such error or omission.

### **Specialization**

Smedley Financial Services, Inc. specializes in lifetime income investment planning. Retirees and pre-retirees need a solution that will help increase the probability of providing an income that will last throughout their lives. The solution must address the following goals:

- Deliver a stream of income over a period of years that will keep pace with inflation.
- Implement a strategy that offers the potential to reach long-term investment goals.
- Help preserve principal to either offset increased life expectancy or provide a legacy.
- Reduce risk based on an investment time-frame.
- Manage the emotional side of investing and the impact it has on reaching financial goals.

One solution is lifetime income investment planning. Segmenting assets into separate phases or time horizons is the backdrop of lifetime income investment planning. Each income phase is invested based on a specific group of factors and criteria. The goal is to provide an income distribution level that will keep pace with inflation and will continue throughout the client's lifetime.

### **Limits Advice to Certain Types of Investment**

Smedley Financial Services, Inc. provides investment advice on the following types of investments:

- No-Load (i.e. no trading fee) and Load-Waived (i.e. trading fee waived) Mutual Fund Shares
- Exchange-listed securities (i.e. stocks)
- Securities traded over-the-counter (i.e. stocks)
- Fixed income securities (i.e. bonds)
- Closed-End Funds and Exchange Traded Funds (ETFs)
- Foreign Issues
- Warrants
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- United States government securities
- Interests in partnerships investing in real estate



Smedley Financial Services, Inc. does not provide advice on commercial paper, options contracts on securities and commodities, futures contracts on tangibles and intangibles, interests in partnerships investing in oil and gas interests, hedge funds and other types of private (i.e. non-registered) securities.

When providing asset management services, Smedley Financial Services, Inc. typically constructs each client's account holdings using Mutual Funds, Stocks, Bonds, ETFs, as well as Variable Annuity and Variable Life sub accounts to build diversified portfolios. It is not Smedley Financial Services, Inc.'s typical investment strategy to attempt to time the market but we may increase cash holdings or change allocation weightings as deemed appropriate, based on your risk tolerance, investment models, and our expectations of market behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

*(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)*

### **Participation in Wrap Fee Programs**

Smedley Financial Services, Inc. offers services through both wrap-fee programs and non-wrap fee programs. A wrap fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions. Whenever a fee is charged to a client for services described in this brochure (whether wrap fee or non-wrap fee), Smedley Financial Services, Inc. will receive all or a portion of the fee charged.

### **Tailor Advisory Services to Individual Needs of Clients**

Smedley Financial Services, Inc.'s services are always provided based on the individual needs of each client. This means, for example, that you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with each client on a one-on-one basis using a consultative process which includes interviews and questionnaires to determine the client's values, goals, important relationships, income needs, investment objectives, and suitability information.

When managing client accounts through the firm's Asset Management Services program, we may manage a client's account in accordance with one or more investment models. When client accounts are managed using models, investment selections are based on the underlying model and we do not develop customized (or individualized) portfolio holdings for each client. However, the determination to use a particular model or models is always based on each client's individual investment goals, objectives and mandates.

### **Client Assets Managed by Smedley Financial Services, Inc.**

The amount of client assets managed by Smedley Financial Services, Inc. totaled \$182,002,324.00 as of June 30, 2014. \$182,002,324.00 are managed on a discretionary basis and \$0.00 are managed on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

In addition to the information provide in *Item 4 – Advisory Business*, this section provides additional details regarding our firm's services along with descriptions of each service's fees and compensation arrangements.

As discussed in this disclosure statement, Smedley Financial Services, Inc. offers our clients discretionary investment management and non-discretionary investment consulting services. Our investment advisory services are primarily limited to the management of investment portfolios in accordance with the investment objective(s) of the client. We also offer financial planning, estate planning and investment/non-investment consultations for a separate fee. In the event that we determine to provide any requested consulting services, we may charge a separate and additional fee.

### **Financial Planning and Consulting**

If requested, we will provide our clients with financial planning and/or consulting services (including investment and non-investment-related matters). Our financial planning and consulting fees are negotiable, but between \$200 and \$2,000 on a fixed fee basis and between \$150 and \$500 on an hourly rate basis, depending upon the level and scope of the services required, and the professional(s) rendering the service(s). Prior to engaging us to provide financial planning and/or consulting services you will be required to enter into a *Financial Planning and Consulting Agreement* setting forth the terms and conditions of the engagement, describing the scope of the services to be provided and the fee that is due prior to us commencing services.

Financial planning and consulting fees are charged in advance. If you terminate service after the fifth day, you will receive a refund of any unused portion of planner's fee, with a maximum refund of half of the original financial planning and consulting fee.

If requested, we may provide our clients with cash flow management services. Our fees are charged monthly based on the services required. Prior to engaging us to provide cash flow management services, you will be required to enter into a *Financial Planning and Consultation Agreement* with us setting forth the terms and conditions of the engagement, describing the scope of the services to be provided and the fee that is due on a monthly basis. Cash flow management fees are charged monthly, in advance. If you terminate service after the fifth day, you will receive a prorated portion of the unused cash flow management fee.

In performing its services, we will not be required to verify any information received from you or from your other professionals and is expressly authorized to rely thereon. If requested by our client, we may recommend the services of other professionals for implementation purposes. You are under no obligation to engage the services of any such recommended professional. You retain absolute discretion over all such implementation decisions and are free to accept or reject any of our recommendations. Moreover, each client is advised that it remains his/her/their responsibility to promptly notify us if there is ever any change in his/her/their financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

## **Investment Management**

In the event the client determines to engage Smedley Financial Services, Inc. to provide investment management services, we will do so on a *fee* basis. We are authorized, without prior consultation with the client, to buy, sell and trade in stocks, bonds, mutual funds and other securities and/or contracts relating to the same and to give instructions in furtherance of such authority to the registered broker/dealer and the custodian of assets.

We generally allocate your investment management asset accounts, on a discretionary basis, among one or more of our proprietary asset management programs, whereby we will exchange and/or transfer funds you own among different asset categories within the same (or different) fund family(ies), equities or bonds, in accordance with your investment objective(s). Our proprietary programs have been designed to comply with the requirements of Rule 3a-4 of the *Investment Company Act of 1940*. Rule 3a-4 provides similarly managed investment programs, with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is specifically applicable to our management of client assets:

1. **Initial Interview** - at the opening of the account, we, through our designated representatives, will obtain from you information sufficient to determine your financial situation and investment objectives;
2. **Individual Treatment** – your account is managed on the basis of your financial situation and investment objectives;
3. **Quarterly Notice** - at least quarterly, we will notify you to advise us whether your financial situation or investment objectives have changed, or if you want to impose and/or modify any reasonable restrictions on the management of your account;
4. **Annual Contact** - at least annually, we will contact you to determine whether your financial situation or investment objectives have changed, or if you want to impose and/or modify any reasonable restrictions on the management of your account;
5. **Consultation Available** - We will be reasonably available to consult with you relative to the status of your account;
6. **Statement** - you will be provided with a report, no less than quarterly, for the account for the preceding period;
7. **Ability to Impose Restrictions** - you will have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct us not to purchase certain mutual funds;
8. **No Pooling** - your beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise your account;
9. **Separate Account** - a separate account is maintained for you with the custodian; and
10. **Ownership** - you retain indicia of ownership of the account (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations).

Our investment programs may involve above-average portfolio turnover which could negatively impact the net after-tax gain experienced by an individual client in a taxable account.

We will charge an annual investment management fee either based upon 1) a percentage of the market value of the assets being managed by us, or 2) a fixed fee schedule. The investment management fee is charged depending on the type of client account and will vary (generally between 1.5% and 3.0%) depending upon the market value of assets under management or a fixed fee schedule, as specifically set forth in the *Investment Advisory Agreement* between us and you.

We may charge a fixed fee for investment management, which will be prorated and paid quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter. Fixed fees are paid directly by you. We, in our sole discretion, may charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, historical relationship, related accounts, account composition, negotiations with client, accounts referred to us by another professional, etc.)

If the fee amount changes, you will be notified at least 10 days before payment date.

#### **Envestnet Asset Management Inc. – Model Portfolio Program**

Smedley Financial Services, Inc. has entered in to an agreement with Envestnet Asset Management, Inc. to provide non-exclusive rights to use Model Portfolios created and managed by Smedley Financial Services for providing investment management services to Envestnet's clients.

#### **Model Portfolios provided:**

**SFS Proactive Conservative Growth Portfolio** - is for investors who want low-volatility appreciation on the upside and capital preservation on the downside. We utilize a combination of income, equities and long/short investments designed to preserve and grow this portfolio.

**SFS Proactive Global Strategies Portfolio** - is for investors who want greater international exposure and flexibility than any other SFS portfolio. This exposure to domestic and international markets is flexible to current market conditions. The increase in global diversification provides more potential for higher returns and lower volatility than a wholly domestic or international portfolio.

**SFS Proactive Income Strategies Portfolio** - is for investors who want high income and capital preservation on the downside. We utilize unique strategies for government, corporate and international bonds.

**SFS Proactive Power Yield** – The Power Yield is designed to take advantage of opportunities within the fixed income market. The portfolio is appropriate for investors seeking income and capital appreciation. The portfolio signals are applied to U.S. Treasuries, investment grade bonds, high yield bonds, global bonds, emerging market bonds, and cash.

**SFS Proactive Protected Growth Portfolio** - is for investors who want moderate growth and moderate risk. Its primary focus is to achieve strong performance while diversifying in segments of the market that have a low correlation with equities. The portfolio uses economic analysis and technical indicators to

interpret current market conditions. It utilizes diversification, hedging techniques, fixed-income investments, and cash to help preserve gains.

**SFS Proactive Strategic Growth Portfolio** - is for investors who want growth to the upside with moderate risk. A strategic focus includes long-term perspective in allocation decisions. The portfolio combines this perspective with current economic analysis and technical indicators. It utilizes a combination of sophisticated hedging techniques, fixed-income investments, and cash designed to help preserve gains.

**SFS Proactive Tactical Opportunities Portfolio** - is for investors who want excess returns and diversification. Its primary focus is performance. This tactical approach is focused on understanding current market conditions and turning those into opportunities. The portfolio uses a combination of economic analysis and technical indicators designed to help achieve high risk-adjusted returns.

**SFS Quant Phase2 Intermediate Portfolio** - is for investors who want conservative growth and maximum diversification. It is appropriate for investors with a five-year time horizon. The portfolio utilizes quantitative methods to allocate 100% of its assets to a combination of fixed income and conservative alternative investments. The allocations to asset classes are fixed and calculated with an objective to provide better diversification.

**SFS Quant Phase2 Standard Portfolio** - is for investors who want conservative growth and maximum diversification. It is appropriate for investors with a five year time horizon. The portfolio utilizes quantitative methods to allocate 20% of its assets to equity and 80% to a combination of fixed income and alternative investments. The allocations to asset classes are fixed and calculated with an objective to help provide better diversification.

**SFS Quant Phase3 Intermediate Portfolio** - is for investors who want moderate growth and maximum diversification. It is appropriate for investors with a 10 year time horizon. The portfolio utilizes quantitative methods to allocate 40% of its assets to equities and 60% to a combination of fixed income and alternative investments. The allocations to asset classes are fixed and calculated with an objective to help provide better growth potential without increasing volatility.

**SFS Quant Phase3 Standard Portfolio** - is for investors who want long-term growth and maximum diversification. It is appropriate for investors with a 10 year time horizon. The portfolio utilizes quantitative methods to allocate 60% of its assets to equities and 40% to a combination of fixed income and alternative investments. The allocations to asset classes are fixed and calculated with an objective to help provide better growth potential without increasing volatility.

**SFS Quant Phase4 Intermediate Portfolio** - is for investors who want long-term growth and maximum diversification. It is appropriate for investors with a 15 year time horizon. The portfolio utilizes quantitative methods to allocate 60% of its assets to equities and 40% to a combination of fixed income and alternative investments. The allocations to asset classes are fixed and calculated with an objective to help provide better growth potential without increasing volatility.

**SFS Quant Phase4 Standard Portfolio** – is for investors who want long-term growth and maximum diversification. It is appropriate for investors with a 15 year time horizon. The portfolio utilizes quantitative methods to allocate 80% of its assets to equities and 20% to a combination of fixed income and alternative investments. The allocations to asset classes are fixed and calculated with an objective to help provide better growth potential without increasing volatility.

**SFS Quant Phase5-Plus Standard Portfolio** - is for investors who want long-term growth and maximum diversification. It is appropriate for investors with a 20 plus year time horizon. The portfolio utilizes quantitative methods to allocate 80% of its assets to equities and 20% to a combination of fixed income and alternative investments. The allocations to asset classes are fixed and calculated with an objective to help provide better growth potential without increasing volatility.

**SFS Tax-Efficient Growth Portfolio** - is for investors who want long-term growth, diversification, low taxes, and low internal expenses. The portfolio implements a passive strategy with 80% exposure to a well-diversified selection of equities and 20% to fixed-income holdings. Tax efficiency is derived through its low turnover, municipal bonds, and use of ETFs.

**SFS Tax-Efficient Growth & Income Portfolio** - is for long term investors who want a balanced portfolio. The portfolio provides strong diversification, low taxes, and low internal expenses. It invests in a passive strategy with 60% exposure to a well-diversified selection of equities and 40% to fixed-income holdings. Tax efficiency is derived through its low turnover, municipal bonds, and use of ETFs.

**SFS Tax-Efficient Income Portfolio** - is for long term investors who want a conservative portfolio providing strong diversification, low taxes, and low internal expenses. It invests in a passive strategy with 25% exposure to a well-diversified selection of equities and 75% to fixed-income holdings. To minimize taxes, the portfolio focuses on opportunities in municipal bonds and implements a long-term investment strategy for stocks.

The portfolio models are created using various combinations of investments. Each portfolio model's composition and allocation is typically different based on each individual model's investment selection criteria. This typically yields different results even for similar models. Model composition is subject to change.

#### **Model Portfolio Maintenance**

Smedley Financial Services, Inc. will be required to update and/or change each Model using Envestnet's proprietary trading and portfolio management software. No less than once per month we will also review each Model Portfolio to verify the Model Portfolio's accuracy and completeness.

We will add, remove or adjust Model target positions, manage position level drift parameters for mutual fund Models or "leg-in" order for equities Models, and manage position alternates or equivalencies. We will also provide Envestnet with updates to the Model as changes or amendments are made.

Model updates or changes submitted by us to Envestnet prior to 12:00 p.m. Central Standard Time, will be implemented that business day. For Model updates or changes submitted by us after 12:00 p.m. Central Standard Time, Envestnet will use their best efforts to rebalance on the same business day however you should be aware that certain rebalance instructions may take more than one business day to implement due to security liquidity constraints or the fund company order processing capacity.

We will report portfolio data and portfolio descriptions for each investment strategy to third-party data providers ("Data Providers") used by Envestnet within the timeframes required by such Data Providers to keep portfolio information appearing on the Envestnet platform as current as possible.



### **Smedley Financial Services, Inc. Compensation**

Smedley Financial Services, Inc. will be paid an annual fee of 28 Basis Points (.28%) on the assets being managed in each Model Portfolio. Fees will be accrued on a quarterly basis on the market values of the Client portfolios managed by Envestnet according to the Model as of the close of the last day of the previous quarter and will be paid in arrears within forty-five (45) days following the end of the quarter. For any partial three-month period fees will be appropriately pro-rated based on the number of calendar days in the partial three-month period.

### **Minimum Account Size**

<b>Portfolio Name</b>	<b>Account Minimum</b>
SFS Proactive Conservative Growth	\$25,000
SFS Proactive Global Strategies	\$25,000
SFS Proactive Income Strategies	\$25,000
SFS Proactive Power Yield	\$25,000
SFS Proactive Protected Growth	\$25,000
SFS Proactive Strategic Growth	\$25,000
SFS Proactive Tactical Opportunity	\$25,000
SFS Quant Phase2 Intermediate	\$25,000
SFS Quant Phase2 Standard	\$25,000
SFS Quant Phase3 Intermediate	\$25,000
SFS Quant Phase3 Standard	\$25,000
SFS Quant Phase4 Intermediate	\$25,000
SFS Quant Phase4 Standard	\$25,000
SFS Quant Phase5-Plus Standard	\$25,000
SFS Tax Efficient Growth & Income	\$50,000
SFS Tax Efficient Growth	\$50,000
SFS Tax Efficient Income	\$50,000

### **Retirement Plan Consulting Services**

Smedley Financial Services, Inc. provides retirement plan consulting services to companies who sponsor or are interested in sponsoring a retirement plan for their employees. Services will typically include some or all of the following:

- Assistance with selection and monitoring of the plan investment menu
- Develop model portfolios that can be used for plan participant asset allocation among investment options in the plan
- Manage model portfolios on a discretionary basis
- Education meetings for the plan participants
- Participant level investment advice

Although we recommend the investment options to be offered in the plan, the plan sponsor or trustee will be responsible for making the final determination of the initial investment options that will be offered in the plan. We will develop model portfolios using the investment options selected by the plan sponsor. When contracted for, we will manage the model portfolios on a discretionary basis and will have the discretion to make changes within the models on an as needed basis. We will not at any time maintain custody of plan assets.

For retirement plan sponsors, we charge an annual fee of up to 1.50%.

Fees will be determined based on the total market value of the plan assets, the complexity of the plan, the number of participants, other relationship Smedley Financial Services, Inc. may have with the plan provider or trustees, the level of service to be provided to the plan, the geographical location(s) and number of office locations of the plan sponsor and plan participants.

When determining the fee, we will also take into consideration special situations or conflicts of interest where charging a fee is prohibited under ERISA laws and relationships with the client. The fee is assessed in arrears at the end of each calendar quarter and will be calculated based on the market value of the plan assets at the end of the calendar quarter. Fees for partial periods will be prorated based on the number of days that services were provided during the billing period. The plan trustee will elect to be invoiced for this fee or authorize that the fee be debited from the plan assets.

We also render non-discretionary investment consulting services. When providing non-discretionary investment consulting services, you retain exclusive responsibility for investment implementation, and are free to accept or reject any recommendation from us. We may also provide consulting services to the sponsors of "participant-directed" retirement plans established by the sponsors pursuant to Section 404(c) of *ERISA*. Section 404(c) permits a Plan participant to exercise control over the assets contained in his/her individual retirement account. We provide the plan sponsors with advice relative to the investment alternatives available for plan participants to choose from. In addition, if requested by the sponsor, we will provide plan participants with general impersonal informational seminars and/or materials which describe or explain the various investment options available to them under the plan.

When providing participant level investment advice, each participant will be required to execute an agreement for services with us and advice will be limited to recommendations on investing with in the retirement plan.

For individual participants, we charge a percentage of the participant's account value. The percentage fee ranges up to 1.50% per year. Fees are negotiable based upon the actual services requested and the complexity of the participant's situation.

For retirement plan sponsors and participants, fees are billed in advance (at the start of the billing period) on a quarterly calendar basis and calculated based on the fair market value of your account as of the last business day of the previous billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period. Retirement plan sponsors may also elect to pay all or a portion of fees for the individualized services provided by us to the plan participants.

Fee will be directly deducted from clients' accounts or the client may elect to have an invoice prepared and sent for the fee billing. If the fees are deducted clients will be required to provide the custodian with written authorization to deduct the fees from the account and pay the fees to Smedley Financial Services. We will provide the custodian with a fee notification statement.

Either party may terminate services by providing written termination to the other party. If services are terminated within five business days of executing an agreement for services with us, services will be terminated without penalty. After the initial five business days, you will be responsible for payment of fees for services completed prior to termination of services. If services are terminated mid-period, a prorated fee is charged based on the number of days that services were provided during that period.



Smedley Financial Services does not reasonably expect to receive any other compensation, direct or indirect, for its Services. If we receive any other compensation for such services, we will (i) offset that compensation against our stated fees, and (ii) will disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

### **SAA Managed Opportunities Program**

We have established a relationship with Securities America Advisors, Inc. (SAA), a SEC registered investment advisor, to act as a sub-advisor for SAA's Managed Opportunities Program, a wrap-free program. We only provide impersonal sub-advisory service (e.g., non-discretionary research, recommendations and commentary on recommendations and portfolio models) to SAA. We will not have any information concerning the investment objectives or financial circumstances of an account holder and will not be obligated to or responsible for determining the suitability of any investment advice given or investment decisions made based on individual circumstances and objections of any account. SAA will have sole responsibility for all such individual investment advice. We will not have any discretionary authority over the assets or investment decisions made by or on behalf of any account. SAA will pay us an on-going annualized fee of up to 25 basis points (.25%) based upon the average daily balance of the market value of assets in accounts within the model portfolios for which we provide sub-advisory services to SAA.

A complete description of Managed Opportunities and related fees and charges are described in SAA's Managed Opportunities Form ADV Part 2 Appendix 1 which will be given to all clients prior to or at the time a Managed Opportunities Account is established.

### **Other SAA Programs**

SAA's Financial Advisors Program (FAP) and LifeGuide Program (LifeGuide) are wrap-fee programs providing investment advisory services and execution of client transactions for which the specified fee (or fees) is not based directly upon transactions in the client's account. Under FAP and LifeGuide, we will assist you in the establishment of an FAP or LifeGuide Account (the Account) with SAA. All brokerage transactions in the Account will be processed by SAI, an affiliated broker/dealer of SAA. The brokerage transactions will then be cleared through National Financial Services, LLC (NFS) pursuant to a clearing arrangement established by SAI with NFS. SAA has also entered into agreements with various insurance companies that allow for the management and valuation of client variable annuity accounts with SAA's FAP and/or LifeGuide.

The custody of all funds and securities will be maintained by NFS, insurance companies or other custodians. At no time will SAA, SAI, Smedley Financial Services or our representative's act as custodian of the Account or have direct access to your funds and/or securities. Our representatives implement securities transactions for FAP and LifeGuide client Accounts in their separate capacities as registered representatives of SAI (see disclosure at Item 10 below). The annual management fees charged for this service will be negotiated with each client, with 3% being the maximum management fee that may be charged to clients unless the Account only has mutual funds and then the maximum will be 2.25%. SAA retains up to 20 basis points (.20%) of the annual management fee for FAP Accounts and up to 15% of the annual management fee for LifeGuide Accounts.

A complete description of FAP and related fees and charges are described in SAA's Financial Advisors Program Form ADV Part 2 Appendix 1 Disclosure Brochure that will be given to all clients prior to or at the time an FAP Account is established. A complete description of LifeGuide and related fees and charges are described in SAA's LifeGuide Form ADV Part 2 Appendix 1 Disclosure Brochure that will be given to all clients prior to or at the time a LifeGuide Account is established.

### **Solicitor Referral Program**

We may contract with unaffiliated investment advisors to solicit our investment management services to new clients. Such arrangements will be in compliance with Rule 206(4)-3 of the *Investment Advisers Act of 1940* and any applicable state regulations. Investment advisors referring you on behalf of us must be registered as an investment advisor with the SEC or one or more state regulatory authorities. The outside investment advisor will provide a copy of our Disclosure Brochure, Investment Advisory Agreement and Solicitor's Disclosure Statement to you. Prior to referring you to us, it will be the outside investment advisor's responsibility to interview you in order to ascertain your financial position, investment goals and objectives, investment limitations and reasonable restrictions and risk tolerance. The outside investment advisor will document the findings of such interview and will provide us with a completed profile questionnaire for you. The outside investment firm will recommend to you the strategy that is most appropriately suited to your investment needs in light of the above information gathered. Once the outside investment advisor has selected the strategy most appropriate for you, the outside investment advisor will provide such information to us along with your financial situation and investment objective information. Your accounts will then be managed by us on the basis of your financial situation, investment objectives and stated strategy as provided by you through the outside investment advisor. The outside investment advisor will maintain direct contact with you throughout the duration of the agreement.

Whenever a client is referred by an outside investment advisor, we will have the final authority to accept or reject the client. Compensation to the outside investment advisor will be a percentage of the investment advisor fee charged to you by us in accordance with the fee disclosures previously disclosed in this section. In the event an outside investment advisor's associated persons also serve as registered representatives of a broker/dealer, a portion of the referral fee may be paid by the outside investment advisor to the associated person's broker/dealer (or affiliate of broker/dealer) if registered as an investment advisor.

Clients electing to use the Solicitor Referral Program will be charged a set-up fee equal to the first month's fee. Set-up fees will not be prorated based upon the number of days services were provided. The set-up fee will be deducted directly from the account when the first month's fee is deducted.

### **General Disclosures**

Advisory fees charged are calculated as previously described, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds, or any portion of the funds of an advisory client (15 U.S.C. §80b-5(a)(1)).

Smedley Financial Services, Inc. does not represent, warranty, or imply that the services or methods of analysis employed by the firm can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

We will not maintain custody of client assets. Assets will be maintained by a qualified custodian.

Brokerage commissions and/or transaction ticket fees charged by the custodian and/or clearing broker/dealer are billed directly to you. We do not receive any portion of such commissions or fees from the custodian or client. In addition, you may incur certain charges imposed by third parties other than us in connection with investments made through the account, including but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, and IRA and qualified retirement plan fees. Advisory fees charged by us are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus.

Custody of all investment management accounts will generally be held at an independent custodian. In most cases, the custodian will be NFS or the specific mutual fund or insurance company that issued the mutual fund or variable life/annuity product. In addition to the *Investment Advisory Agreement*, you may be required to execute a separate agreement with the specific custodian, mutual fund and/or insurance company. Both our *Investment Advisory Agreement* and custodial agreement may authorize the designated custodian to debit the account for the amount of our management fee and to directly remit that management fee to us in accordance with required SEC procedures.

Factors which we consider in recommending NFS (or other broker/dealers/custodians) to you include financial strength, reputation, execution, pricing, research and service. Certain broker/dealers/custodians enable us to obtain many no-load mutual funds without transaction charges and other no-load and load waived funds at nominal transaction charges. Broker/dealers and custodians generally charge commission rates which are generally considered discounted from customary retail commission rates.

Although the commissions and/or transaction fees that may be paid by our clients will comply with our duty to obtain best execution, you may pay a commission that is higher than another qualified broker/dealer might charge to effect the same transaction where we determine, in good faith, that the commission is 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 broker/dealer services, including the value of research provided, execution capability, commission rates and responsiveness. Accordingly, although we will seek competitive rates we may not necessarily obtain the lowest possible commission rates for your account transactions. The brokerage commissions and/or transaction fees charged by the designated broker/dealer/custodian are exclusive of, and in addition to, our investment advisory fee.

Custodians and/or broker/dealers generally charge transaction fees and/or commissions for effecting certain mutual fund securities transactions. In addition to our investment management fee, brokerage commissions and/or transaction fees, you will also incur, relative to all mutual fund and variable investment products, charges imposed at the mutual fund and variable investment product level (e.g. advisory fees and other fund expenses). The brokerage commissions, transaction fees and/or custodial fees charged are exclusive of, and in addition to, our investment management fee. Certain of the mutual funds and/or variable life/annuity products which comprise of your investment portfolio may have been purchased by you, prior to, contemporaneous with or subsequent to the engagement of us, through our principals and/or associated persons, in their individual capacities as registered representatives of SAI, for which product sales our principals and/or associated persons may have been paid a commission.

In addition, our principals and/or associated persons, relative to commission mutual fund sales, also in their individual capacities as registered representatives of SAI, may also receive on-going 12b-1 trailing commission compensation from a specific mutual fund company during the period that you maintain the mutual fund investment in your portfolio managed by us. Our investment management fee is exclusive of, and in addition to, any such commission charges.

Certain investment opportunities that become available to our clients may be limited. For example, various mutual funds may, from time to time, limit the number of shares available for purchase by mutual fund asset allocators, such as us. In order to meet our fiduciary duties to all of our clients, we will endeavor to allocate investment opportunities among all clients on a fair and equitable basis. However, except as otherwise provided by federal or state securities laws, we will not be liable for an adverse decision by a mutual fund or insurance company to unilaterally restrict and/or prohibit such asset allocation activities of ours.

In performing our services, we will not be required to verify any information received from you or from your other professionals, and is expressly authorized to rely thereon. You are free to accept or reject any recommendation made by us. Moreover, each client is advised that it remains your responsibility to promptly notify us if there is ever any change in your financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

Our clients are advised to promptly notify us if there are ever any changes in your financial situation or investment objectives or if you wish to impose any reasonable restrictions upon our management services.

Neither Smedley Financial Services or you may assign the *Financial Planning and Consulting Agreement* or the *Investment Advisory Agreement* without the prior consent of the other party. Transactions that do not result in a change of actual control or management of ours will not be considered an assignment.

A copy of our written disclosure statement Form ADV Part 2A will be provided to each client prior to or contemporaneously with the execution of the *Financial Planning and Consulting Agreement* or the *Investment Advisory Agreement*. Any client who has not received a copy of our disclosure statement at 48 hours prior to executing the *Financial Planning and Consulting Agreement* or the *Investment Advisory Agreement* will have five business days subsequent to executing the agreement to terminate our services without penalty.

### **Comparable Services**

We believe our fees for advisory services are reasonable with respect to the services provided and the fees charged by other investment advisors offering similar services. However, lower fees for comparable services may be available from other sources.

### **Compensation for the Sale of Securities or Other Investment Products**

As briefly disclosed in *Item 4 – Advisory Business*, our advisor representatives can sell securities in their separate capacities as registered representatives of Securities America. In addition, they may sell insurance products in their capacities as independent insurance agents for sales commissions.

Some of the advice offered by our advisor representatives may involve investments in mutual fund products. Load and no-load mutual funds may pay annual distribution charges sometimes referred to as

12b-1 fees. However, our advisor representatives do not receive any portion of the 12b-1 fees paid and other compensation such as commissions, loads, trails, etc. when holding mutual funds in FAP accounts. Because we only receive advisory fees charged to clients, there is not an incentive for us to recommend investment products paying commissions and other fees when mutual funds. Therefore, we primarily recommend no-load mutual funds and mutual funds priced at net-asset-value.

When administering non-advisory, non-fee based accounts through Securities America, our advisor representatives will receive normal and customary commissions. This will include a portion of 12b-1 fees, trailer fees, and loads from some investment companies. Clients should be aware that these 12b-1 fees come from fund assets, and thus, indirectly from client's assets. The receipt of these fees could represent an incentive for registered representatives to recommend funds with 12b-1 fees or higher 12b-1 fees over funds with no fees or lower fees, therefore creating a potential conflict of interest. The brokerage commissions charged by SAI may be higher or lower than those charged by other broker/dealers

You are never obligated to use Securities America and you are never obligated to purchase investment products through our investment advisor representatives. You have the option to purchase investment products through other brokers or agents that are not affiliated with Smedley Financial Services.

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

Item 6 is not applicable to this Disclosure Brochure because Smedley Financial Services, Inc. does not charge or accept performance-based fees. Performance-based fees are fees based on a share of capital gains or capital appreciation of the assets held within a client's account.

#### **Item 7 – Types of Clients**

Smedley Financial Services, Inc. generally provides investment advice to the following types of clients:

- Individuals
- High-Net Worth Individuals
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

#### **Minimum Investment Amounts Required**

Securities America Advisors' FAP program requires a minimum account value of \$25,000, and the LifeGuide program requires a minimum account value of \$50,000. For FAP and LifeGuide, we require a minimum account value of \$25,000 and \$50,000 respectively. Smedley Financial's Managed Account Program for Fidelity 403(b) accounts requires a minimum account value of \$25,000. Smedley Financial's Managed Account Program for Independent Custodial Account or Other Custodial Account requires no minimum account value. Minimum account values may be negotiable, depending on type of program and overall client account values.

Financial Planning and Consulting minimum fixed fee is \$200 and the minimum hourly rate is \$150.

The Model Portfolios Managed by Smedley Financial Services have established minimum investment amounts as disclosed in *Item 5 – Fees and Compensation*

All clients are required to execute an agreement for services in order to establish a client arrangement with Smedley Financial Services, Inc. and/or the third-party money manager or the sponsor of third-party money manager platforms.

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

### **Methods of Analysis**

Smedley Financial Services, Inc. uses the following methods of analysis in formulating investment advice:

Charting - The set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

Cyclical - Analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

Fundamental - A method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

Technical - A method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

### **Investment Strategies**

Smedley Financial Services, Inc. uses the following investment strategies when managing client assets and/or providing investment advice:

SFS Proactive Portfolios: Are designed to be risk-averse, market-driven, and performance-oriented. The portfolios seek greater relative returns during periods of growth and better asset protection during



significant market downturns by maintaining flexibility as economic conditions change. They were created with the goal of helping investors combat fluctuating markets.

SFS Quant Phase Portfolios: Were created to enhance income distribution planning. Each of the SFS Quant Phase Portfolios is designed for a specific time horizon, target return, and risk tolerance that match the objectives of each income distribution phase or period.

SFS Tax-Efficient Portfolios: Have a goal to maximize after-tax returns. This is accomplished by keeping turnover low in passive investment vehicles that rarely make capital gains distributions. This leaves the advisor and client with more control over triggering taxable events. These portfolios are also designed to help keep investment costs low.

### **Use of Primary Method of Analysis or Strategy**

Smedley Financial Services, Inc.'s primary method of analysis or strategy is proactive investing. Some of the risks involved with using this method include market risk and active trading risk. Frequent trading of securities may have a positive or negative impact on investment performance. Performance from active trading can be lowered due to an increase in brokerage and other transaction costs.

### **Primarily Recommend One Type of Security**

Smedley Financial Services, Inc. does not primarily recommend only one type of security.

### **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

- Company Risk - When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk - When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors typically receive set, regular payments that face the same inflation risk. High-yield bonds carry increased credit risk related to the quality of the issuing company.
- Foreign and Emerging Market Risk – Entails special risks such as currency fluctuations, political developments, economic and market instability. Emerging Markets involve heightened risk associated with the same factors and may have less liquidity.
- ETF and Mutual Fund Risk – When investing in a an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

### **Item 9 – Disciplinary Information**

Item 9 is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

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

Smedley Financial Services is an independent investment advisory firm and only provides investment advisory services. The firm is not engaged in any other business activities and offers no other services than those described in this Disclosure Brochure.

Smedley Financial Services is **not** and does **not** have a related company that is a:

1. Broker/dealer, municipal securities dealer, government securities dealer or broker,
2. Futures commission merchant, commodity pool operator or commodity trading adviser,



3. Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund),
4. Other investment adviser
5. Financial planning firm,
6. Banking or thrift institution,
7. Lawyer or law firm,
8. Insurance company or agency,
9. Pension consultant,
10. Real estate broker or dealer,
11. Sponsor or syndicator of limited partnerships, or
12. Accountant or accounting firm.

While Smedley Financial Services does not sell products or services other than investment advice, our investment advisor representatives may sell other products or provide services outside of their role with Smedley Financial Services. Our investment advisor representatives concentrate the majority of their efforts toward sales of investments and investment advisory services.

**Relationship with Securities America, Inc.**

Depending on the type of Securities America account that could be used to implement a financial plan or investment strategy, such compensation may include (but is not limited to) advisory program fees; commissions; mark-ups and mark-downs; transaction charges; confirmation charges; small account fees; mutual fund 12b-1 fees; mutual fund sub-transfer agency fees; hedge fund managed futures, and variable annuity investor servicing fees; retirement plan fees; administrative services fees for trust accounts; compensation for directing order flow; and bonuses, awards or other things of value offered by Securities America to the advisor representative.

This compensation to the advisor representative and Securities America may be more or less depending on the product or service the advisor representative recommends. Therefore, the advisor representative may have a financial incentive to recommend that a financial plan be implemented using a certain product or services.

Your representative may be incented to join and remain affiliated with Securities America through certain compensation arrangements which could include bonuses, enhanced pay-outs, forgivable loans and/or business transition loans. Furthermore, there may or may not be production goals associated with the recommendation of a transaction from your representative. The receipt of any such compensation may be considered to be a conflict of interest. We encourage you to review this ADV closely and discuss any potential conflicts of interest with your representative.

The investment advisor representatives of Smedley Financial Services may recommend securities or insurance products offered by Securities America (or other insurance firms), and will receive the normal commissions if products are purchased through them; thus a conflict of interest exists between their interests and those of Smedley Financial Services' clients. Clients are under no obligation to purchase products recommended by investment advisor representatives or to purchase products either through Smedley Financial Services or Securities America.

SAI has established an agreement with EverBank, an FDIC insured Savings Association, to allow SAI registered representatives that are also our associated persons to affiliate with EverBank. In this capacity,

our associated persons may refer clients to EverBank, so that EverBank may provide the clients with banking and mortgage services. The associated persons spend a small amount of their time on this activity. Our associated persons will be compensated for these referrals. However, clients are not obligated to use any of these individuals for banking or mortgage services. EverBank will compensate SAI for these client referrals.

Our principals and/or associated persons devote approximately 40% of their time to securities and life insurance commission business.

#### **Relationship with Securities America Advisors, Inc.**

We have established a relationship with Securities America Advisors, Inc., a registered investment advisor, to act as a sub-advisor in SAA's Managed Opportunities Program, a wrap-fee program. In addition we may use the services of SAA, a registered investment advisor, through FAP and/or LifeGuide when managing assets and, when doing so, SAA will receive a portion of the fees.

#### **Relationship with Envestnet Asset Management Inc. – Model Portfolio Program**

As discussed in the response to *Item 5 – Fees and Compensation* Smedley Financial Services, Inc. has entered in to an agreement with Envestnet Asset Management, Inc. to provide non-exclusive rights to use Model Portfolios created and managed by Smedley Financial Services for providing investment management services to Envestnet's clients.

#### **Insurance Sales Activities**

Some investment advisor representatives are licensed to provide insurance services to clients. Insurance products are provided to clients for personal, estate and business need to minimize clients' exposure to identified risks. Although clients are under no obligation to purchase insurance products recommended by investment advisor representative in their separate capacities and insurance agents, clients often purchase such products when needs arise. For clients of Smedley Financial Services who purchase products causing commissions to be generated these are paid to the investment advisor representatives in their separate capacities as insurance agents. For those investment advisor representatives who are insurance licensed, this activity varies throughout the year.

You are never obligated or required to purchase insurance products through one of our advisor representatives licensed as insurance agents. However, when acting as an insurance agent, our advisor representatives can help you purchase insurance products and will receive separate compensation (i.e. insurance commissions) in addition to investment advisory fees charged by Smedley Financial Services. Clients that choose to purchase insurance products through one of our advisor representatives should be aware they will generally only recommend insurance products of those companies for whom they are sales agents and with which they are familiar with the benefits, exclusions and other terms.

Because our advisor representatives will receive commissions for selling insurance products, there is a conflict of interest in that they may recommend policies to clients that do not require or need insurance. To control for this conflict of interest and to be consistent with our firm's fiduciary duty, our advisor representatives strive to recommend insurance products only to those clients who need new or additional insurance coverage.

#### **Third-Party Money Managers**

Smedley Financial Services Financial Services, Inc., does not recommend third-party money managers.

## **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

### **Code of Ethics Summary**

#### **Investment Policy**

None of our employees may effect for himself or herself or for his or her immediate family (i.e. spouse, minor children) (collectively Covered Persons), any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of our clients, unless in accordance with the following firm procedures.

#### **Firm Procedures**

In order to implement our investment policy, the following procedures have been put into place with respect to us and its Covered Persons:

- (1) If we are purchasing or considering for purchase any security on behalf of you, no Covered Persons may transact in that security prior to your purchase having been completed by us or until a decision has been made not to purchase the security on your behalf;
- (2) If we are selling or considering the sale of any security on your behalf, no Covered Persons may transact in that security prior to us completing the sale on your behalf or until a decision has been made not to sell the security on your behalf.

#### **Exceptions**

- (1) This investment policy has been established recognizing that some securities being considered for purchase and sale on behalf of our clients trade in sufficiently broad markets to permit transactions by clients to be completed without any appreciable impact on the markets of the securities. Under certain circumstances, exceptions may be made to the policies stated above.

Records of these trades, including the reasons for the exceptions, will be maintained with the our records.

- (2) Open-end mutual funds and/or the investment subdivisions which may comprise a variable insurance product are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase or redemption. As such, transactions in mutual funds and/or variable insurance products by Covered Persons are not likely to have an impact on the prices of the fund shares in which clients invest, and are, therefore, not prohibited by our Investment Policy and Procedures.

We are and will continue to be in compliance with *The Insider Trading and Securities Fraud Enforcement Act of 1988*. In accordance with Section 204A of the *Investment Advisers Act of 1940*, we also maintain and enforce written policies reasonably designed to prevent the misuse of material nonpublic information by us or any person associated with us.

According to the *Investment Advisers Act of 1940*, an investment advisor is considered a fiduciary. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts. In addition, an investment advisor has a duty of utmost good faith to act solely in the best interest of each client. We and our associated persons have a fiduciary duty to all clients. We have established a Code of Ethics which all associated persons must read and then execute an acknowledgement agreeing that they understand and agree to comply with our Code of Ethics. We and associated persons' fiduciary duty to clients is considered the core underlying principle for our Code of Ethics and represents the expected basis for all associated persons' dealings with clients. We have the responsibility to make sure that the interests of clients are placed ahead of ours or our associated persons' own investment interests. All associated persons will conduct business in an honest, ethical and fair manner. All associated persons will comply with all federal and state securities laws at all times. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to services being conducted. All associated persons have a responsibility to avoid circumstances that might negatively affect or appear to affect the associated persons' duty of complete loyalty to their clients. This section is only intended to provide current clients and potential clients with a description of our Code of Ethics. If current clients or potential clients wish to review our Code of Ethics in its entirety, a copy may be requested from any of our associated persons and a copy will be provided promptly.

#### **Affiliate and Employee Personal Securities Transactions Disclosure**

Smedley Financial Services, Inc. or our associated persons may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a potential conflict of interest. It is the express policy of Smedley Financial Services, Inc. that all persons associated in any manner with our firm must place the interests of our clients ahead of their own when implementing personal investments. Smedley Financial Services, Inc. and its associated persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry. In order to minimize this conflict of interest, securities recommended by Smedley Financial Services, Inc. are widely held and publicly traded.

### **Item 12 – Brokerage Practices**

**1. Research and Other Soft Dollar Benefits** Smedley Financial Services, Inc. has no Soft Dollar agreements with any broker/dealer.

**2. Brokerage for Client Referrals** Smedley Financial Services, Inc. does not direct brokerage in return for client referrals.

Clients are under no obligation to act on the financial planning recommendations of Smedley Financial Services, Inc. If the firm assists in the implementation of any recommendations, we are responsible to ensure that the client receives the best execution possible.

We are limited in the broker/dealer or custodians that we are allowed to use due to our relationship with Securities America. Securities America may limit or restrict the broker/dealer or custodial platforms for its registered representatives that are also independently licensed due to its duty to supervise the transactions implemented by these individuals.

Although not a material consideration when determining whether to recommend that you utilize the services of NFS (or other designated broker/dealer/custodian), we may receive from NFS (or such other

designated broker/dealer/custodian), without cost (and/or at a discount), support services and/or products which assist us to better monitor and service client accounts maintained at NFS (or such other designated broker/dealer/custodian).

Our associated persons sell securities and insurance products in their separate capacities as registered representatives and independent insurance agents and may earn sales commissions. Some of the advice offered by our associated persons involves investments in mutual fund products. Load and no-load mutual funds may pay annual distribution charges sometimes referred to as 12(b)-1 fees. Our associated persons may receive a portion of these 12(b)-1 fees from some investment companies in their separate capacities as registered representatives. You should be aware that these 12(b)-1 fees come from fund assets, and thus, indirectly from your assets. The receipt of these fees could represent an incentive for our associated persons to recommend funds with 12(b)-1 fees or higher 12(b)-1 fees over funds with no fees or lower fees, therefore creating a potential conflict of interest.

From time to time we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made.

In addition, in seeking best execution through NFS (or any other custodian), 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 broker/dealer services, including historical relationship, reputation, financial strength, the value of research provided, execution capability, commission rates and responsiveness.

**Execution of Brokerage Transactions (when applicable)** In seeking best execution, the determinative factor is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker/dealer's services including the value of research provided, execution capability, commission rates and responsiveness. Accordingly, although we will seek competitive commission rates, we may not necessarily obtain the lowest possible commission rates for account transactions.

Consistent with obtaining best execution, transactions for the client's account may be effected through broker/dealers in return for research products and/or services which assist us in our investment decision making process. Such research generally will be used to service all of our clients (including accounts that may not generate commissions used to pay for investment research), but brokerage commissions paid by the client may be used to pay for research that is not used in managing the client's account. The account may pay to a broker/dealer a commission greater than another qualified broker/dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received.

### **Handling Trade Errors**

Smedley Financial Services, Inc. has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is our policy

to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by us if the error was caused by the firm. If the error is caused by the broker-dealer, the broker-dealer will be responsible for handling the trade error. If an investment gain results from the correcting trade, the gain will remain in the client's account unless the same error involved other client account(s) that should also receive the gains and it is not permissible for all clients to retain the gain. We may also confer with client to determine if client should forego the gain (e.g., due to tax reasons).

Smedley Financial Services, Inc. will never benefit or profit from trade errors.

### **Block Trading Policy**

Transactions implemented by Smedley Financial Services, Inc. for client accounts are entered independently.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

For those clients to whom we provide investment supervisory services, account reviews are conducted on an on-going basis by our principal and/or associated persons. All of our investment supervisory clients are advised that it remains their responsibility to advise us of any changes in their investment objectives and/or financial situation. All clients (in person or telephonically) are encouraged to comprehensively review investment objectives and account performances with us on an annual basis.

Clients to whom we provide financial planning services are advised that it remains their responsibility to inform us of any changes in their financial situation, goals and/or investment objectives. All financial planning clients are encouraged to meet annually for a comprehensive review.

### **Statements and Reports**

You will receive monthly statements from the account custodian or clearing firm, if your account(s) have activity during the month. If the account does not have any monthly activity, an account statement is provided by the account custodian or clearing firm at least quarterly. Such statements will show any activity in the account, as well as period ending position balances. You will also receive a confirmation from the custodian or clearing firm of each purchase and sale transaction that occurs within Financial Advisors Program accounts.

Clients may request on-demand client position reports from Smedley Financial Services, Inc. The performance information provided is believed to be accurate but cannot be guaranteed. We cannot guarantee the accuracy of fund values, securities' and other information obtained from third parties

Clients participating in FAP and/or LifeGuide may receive quarterly, monthly or on-demand reports showing the investment performances of their accounts from Securities America Advisors, Inc. or Smedley Financial Services, Inc.



We encourage you to compare the reports and correspondence received from Smedley Financial Services with the account statements and confirmations received from the account custodian. Inquiries or concerns regarding the account, including performance reports, should be directed to Smedley Financial Services or the account custodian at the phone number listed on the account statement.

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

Smedley Financial Services, Inc. has arrangements in which we may reimburse investment advisors using our sub-advisor services for special events and/or marketing materials, such as seminars, client appreciation dinners or client outings. We may also provide reimbursement to investment advisors not affiliated with us or SAA.

Smedley Financial Services, Inc. and our associated persons may enter into arrangements with unaffiliated individuals, firms and/or introducing investment advisors (collectively referred to as Solicitors) who will refer clients that may be candidates for our investment advisory services. In return, we will agree to compensate the Solicitor for the referral. Compensation to the Solicitor is dependent on the client entering into an advisory agreement with us. Compensation to the Solicitor will be a percentage of the investment advisory fee charged to the client or a flat fee depending on the type of advisory services we provide to clients.

Smedley Financial Services, Inc.'s referral program will be in compliance with Rule 206(4)-3 of the *Investment Advisers Act of 1940*, and any applicable state regulations.

Smedley Financial Services, Inc. or SAA may invest a portion of client's assets in mutual funds or variable annuities and charges an investment management fee on client's assets invested in these securities. Therefore, clients may pay two levels of advisory fees for the management of their assets, one directly to us or SAA and one indirectly to the managers of the mutual funds or variable annuities held in their portfolios.

Solicitation/referral fees are paid pursuant to a written agreement retained by both Smedley Financial Services, Inc. and the Solicitor. The Solicitor will be required to provide the client with a copy of our Form ADV Part 2 and a Solicitor Disclosure Document prior to or at the time of entering into any investment advisory contract with us. The Solicitor is not permitted to offer clients any investment advice on behalf of, or as an agent of, Smedley Financial Services, Inc. However, if the Solicitor is also licensed as an investment advisor, the Solicitor may provide the client with investment advisory services separately or in connection with the services provided by us.

Typically, the advisor fee charged to clients will not increase as a result of compensation being shared with the Solicitor. However, certain clients may pay more to obtain Smedley Financial Services, Inc.'s investment advisory services as a result of being referred by a Solicitor than if the client had engaged us for its services independent of the Solicitor. Any additional compensation is retained by the Solicitor, and not by us, for the consulting and monitoring services provided to the client in connection with the client's engagement of Smedley Financial Services, Inc. Such arrangements, and their terms and conditions, are determined between the client and the Solicitor.

In the event the Solicitor also serves as a registered representative of a broker/dealer, a portion of the referral fee may be paid by the Solicitor to the broker/dealer (or affiliate of broker/dealer) if registered as an investment advisor.

### **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented. According to this definition, Smedley Financial Services, Inc. does not have custody of client funds or securities.

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

Through its asset management services and upon receiving written authorization from a client, Smedley Financial Services, Inc. will maintain trading authorization over client accounts. Upon receiving written authorization from the client, Smedley Financial Services, Inc. may implement trades on a **discretionary** basis. When discretionary authority is granted, Smedley Financial Services, Inc. will have the authority to determine the type of securities and the amount of securities that can be bought or sold. However, it is the policy of Smedley Financial Services, Inc. to consult with the client prior to making significant changes in the account even when discretionary trading authority is granted by the client.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, Smedley Financial Services, Inc. will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

All clients have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. Clients may also place reasonable limitations on the discretionary power granted to our firm so long as the limitations are specifically set forth or included as an attachment to the client agreement.

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

**Proxy Voting Policy** We do not vote client proxies. Therefore, although we may provide investment advisory services relative to client investment assets, our clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client



shall be voted and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Smedley Financial Services, Inc. and/or the client will correspondingly instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

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

This item is not applicable to this brochure. Smedley Financial Services, Inc. does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Smedley Financial Services, Inc. has not been the subject of a bankruptcy petition at any time (*Please refer to Information Required by Part 2B of Form ADV: Brochure Supplement for more information*).

## CUSTOMER PRIVACY POLICY NOTICE

Smedley Financial Services, Inc.<sup>®</sup> is committed to safeguarding the confidential information of our clients. We hold all personal information provided to our firm in the strictest confidence. Our investment advisor representatives may also be registered representatives of Securities America, Inc., (“SAI”) a registered broker-dealer that is not affiliated with our firm. We may also have relationships with other nonaffiliated firms, including, but not limited to, investment advisor firms, such as Securities America Advisors, Inc. (“SAA”) an affiliate of SAI, insurance companies, trust companies, custodians, other financial institution entities, and unaffiliated service providers, such as independent contractors, and internet web providers. Except as required or permitted by you or by law, we do not share confidential information about you with nonaffiliated third parties. In the unlikely event there were to be a change in this fundamental policy that would permit additional disclosures of your confidential information, we will provide written notice to you, and you will be given an opportunity to direct us as to whether such disclosure is permissible.

### AN IMPORTANT NOTICE CONCERNING OUR CLIENTS’ PRIVACY.

**CLIENT INFORMATION WE COLLECT.** We collect and develop personal information about you, and some of that information is nonpublic personal information (“Client Information”). The essential purpose for collecting Client Information is to provide and service the financial products and services you obtain from our firm. The categories of Client Information collected by us depend upon the scope of the engagement with us and are generally described below. As an investment adviser, we collect and develop Client Information about you in order to provide investment advisory services. Client Information we collect includes:

- Information we receive from you on financial inventories through consultation with our representatives. This Client Information may include personal and household information such as income, spending habits, investment objectives, financial goals, statements of account, and other records concerning your financial condition and assets, together with information concerning employee benefits and retirement plan interests, wills, trusts, mortgages and tax returns.
- Information developed as part of financial plans, analyses or investment advisory services.
- Information concerning investment advisory account transactions, such as wrap account transactions.
- Information about your financial products and services transactions with us.

**DATA SECURITY.** We restrict access to Client Information to those representatives and employees who need the information to perform their job responsibilities within our firm. We maintain agreements, as well as physical, electronic and procedural securities measures that comply with federal regulations to safeguard Client Information about you.

**USE AND DISCLOSURE OF CLIENT INFORMATION TO PROVIDE CLIENT SERVICE FOR YOUR ACCOUNTS.** To administer, manage and service customer accounts, process transactions and provide related services for your accounts, it is necessary for us to provide access to Customer Information within our firm and to nonaffiliated companies such as SAI, SAA, other investment advisers, other broker-dealers, trust companies, custodians and insurance companies, and unaffiliated service providers, such as independent contractors, and internet web service providers. We may also provide Client Information outside of our firm as permitted by you or by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.

**FORMER CLIENTS.** If you close an account with our firm, we will continue to operate in accordance with the principles stated in the notice.

**REQUIREMENTS OF FEDERAL LAW.** In November of 1999, Congress enacted the Gramm-Leach-Bliley Act ("GLBA"). The GLBA requires certain financial institutions, including broker-dealers and investment advisors, to protect the privacy of Client Information. To the extent a financial institution discloses Client Information to nonaffiliated third parties other than as permitted by you or required by law, clients must be given the opportunity and means to opt out (or prevent) such disclosure. Please note that we do not disclose Client Information to nonaffiliated third parties except as permitted by you or required by law (e. g., disclosures to service your account or to respond to subpoenas). All Client Information to nonaffiliated third parties except as permitted by you or required by law (e. g., disclosures to service your account or to respond to subpoenas). All Client Information obtained through SFS is kept private and confidential.