

# Disclosure Brochure

March 3, 2014

## **Select Financial Group, LLC**

*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Select Financial Group, LLC (hereinafter "Select Financial Group" or the "firm"). If you have any questions about the contents of this brochure, please contact John P. Abriola at (412) 276-5010. 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 Select Financial Group, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Select Financial Group, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

### **Item 2. Material Changes**

This Item discusses only the material changes that have occurred since Select Financial Group's last annual update dated March 21, 2013. While minor revisions have been made to the content of this brochure, there are no material changes to disclose pursuant to this Item.

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## Item 4. Advisory Business

Select Financial Group, LLC is an independent, SEC registered investment adviser providing businesses and affluent individuals with comprehensive personal and professional wealth management services. Founded in 1992 by the firm's managing member and principal owner, John P. Abriola, Select Financial Group is driven by its mission to help build the assets of its clients through long-term, effective asset management based on honest, straightforward professional advice, meticulous attention to detail and timely, pertinent communication.

Wealth management functions offered by the firm include a variety of financial planning and consulting services, as well as portfolio management. Select Financial Group not only relies on its team members' substantive knowledge and customer service commitment, but also the firm's ability to harness certain of the industry's most advanced technology. Through powerful web-based knowledge management resources, Select Financial Group strives to use its capabilities to the fullest and offer clients personalized asset analysis, allocation and independent investment advice.

As of December 31, 2013, Select Financial Group had \$179,789,652 in assets under management, of which \$58,371,882 was managed on a discretionary basis and \$121,417,770 was managed on a non-discretionary basis.

Prior to engaging Select Financial Group to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with Select Financial Group setting forth the terms and conditions under which Select Financial Group renders its services (collectively the "*Agreement*").

This Disclosure Brochure describes the business of Select Financial Group. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of Select Financial Group's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on Select Financial Group's behalf and is subject to Select Financial Group's supervision or control.

### Financial Planning and Consulting Services

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As stated above, Select Financial Group provides clients with a broad range of comprehensive financial planning and consulting services addressing substantially all aspects of its clients' finances. Among the range of investment and non-investment related matters these service may address include:

- Retirement planning;
- Risk management;
- Estate planning;
- Employee retirement plans;
- Educational funding;
- Wealth transfer strategies;
- Charitable giving;
- Insurance needs;
- Long-term care contingencies; and
- Tax planning and preparation.

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Select Financial Group may provide these financial planning and consulting services as a standalone service offering. Alternatively, the firm may provide certain consulting and financial planning services, in conjunction with portfolio management, as part of its comprehensive wealth management services.

In performing its services, Select Financial Group is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Select Financial Group may recommend the services of itself, its *Supervised Persons* in their individual capacities as registered representatives of a broker-dealer, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Select Financial Group recommends its own services. The client is under no obligation to act upon any of the recommendations made by Select Financial Group under a financial planning or consulting engagement or to engage the services of any such recommended professional, including Select Financial Group itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Select Financial Group's recommendations. Clients are advised that it remains their responsibility to promptly notify Select Financial Group if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Select Financial Group's previous recommendations and/or services.

### Investment Management and Wealth Management Services

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Clients can engage Select Financial Group to manage all or a portion of their assets on a discretionary or non-discretionary basis. The firm provides these investment management services either as part of its comprehensive wealth management offering (in combination with ongoing financial planning and consulting services) or under a standalone engagement.

Select Financial Group primarily allocates clients' investment management assets among individual debt and equity securities, various no-load and load-waived mutual funds, and exchange-traded funds ("ETFs"), as well as *Independent Managers* (as defined below). Select Financial Group may also provide investment advice or make recommendations concerning any other type of direct participation or partnership interest, including, without limitation:

- Investments in real estate;
- Oil and gas interests;
- Real estate investment trusts ("REITs");
- Collateralized mortgage obligations;
- Derivative securities;
- Equipment leasing; and
- Various tax-favored partnerships engaged in a variety of activities.

In addition, Select Financial Group may provide advice about insurance products, as well as any type of legacy positions or investments otherwise held in a client's portfolio. Select Financial Group also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, or other products that may not be held by the client's primary custodian. In so doing, Select Financial Group either directs or

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recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

Select Financial Group tailors its advisory services to the individual needs of clients. Select Financial Group consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. Select Financial Group ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify Select Financial Group if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Select Financial Group's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in Select Financial Group's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

### Use of Independent Managers

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In addition, Select Financial Group recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers ("*Independent Managers*"), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the *Independent Managers* are set forth in separate written agreements between Select Financial Group or the client and the *Independent Managers*. The firm renders services to the client relative to the discretionary selection or non-discretionary recommendation of *Independent Managers*. Select Financial Group also monitors and reviews the account performance and the client's investment objectives. The firm receives an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated *Independent Managers*.

When recommending or selecting an *Independent Manager* for a client, Select Financial Group reviews information about the *Independent Manager* such as its disclosure brochure and/or material supplied by the *Independent Manager* or independent third parties for a description of the *Independent Manager's* investment strategies, past performance and risk results to the extent available. Factors that Select Financial Group considers in recommending or selecting an *Independent Manager* include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated *Independent Managers*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, Select Financial Group's investment advisory fee set forth above. As discussed above, the client may incur additional fees than those charged by Select Financial Group, the designated *Independent Managers*, and corresponding broker-dealer and custodian.

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In addition to Select Financial Group's written disclosure brochure, the client also receives the written disclosure brochure of the designated *Independent Managers*. Certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than Select Financial Group. In such instances, Select Financial Group may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

### **Independent Investment Programs**

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Select Financial Group may recommend that clients participate in one or more independent investment management programs (collectively, "*Independent Investment Programs*").

A complete description of the terms and conditions (including fees) of these *Independent Investment Programs* are contained in each respective program's Disclosure Brochure and/or Wrap Fee Program Brochure, if applicable. This written brochure is provided to each client pursuant to Rule 204-3 of the Investment Advisers Act of 1940. Clients should read it thoroughly prior to investing.

### **SEI Asset Management Program**

The firm recommends that many clients invest in the SEI Asset Management Program ("*SEI Program*"). The *SEI Program* is a program whereby Select Financial Group makes the SEI family of *Independent Managers* and mutual funds available to its clients. SEI does not have an advisory relationship with the client and is not an investment adviser in this instance, although other *Independent Managers* may be made available under the *SEI Program*.

Select Financial Group assists the client in selecting a relevant mutual fund asset allocation model, or separately managed accounts, or a combination of both mutual funds and separately managed accounts. The client may also purchase the individual mutual funds without choosing one of the asset allocation models.

Within the SEI mutual fund asset allocation models, SEI rebalances the client's portfolio to maintain the proper asset allocation to each asset class pursuant to the firm's written instruction. Clients may choose whether or not to have automatic re-balancing to mutual fund asset allocation models. If and when the firm provides instruction to rebalance, SEI exercises the discretion to provide these re-balancing services. Portfolios that are comprised of SEI's separately managed accounts and SEI's mutual funds to form an asset allocation model will be rebalanced periodically to fit the investment objectives of the client.

SEI Trust Company (a subsidiary of SEI Investments Company) acts as the transfer agent and custodian for the investor's account. SEI Trust Company provides reporting services including consolidated monthly statement, quarterly performance reports, and year-end tax reports.

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### ***Royal Advisory Services Account Program***

Select Financial Group may also offer its clients the Royal Advisory Services Account Program (“*RASA Program*”). The *RASA Program* is a comprehensive, personal investment management program which provides clients with access to *Independent Managers* who provide investment advice to client portfolios consisting of individual debt and equity securities and mutual funds.

### ***Wealth Management Platform – Advisor Managed Portfolio Program***

The firm may recommend that certain advisory clients invest in the Wealth Management Platform – Advisor Managed Portfolios Program (“*WMP AMP Program*”). The *WMP AMP Program* provides comprehensive investment management of clients’ assets through the application of asset allocation planning software as well as the provision of execution, clearing and custodial services through Pershing, LLC (“*Pershing*”).

The *WMP AMP Program* provides risk tolerance assessment, efficient frontier plotting, fund profiling and performance data, and portfolio optimization and re-balancing tools. Utilizing these tools, Select Financial Group constructs a portfolio of investments for the client based on the client’s responses to a risk tolerance questionnaire and discussions with the firm regarding, among other things, investment objectives, risk tolerance, investment time horizon, account restrictions, and overall financial situation. This portfolio may consist of mutual funds, exchange traded funds, equities, options, debt securities, variable life, variable annuity sub-accounts (certain restrictions may apply) and other investments.

Each portfolio is designed to meet the client’s individual needs, stated goals and objectives and each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

### ***Wealth Management Platform – SMA and UMA Account Program***

Certain advisory clients may also be invested in the Wealth Management Platform – SMA and UMA Account Program (“*WMP SMA/UMA Program*”). The *WMP SMA/UMA Program* provides suitable clients with the opportunity to invest their assets across multiple investment strategies and asset classes by implementing an asset allocation strategy. The *WMP SMA/UMA Program* is sponsored by VISION2020 Wealth Management Corp. (the “*Program Sponsor*”).

Select Financial Group presents the client with a *WMP SMA/UMA Program* asset allocation model for client approval which consists of: (i) third party money managers who manage client funds according to a particular equity or fixed income model or strategy, (ii) no-load mutual funds, (iii) ETFs, or (iv) any combination thereof. *WMP SMA/UMA Program* investments are managed according to the selected *WMP SMA/UMA Program* asset allocation model. These models consist of a separately managed account or a series of separately managed accounts (collectively, “*SMA Account*”) or a unified managed account (“*UMA Account*”).



### ***Wealth Management Platform – Model Portfolio Program***

In addition, certain advisory clients may be invested in the Wealth Management Platform - Model Portfolio Program ("*WMP Model Portfolios Program*"), which offers clients managed asset allocation models of mutual funds or ETFs diversified across various investment styles and strategies. The allocation models are constructed by portfolio managers, which recommend mutual fund allocation models using load-waived or no-load mutual funds. The cost of purchasing and holding mutual fund shares through the *WMP Model Portfolios Program* may be more or less than investing in mutual fund shares in a brokerage account, depending upon the amount of the advisory fees and the specific mutual funds selected for investment within the *WMP Model Portfolios Program*.

Based upon the risk tolerance of each client, the *WMP Model Portfolios Program* utilizes a system that selects a specific asset allocation model which may contain either (1) a combination of mutual funds, or (2) a combination of ETFs. Whether mutual funds or ETFs are used will depend on which program is used. Select Financial Group and the client select an asset allocation model. After such determination is made, Select Financial Group, with the assistance of the *Program Sponsor* (as defined above), opens a *WMP Model Portfolios Program* account and client assets are invested in the specific investments contained within the recommended asset allocation model.

The *WMP Model Portfolios Program* is governed by an advisory client agreement signed between client, Select Financial Group, as adviser, and the *Program Sponsor*, as co-adviser. With the client's assistance, the firm determines initial and ongoing suitability of the *WMP Model Portfolios Program* selected. As co-adviser, the *Program Sponsor* provides monitoring and reviews of the asset allocation models. The *Program Sponsor* has the discretion to modify and/or rebalance a *WMP Model Portfolios Program* manager's allocation model and its associated client accounts without client consent, consistent with the client's agreed upon investment objectives and risk tolerance.

Regardless of the portfolio manager, there can be no assurance that any of the investment goals for a client account will be met or that the net return on an investment in a portfolio of the funds will exceed what could have been obtained through other investment or savings strategies.

### **Russell Investment Management Company**

The Russell Investment Company Funds ("*Russell Funds*") are managed by Russell Investment Management Company and other managers as disclosed by the respective prospectus for each of the Russell Funds. The assets within the client account are invested in a recommended asset allocation model of Russell Funds suitable to the risk tolerance and investment objectives of the client. If suitable, assets may be invested in an asset allocation model of Russell Funds designed to help minimize taxable events. The *Program Sponsor* is responsible for rebalancing the portfolio of Russell Funds, generally in accordance with the instructions provided by Russell Investment Management Company.

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### OAM Avatar, LLC

The *WMP Model Portfolios Program* portfolio manager, OAM Avatar, LLC (“Avatar”), provides asset allocation models composed of between 20 and 35 ETFs across different asset classes and industry sectors. The assets within the client account are invested in a recommended asset allocation model of ETF Funds suitable to the risk tolerance and investment objectives of the client. The *Program Sponsor* is responsible for rebalancing the portfolio of ETFs within the client account generally in accordance with the instructions provided by Avatar.

### SunAmerica Asset Management Company

The *WMP Model Portfolios Program* portfolio manager, SunAmerica Asset Management Company (“SAAMCo”), provides asset allocation models composed of SunAmerica mutual funds (“SunAmerica Funds”). The assets within the client account are invested in a recommended asset allocation model of SunAmerica Funds suitable to the risk tolerance and investment objectives of the client. The *Program Sponsor* is responsible for rebalancing the portfolio of mutual funds within the client account generally in accordance with the instructions provided by SAAMCo. SAAMCo is an affiliate of the *Program Sponsor*.

### LWI Financial Inc.

The *WMP Model Portfolios Program* portfolio manager, LWI Financial Inc. (“LWI”) provides asset allocation models composed of SA Funds which are advised and administered by LWI and sub-advised by Dimensional Fund Advisors, Inc. (“DFA”); or a group of mutual funds advised by DFA (“DFA Funds”) mutual funds. The assets within the client account are invested in a recommended asset allocation model of SA and DFA Funds (collectively, “SA/DFA Funds”) suitable to the risk tolerance and investment objectives of the client. The *Program Sponsor* is responsible for rebalancing the portfolio of SA/DFA Funds within the client account generally in accordance with the instructions provided by LWI.

### ICON Advisers, Inc.

The *WMP Model Portfolios Program* portfolio manager, ICON Advisers, Inc. (“ICON”) provides mutual fund asset allocation models composed of a series of ICON funds offered within seven different portfolios. The assets within the client account are invested in a recommended asset allocation model of ICON funds suitable to the risk tolerance and investment objectives of the client. The *Program Sponsor* is responsible for rebalancing the portfolio of mutual funds within the client account generally in accordance with the instructions provided by ICON.

### Morningstar Associates, LLC

The *WMP Model Portfolios Program* portfolio manager, Morningstar Associates, LLC (“Morningstar”) provides mutual fund asset allocation models composed of a series of mutual funds offered within eight different portfolios with each portfolio generally consisting of between 10 to 15 mutual funds. The assets within the client account are invested in a recommended asset allocation model of mutual funds suitable

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to the risk tolerance and investment objectives of the client. The *Program Sponsor* is responsible for rebalancing the portfolio of mutual funds within the client account generally in accordance with the instructions provided by Morningstar.

## Item 5. Fees and Compensation

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

### Financial Planning and Consulting Fees

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In the event that Select Financial Group renders financial planning or consulting services to clients, outside of portfolio management, the firm does so for an hourly and/or fixed fee. These fees are negotiable, but generally range from \$250.00 to \$7,000.00 on a fixed fee basis and \$75.00 to \$250.00 on an hourly basis. These fees are largely determined by the level and scope of the services and/or the professional engaged to render them.

Prior to engaging Select Financial Group to provide financial planning and/or consulting services, the client may be required to enter into a written agreement with Select Financial Group setting forth the terms and conditions of the engagement. Generally, Select Financial Group may require one-half of the financial planning or consulting fee (estimated hourly or fixed) payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

### Investment Management and Wealth Management Fee

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Select Financial Group provides investment and wealth management services for an annual fee based upon a percentage of assets being managed by the firm. Select Financial Group's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. The firm does not, however, receive any portion of these commissions, fees, and costs.

Select Financial Group's annual fee is prorated and charged quarterly, either in advance or arrears, based upon the market value of the assets being managed by the firm on the last day of the previous quarter. The annual fee varies (between 0.50% and 1.50%) depending upon the market value of the assets under management and the type of investment or wealth management services to be rendered.

Select Financial Group, in its sole discretion, may negotiate to 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, related accounts, account composition, pre-existing client, account retention, etc.).

## Independent Investment Programs

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The management fees and account requirements imposed under the *Independent Investment Programs*, to which Select Financial Group may direct client assets, may differ from the firm's stated fee schedule. Certain of the *Independent Investment Programs* are offered as "wrap fee programs," meaning that the advisory and transaction charges are bundled together and included under a single annualized fee. Clients are advised that the fees paid in the aggregate under a wrap fee arrangement may be higher than if investment management services and brokerage services were charged separately, as described in the respective wrap fee brochures of each *Independent Investment Program*. The fees are as follows:

- **SEI Program.** The *SEI Program* is generally offered as a wrap account. The annual fee for the *SEI Program* ranges up to 1.50% of the assets in an *SEI Program* account. This fee is negotiable, but is generally determined by the amount of assets under management, nature and extent of account relationships, type of services requested and other factors that the adviser deems relevant to the advisory services relating to the *SEI Program*.
- **RASA Program.** The *RASA Program* is generally offered as an investment management account. The annual fee for the *RASA Program* ranges up to 1.50% of the assets in an *RASA Program* account. This fee is negotiable, but is generally determined by the amount of assets under management, nature and extent of account relationships, type of services requested and other factors that the adviser deems relevant to the advisory services relating to the *RASA Program*.
- **WMP AMP Program.** The *WMP AMP Program* is generally offered as a wrap account. The annual fee for the *WMP AMP Program* ranges up to 1.50% of the assets in a *WMP AMP Program* account. This fee is negotiable, but is generally determined by the amount of assets under management, nature and extent of account relationships, type of services requested and other factors that the adviser deems relevant to the advisory services relating to the *WMP AMP Program*.
- **WMP SMA/UMA Program.** The *WMP SMA/UMA Program* is generally offered as a wrap account. The annual fee for the *WMP SMA/UMA Program* typically ranges from 0.85% to 2.75% of the assets in an SMA Account and 0.95% to 2.65% of the assets in a UMA Account. This fee is negotiable, but is generally determined by the amount of assets under management, nature and extent of account relationships, type of services requested and other factors that the adviser deems relevant to the advisory services relating to the *WMP SMA/UMA Program*.
- **WMP Model Portfolios Program.** The *WMP Model Portfolios Program* is generally offered as a wrap account. The annual fee for the *WMP Model Portfolios Program* ranges up to 3.00% of the assets in a *WMP Model Portfolios Program* account. This fee is negotiable, but is generally determined by the amount of assets under management, nature and extent of account

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relationships, type of services requested and other factors that the adviser deems relevant to the advisory services relating to the *WMP Model Portfolios Program*.

### Fees Charged by Financial Institutions

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As further discussed in response to Item 12 (below), Select Financial Group generally recommends that clients utilize the brokerage and clearing services of *Royal* and the custodial services of *Pershing* for investment management accounts.

Select Financial Group may only implement its investment management recommendations after the client has arranged for and furnished Select Financial Group with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Royal*, *Pershing*, any other broker-dealer recommended by Select Financial Group, any broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the “*Financial Institutions*”).

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by *Independent Managers*, custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to Select Financial Group’s fee.

### Fee Debit

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Select Financial Group’s *Agreement* and the separate agreement with any *Financial Institutions* may authorize Select Financial Group or *Independent Managers* to debit the client’s account for the amount of Select Financial Group’s fee and to directly remit that management fee to Select Financial Group or the *Independent Managers*. Any *Financial Institutions* recommended by Select Financial Group have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Select Financial Group. Alternatively, clients may elect to have Select Financial Group send an invoice for payment.

### Fees for Management During Partial Quarters of Service

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For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between Select Financial Group and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. Select Financial Group’s fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to Select Financial Group’s right to terminate an account. Additions may be in cash or securities provided that Select

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

If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets is not adjusted or prorated based on the number of days remaining in the quarter. However, the fees for clients participating in certain of the *Independent Investment Programs* may be prorated to account for such an adjustment, as stated in the applicable disclosure brochure and/or wrap fee brochure.

### Commissions or Sales Charges for Recommendations of Securities

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Clients can engage certain persons associated with Select Financial Group (but not Select Financial Group) to render securities brokerage services under a commission arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with Select Financial Group. Under this arrangement, clients may implement securities transactions through certain of Select Financial Group's *Supervised Persons* in their respective individual capacities as registered representatives of *Royal*, an SEC registered broker-dealer and member of FINRA. *Royal* may charge brokerage commissions to effect these securities transactions and thereafter, a portion of these commissions may be paid by *Royal* to such *Supervised Persons*. Prior to effecting any transactions clients are required to enter into a new account agreement with *Royal*. The brokerage commissions charged by *Royal* may be higher or lower than those charged by other broker-dealers. In addition, certain of Select Financial Group's *Supervised Persons* may also receive ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment.

Generally, the firm's *Supervised Persons* do not receive commission on fee based accounts. Select Financial Group also recommends no-load funds. However, for accounts covered by ERISA, Select Financial Group provides its investment advisory services on a fee-offset basis. In this scenario, Select Financial Group may offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by Select Financial Group's *Supervised Persons* in their individual capacities as registered representatives of *Royal*.

A conflict of interest exists to the extent that Select Financial Group recommends the purchase of securities where Select Financial Group's *Supervised Persons* receive commissions or other additional compensation as a result of Select Financial Group's recommendations. Select Financial Group has

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procedures in place to ensure that any recommendations made by such *Supervised Persons* are in the best interest of clients.



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

Select Financial Group does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7. Types of Clients

Select Financial Group provides its services to individuals, pension and profit sharing plans, trusts, estates, corporations and business entities, as well as state and municipal government entities.

### Account Minimums

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Select Financial Group does not impose an account minimum or minimum annual fee to start or maintain an advisory relationship. However, certain of the *Independent Investment Programs* to which the firm may direct client assets impose account minimums.

**SEI Program.** There is no minimum account size or minimum annual fee for ongoing participation in the *SEI Program*.

**RASA Program.** There is no minimum account size or minimum annual fee for ongoing participation in the *RASA Program*.

**WMP AMP Program.** There is no minimum account size or minimum annual fee for ongoing participation in the *WMP AMP Program*.

**WMP SMA/UMA Program.** The minimum account size to initiate and maintain a *WMP SMA/UMA Program* account varies by account type, as follows:

- SMA Account -- \$100,000 account minimum.
- UMA Account -- \$150,000 account minimum.

**WMP Model Portfolios Program.** The minimum account size to initiate and maintain a *WMP Model Portfolios Program* account depends on the manager employed, as follows:

- SAAMCo and LWI (SA Funds, Russell and Russell Tax-Managed) -- \$25,000 account minimum.
- LWI (DFA Funds), ICON and Morningstar -- \$50,000 account minimum.
- Avatar -- \$100,000 account minimum.

Certain other *Independent Managers* recommended by the firm may impose more restrictive account requirements and varying billing practices than those described above. In such instances, Select Financial Group may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

#### Methods of Analysis

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Select Financial Group employs a technical method of analysis, which provides the foundation for its portfolio allocations and investment strategies.

*Technical analysis* involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that Select Financial Group will be able to accurately predict such a reoccurrence.

#### Investment Strategies

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Select Financial Group's investment strategies are typically first predicated upon an analysis of its clients' current asset base and structure of accounts versus their cash flow requirements at future dates. Upon determining the required asset base needed to generate desired income, an initial asset allocation may be formulated so that an appropriate risk adjusted portfolio may be implemented in an effort to achieve the client's goals. Select Financial Group further evaluates the following fundamental investment constraints and makes modifications to the asset allocation, as necessary:

- **Liquidity Needs.** Investors may need some cash to meet unexpected needs, but do not want to sell assets at unfavorable terms.
- **Time Horizon.** This is the time between making an investment and needing the funds.
- **Tax Concerns.** This constraint not only must consider how various asset classes are taxed (e.g., interest, dividends, capital gains, etc.), but also the timing of tax liabilities associated with a particular portfolio (e.g., taxable account, IRA, ROTH IRA, etc.).
- **Unique Needs and Preferences.** This covers any considerations that are particular to an investor's risk-return profile and may include any number of items, such as other client assets (e.g., real estate or company-held stock), a desire to invest in or to avoid particular industries, or specific family considerations.
- **Risk Profile.** Given all of the above, the suggested portfolio needed to meet a client's goals and constraints must also align with a given client's tolerance for risk. In cases where the risk associated with a given portfolio is deemed to be too great by the client, it is then required that the client's goals be reevaluated, so that an acceptable level of volatility may be tolerated while nonetheless seeking to achieve the desired results.

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Select Financial Group then implements the appropriate asset allocation utilizing a diversified combination of traditional asset classes and alternative investment products. The firm designs its portfolios to incorporate a number of non-correlating asset classes, so that overall portfolio volatility may be reduced.

The **traditional asset classes** among which the firm allocates client capital include:

- Domestic and international large-, mid-, and small-cap equity securities
- Emerging markets debt and equity securities
- Domestic and international government and corporate fixed-income securities
- High-yield debt and municipal bonds (where appropriate)

The **alternative asset classes** among which the firm allocates client capital include:

- Real estate
- Managed futures
- Equity hedges
- Commodities
- Precious metals
- Private equity

In any given calendar year, this type of portfolio construction is likely to underperform the major equity indices during an extreme bullish period. Conversely, this portfolio is structured with the goal of minimizing losses during adverse market conditions. It is the firm's belief that over longer market cycles, this type of portfolio does not simply mitigate risk through the use of multiple assets classes, but actually enhances long-term performance by reducing downside volatility.

### Risks of Loss

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#### *Mutual Funds and ETFs*

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

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

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

### *Options*

Options allow investors to buy or sell a security at a contracted “strike” price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

### *Market Risks*

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

### *Use of Independent Managers*

Select Financial Group may recommend the use of *Independent Managers* for certain clients. Select Financial Group will continue to do ongoing due diligence of such managers, but such recommendations relies, to a great extent, on the *Independent Managers* ability to successfully implement their investment strategy. In addition, Select Financial Group does not have the ability to supervise the *Independent Managers* on a day-to-day basis other than as previously described in response to Item 4, above.

### *Use of Private Collective Investment Vehicles*

Select Financial Group may recommend the investment by certain clients in privately placed collective investment vehicles (some of which may be typically called “hedge funds”). The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an

## Select Financial Group, LLC Disclosure Brochure

absence of regulation. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents explaining such risks.

### *Management Through Similarly Managed Accounts*

For certain clients, Select Financial Group may manage portfolios by allocating portfolio assets among various mutual funds and securities on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as “*investment strategy*”). In so doing, Select Financial Group buys, sells, exchanges and/or transfers shares of mutual funds / securities based upon the *investment strategy*.

Select Financial Group’s management using the *investment strategy* complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the *investment strategy*, with a safe harbor from the definition of an investment company.

The *investment strategy* may involve an above-average portfolio turnover that could negatively impact upon the net after-tax gain experienced by an individual client. Securities in the *investment strategy* are usually exchanged and/or transferred without regard to a client’s individual tax ramifications. Certain investment opportunities that become available to Select Financial Group’s clients may be limited. For example, various mutual funds or insurance companies may limit the ability of Select Financial Group to buy, sell, exchange or transfer securities consistent with its *investment strategy*. As further discussed in response to Item 12 (below), Select Financial Group allocates investment opportunities among its clients on a fair and equitable basis.

### *Use of Margin*

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

While the use of margin borrowing can substantially improve returns, such use may also increase the adverse impact to which a client’s portfolio may be subject. Borrowings will usually be from securities brokers and dealers and will typically be secured by the client’s securities and/or other assets. Under certain circumstances, such a broker-dealer may demand an increase in the collateral that secures the client’s obligations and if the client were unable to provide additional collateral, the broker-dealer could liquidate assets held in the account to satisfy the client’s obligations to the broker-dealer. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the client’s borrowings and the interest rates on those borrowings, which will fluctuate, will have a significant effect on the client’s profitability.

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### *Real Estate Investment Trusts (REITs)*

Select Financial Group may recommend investment in various REITs, the shares of which exist in the form of either publicly traded or privately placed securities. REITs are collective investment vehicles with portfolios comprised primarily of real estate and mortgage related holdings. Many REITs hold heavy concentrations of investments tied to commercial and/or residential developments, which inherently subject REIT investors to the risks associated with a downturn in the real estate market. Investments linked to certain regions that experience greater volatility in the local real estate market may give rise to large fluctuations in the value of the vehicle's shares. Mortgage related holdings may give rise to additional concerns pertaining to interest rates, inflation, liquidity and counterparty risk.

### *General Risk of Loss*

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

### **Item 9. Disciplinary Information**

Select Financial Group is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Select Financial Group does not have any required disclosures to this Item.



### Item 10. Other Financial Industry Activities and Affiliations

Select Financial Group is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons.

#### **Receipt of Commissions from the Sale of Insurance and Securities**

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While Select Financial Group does not sell such insurance products to its investment advisory clients, certain of the firm's *Supervised Persons*, in their individual capacities, are licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. A conflict of interest exists to the extent that Select Financial Group recommends the purchase of insurance products where Select Financial Group's *Supervised Persons* receive insurance commissions or other additional compensation.

In addition, certain of Select Financial Group's *Supervised Persons* are also registered representatives of *Royal*. This arrangement is discussed in detail in response to Item 5 (above).

#### **Related Certified Public Accounting Firm**

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Select Financial Group does not render accounting services to clients. In the event a client requires accounting services, the firm may recommend a certified public accountant. At times, the firm may recommend the services of the certified public accounting firm of Green & Bridges, LLP ("G&B"). These services are rendered independent of Select Financial Group and pursuant to a separate agreement between the client and the accounting firm. Select Financial Group does not receive any portion of the fees paid by the client to G&B and does not receive a referral fee in connection with the accounting services that G&B renders to its clients. However, one of Select Financial Group's *Supervised Persons*, Christopher S. Green, is also a principal of G&B and is entitled to receive distributions relative to his ownership interest in G&B. There exists a conflict of interest to the extent that the firm recommends the accounting services of G&B and Mr. Green receives compensation, by virtue of his position with G&B.

It is also expected that Mr. Green, solely incidental to his respective practice as a certified public accountant, will recommend Select Financial Group's services to certain of G&B's clients. Although G&B does not receive referral fees from the firm, Mr. Green receives compensation in connection with his investment advisory activities on behalf of Select Financial Group. A conflict of interest exists to the extent that Mr. Green recommends the services of the firm and receives compensation, by virtue of his position as an investment adviser representative.

#### **Related Attorney**

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The firm's principal owner, John P. Abriola, is a licensed practicing attorney admitted to the Bar of the Commonwealth of Pennsylvania. Mr. Abriola maintains a limited legal practice, located at the same address as that of Select Financial Group. Mr. Abriola's legal practice is separate and distinct from the

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firm's financial planning and investment advisory activities. In limited circumstances, Mr. Abriola may serve as legal counsel for some of the firm's clients. These services are provided pursuant to a separate engagement and for separate fees, which is agreed upon prior to rendering the services.

### Item 11. Code of Ethics

Select Financial Group and persons associated with Select Financial Group (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with the firm’s policies and procedures.

Select Financial Group has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“*Code of Ethics*”). In accordance with Section 204A of the Investment Advisers Act of 1940 (the “Advisers Act”), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by Select Financial Group or any of its associated persons. The *Code of Ethics* also requires that certain of Select Financial Group’s personnel (called “*Access Persons*”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in Select Financial Group’s *Code of Ethics*, none of Select Financial Group’s *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) 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 Select Financial Group’s clients.

When Select Financial Group is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when Select Financial Group is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

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

### Item 12. Brokerage Practices

Select Financial Group generally recommends that clients utilize the brokerage and clearing services of *Royal* and the custodial services of *Pershing*.

Factors which Select Financial Group considers in recommending *Royal*, *Pershing*, or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Royal* generally enables Select Financial Group to obtain many no-load mutual funds without transaction charges and other no-load or load-waived funds at nominal transaction charges. *Royal* charges commission rates that are generally considered discounted from customary retail commission rates. The commissions and/or transaction fees charged by *Royal* may be higher or lower than those charged by other *Financial Institutions*. In return for effecting transactions through *Royal* or any other *Financial Institution*, Select Financial Group may receive certain investment research products and/or services that assist the firm in its investment decision making process.

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

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

The client may direct Select Financial Group in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and Select Financial Group will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by Select Financial Group (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Subject to its duty of best execution, Select Financial Group may decline a client's request to direct brokerage if, in Select Financial Group's sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

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Transactions for each client generally will be effected independently, unless Select Financial Group decides to purchase or sell the same securities for several clients at approximately the same time. Select Financial Group may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Select Financial Group’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Select Financial Group’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Select Financial Group determines to aggregate client orders for the purchase or sale of securities, including securities in which Select Financial Group’s *Supervised Persons* may invest, Select Financial Group generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Select Financial Group does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Select Financial Group determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, Select Financial Group may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

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

### Commissions or Sales Charges for Recommendations of Securities

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As discussed above, certain *Supervised Persons* in their respective individual capacities are registered representatives of *Royal*. These *Supervised Persons* are subject to FINRA Rule 3040 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless *Royal* provides written consent. Therefore, clients are advised that certain *Supervised Persons* may be restricted to conducting securities transactions through *Royal* unless they first secure written consent from *Royal* to execute securities transactions through a different broker-dealer. Absent such written consent or separation from *Royal*, these *Supervised Persons* are prohibited from executing securities transactions through any broker-dealer other than *Royal* under *Royal's* internal supervisory policies. Select Financial Group is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

In certain instances, *Royal* will collect, as paying agent for Select Financial Group, the investment advisory fees to be paid to Select Financial Group by the account custodian, and *Royal*, will retain a portion of the Select Financial Group's fee as compensation for *Royal's* administrative and supervisory functions. The portion of Select Financial Group's fee retained by *Royal* comes directly from Select Financial Group's compensation, and therefore, will not increase execution or brokerage charges to the client or the fee the client has agreed to pay Select Financial Group pursuant to the Agreement. A portion of the fee retained by *Royal* may be re-allowed to other registered representatives of *Royal* who, as registered representatives of the broker-dealer, are responsible for the supervision of other representatives and assist the broker-dealer with the functions described above.

Select Financial Group's *Supervised Persons*, in their individual capacities as registered representatives of *Royal* may, from time to time, receive incentive awards for the recommendation and introduction of investment products, or 12b-1 distribution fees from investment companies in connection with the placement of clients' funds into certain investment companies. Therefore, the receipt of this compensation may affect Select Financial Group's objectivity in recommending products to its clients.

*Royal* sponsors the Elite Focus Program. In this program, selected vendors will be invited to pay additional marketing fees to *Royal* for its enhanced marketing and distribution efforts. As part of such compensation, such vendors will, at no additional charge, be invited to participate in *Royal's* educational and sales seminar's included in *Royal's* "Sourcebook" publication, and will also be granted access to lists containing *Royal's* registered representatives such as Select Financial Group's *Supervised Persons* and marketing information. In addition, ticket charges for purchasing such funds may be reduced or waived. A list of *Royal's* Elite Focus Program members is available to clients upon request.

### Software and Support Provided by Financial Institutions

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Select Financial Group may receive from *Royal* and/or *Pershing*, without cost to Select Financial Group, computer software and related systems support, which allow Select Financial Group to better monitor client accounts maintained at *Royal* and/or *Pershing*. Select Financial Group may receive the software

## Select Financial Group, LLC Disclosure Brochure

and related support without cost because Select Financial Group renders investment management services to clients that maintain assets at *Royal* and/or *Pershing*. The software and support are not provided in connection with securities transactions of clients (i.e. not “soft dollars”). The software and related systems support may benefit Select Financial Group, but not its clients directly. In fulfilling its duties to its clients, Select Financial Group endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Select Financial Group’s receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Select Financial Group’s choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

### Item 13. Review of Accounts

For those clients to whom Select Financial Group provides investment management services, Select Financial Group monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom Select Financial Group provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of Select Financial Group’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Select Financial Group and to keep Select Financial Group informed of any changes thereto. Select Financial Group encourages all clients to meet at least annually with a representative of the firm to comprehensively review investment objectives and account performance.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Generally, those clients to whom Select Financial Group provides investment advisory services may also receive a report from Select Financial Group that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance from time to time, which is available through an online portal provided by Morningstar or as otherwise provided to the client. Clients should compare the account statements they receive from their custodian with those they receive from Select Financial Group.

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



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

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

In addition, Select Financial Group is required to disclose any direct or indirect compensation that it provides for client referrals. The firm does not provide any compensation for client referrals.

### Item 15. Custody

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

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

### Item 16. Investment Discretion

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

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

### Item 17. Voting Client Securities

Select Financial Group may vote client securities (proxies) on behalf of its clients. When Select Financial Group accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its clients. Absent special circumstances, which are fully described in Select Financial Group's Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in Select Financial Group's Proxy Voting Policies and Procedures, as they may be amended from time-to-time. Clients may contact Select Financial Group to request information about how Select Financial Group voted proxies for that client's securities or to get a copy of Select Financial Group's Proxy Voting Policies and Procedures. A brief summary of Select Financial Group's Proxy Voting Policies and Procedures is as follows:

- Select Financial Group has formed a Proxy Voting Committee that will be responsible for monitoring corporate actions, making voting decisions in the best interest of clients, and ensuring that proxies are submitted in a timely manner.
- The Proxy Voting Committee will generally vote proxies according to Select Financial Group's then current Proxy Voting Guidelines. The Proxy Voting Guidelines include many specific examples of voting decisions for the types of proposals that are most frequently presented, including: composition of the board of directors; approval of independent auditors; management and director compensation; anti-takeover mechanisms and related issues; changes to capital structure; corporate and social policy issues; and issues involving mutual funds.
- Although the Proxy Voting Guidelines are followed as a general policy, certain issues are considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving, Select Financial Group devotes an appropriate amount of time and resources to monitor these changes.
- Clients cannot direct Select Financial Group's vote on a particular solicitation but can revoke Select Financial Group's authority to vote proxies.

In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that Select Financial Group maintains with persons having an interest in the outcome of certain votes, Select Financial Group takes appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict.

### **Item 18. Financial Information**

Select Financial Group does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, Select Financial Group is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Select Financial Group has no disclosures pursuant to this Item.

## **Select Financial Group, LLC**

*a Registered Investment Adviser*

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Prepared by:



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*The Adviser's Advisor®*