



An SEC Registered Investment Advisor

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**Form ADV Part 2A – Appendix 1**  
**Wrap Fee Program Brochure**  
March 30, 2014

This brochure provides clients and prospective clients with information about OBS Financial Services, Inc. and the qualifications, business practices, and nature of its services that should be carefully considered before becoming an advisory client.

The contents of this brochure have not been approved or verified by the United States Securities and Exchange Commission (SEC) or any other state or federal governmental authority. While the firm and its associates may be registered with the SEC, it does not imply a certain level of skill or training on the part of the firm or its associated personnel.

Questions relative to the firm, its services, or this wrap fee program brochure may be made to the attention of Ms. Catherine Farley, Chief Compliance Officer, at (419) 482-4500. Additional information about the firm, other advisory firms, or associated investment advisor representatives is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The investment advisory services offered and any investment vehicles employed are (i) not deposits or other obligations of, nor are they guaranteed by, a financial institution or its affiliate; (ii) are not insured by the Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), National Credit Union Share Insurance Fund (NCUSIF), or any other agency of the United States Government; and (iii) are subject to investment risks, including the possible loss of value. Further description with respect to investment strategies and their potential risks may be found in Item 6 of this brochure.

## **Item 2 - Material Changes**

This is an original filing of the firm's wrap fee program brochure that has been designed to be used with non-institutional clients. There are no material changes to disclose. For future filings this section of the brochure may address only those material changes that have occurred since the firm's last annual update.

The firm may at any time update this document and either send a copy of its updated brochure or provide a summary of material changes to its brochure and an offer to send an electronic or hard copy form of the updated brochure. Investors are also able to download this brochure from the SEC's Website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or you may contact our firm at (419) 482-4500.

As with all firm documents, clients and prospective clients are encouraged to review this brochure in its entirety and are encouraged to ask questions at any time prior to or throughout the engagement.

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### **Important Information**

Throughout this document OBS Financial Services, Inc. shall also be referred to as “the firm,” “firm,” “our,” “we” or “us.” The client or prospective client may be also referred to as “you,” “your,” etc., and refers to a client engagement involving a single *person* as well as two or more *persons*. The term “advisor” and “adviser” are used interchangeably where accuracy in identification is necessary (i.e., Internet address, etc.).

## **Item 4 – Services, Fees and Compensation**

### **Description of Our Advisory Firm**

OBS Financial Services, Inc. is a Delaware-incorporated entity domiciled in the State of Ohio and has been operating as a registered investment advisor since 2006. Our firm is registered as an investment advisor with the SEC and notice-filed in all US states and the District of Columbia. In addition, our associates may register or meet certain exemptions in jurisdictions in which we conduct investment advisory business.

Ownership of OBS Financial Services, Inc. is through OBS Holdings, Inc., which is subsequently owned by WBI OBS Holdings, LLC of Whitehouse, OH. Majority shareholders of WBI OBS Holdings, LLC are Westbridge Investments, LLC and Canandaigua National Bank & Trust.

As of fiscal year-end December 31, 2013, OBS Financial Services, Inc. had over \$1.5 billion of investable assets under its management<sup>1</sup>. This total represents non-discretionary assets of over \$1.35 billion and discretionary assets of over \$160.6 million (defined in Item 16).

Our advisory firm offers investment management services through a wrapped fee program as described in the following section. We also offer our investment management services involving unbundled fees, and further information involving the program is described in a separate disclosure brochure that is available to you upon request. OBS Financial Services, Inc. does not provide traditional financial planning.

### **Description of Services Offered**

Our wrap fee program is designed to offer clients the opportunity to obtain professional portfolio management services through our access to institutional money managers and their specific investment strategies, as well as brokerage services in support of the account, for an all-inclusive fee that is based upon the client's assets under management.

Brokerage and/or custodian services are provided through the institutional services division of National Financial Services LLC and Fidelity Brokerage Services LLC (collectively "Fidelity"), a FINRA and SIPC member,<sup>2</sup> or Mid-Atlantic Trust Company ("Mid-Atlantic"). Fidelity and Mid-Atlantic offer independent investment advisors various services which may include custody of securities, trade execution, clearance and settlement of transactions. Investment management services are offered by a select group of institutional money managers that our firm has determined appropriate for various asset classes or investment strategies that will serve as sub-advisors to firm accounts. Your investment advisory associate will provide their expertise involving the individualized investment consultation aspect of the engagement.

### ***Getting Started***

During or prior to your first meeting you will be provided with our current wrap fee program brochure that includes reference to material conflicts of interest regarding our firm and its associates.

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<sup>1</sup>The term "assets under management" and rounding to the nearest \$100,000 are as defined by the SEC's 2010 *General Instructions for Part 2 of Form ADV*.

<sup>2</sup> Our advisory firm is not, nor required to be, a FINRA or SIPC member. Information about the Financial Industry Regulatory Authority (FINRA) may be found at: [www.finra.org](http://www.finra.org). You may learn more about the Securities Investor Protection Corporation (SIPC) and how it serves member firms and the investing public by going to their website at <http://www.sipc.org>.

You may also receive a Form ADV Part 2B brochure supplement from your investment advisor representative who will be assisting you.

Should you wish to engage our firm, we must enter into a written agreement, thereafter discussion and analysis will be conducted to determine your holdings, financial need, goals, etc. It is important that any information and/or financial statements you provide are accurate. We may, but are not obligated to, verify the information you have provided which will then be used during our investment management process.

### ***Developing Your Investment Plan***

Whenever practical, you will be assisted in preparing an investment policy statement (IPS) or similar document reflecting your investment objectives, time horizon, tolerance for risk, as well as any reasonable constraints you may have for your account. Please note that any restriction you may place on the management of your account may have an effect on the strategy, investment vehicle selection and, potentially, investment results within your portfolio.

Your IPS will be designed to be specific enough to provide future guidance while concurrently allowing flexibility to respond to changing market conditions. Since the IPS will to a large extent be a product of information and data you have provided, you will be responsible for reviewing and providing final approval of the document. Further, it remains your responsibility to promptly notify us if there is any change in your financial situation or investment objectives for the purpose of our reviewing, evaluating or revising previous recommendations.

You will retain discretion over your choice of investment models and are also free to reject our recommendation of entering into the wrap fee program altogether. The individual securities held within an investment model are, however, at the discretion of the portfolio manager.

### ***Wrap Fee Program Portfolio Models***

#### **Efficient Frontier Series**

The Efficient Frontier Series (“EFS”) offered through Dimensional Fund Advisors (Austin, TX) are passively-managed asset class portfolios that ascribe to Modern Portfolio Theory; focusing on reducing risk by diversification among asset classes.

**EFS Aggressive:** The EFS Aggressive Portfolio is the most aggressive portfolio and offers full exposure to the stock market, and is diversified between domestic and international stocks with no exposure to bond markets.

**EFS Moderately Aggressive:** The EFS Moderately Aggressive model portfolio provides exposure to the complete stock market with an aggressive approach towards growth. A small bond presence is maintained but income generation and downside protection is limited.

**EFS Balanced:** The EFS Balanced provides a balanced investment approach with emphasis on growth. The portfolio is more resistant to inflation with an increased potential for increased return. Its 40% bond presence provides income to investors and aids in dampening volatility during stock market downturns.

**EFS Moderate:** The EFS Moderate model provides a balanced investment approach with conservative emphasis. The portfolio has exposure to the stock market with 40% of its assets diversified throughout; however, it is moderated by a strong bond presence -- 60% of the portfolio allocated to bond markets so that investors may receive a stream of income and some protection from volatile markets.

**EFS Conservative:** The EFS Conservative model portfolio provides investors with the opportunity to build wealth through a conservative, risk managed approach. With 80% of portfolio invested in fixed income assets, exposure to the stock market is limited, and bond markets provide a stream of income. To keep pace with inflation, the portfolio invests 20% into the stock market, which raises the growth potential over that of a portfolio void of stock exposure.

**EFS Fixed Income:** The EFS Fixed model provides investors with a conservative and consistent stream of income. The investor remains diversified by investing in asset classes comprised of government and corporate bonds of various quality, geographical region, and maturities.

**EFS Enhanced International:** The EFS Enhanced International portfolios employ the same type of investment philosophy as the core series referenced in the previous paragraphs while taking advantage of the dynamics of multiple asset classes, both domestically and globally. Holdings include equities, fixed income and exposure to the real estate investment trust (REIT) market. Depending on portfolio weighting, exposures may range from 11,000 to over 12,000 individual equity positions tilted toward small capitalization and value stocks to capture a premium return in the marketplace. Fixed income securities credit quality is P1/A1+AAA and AA/A; all considered high quality with short duration, often a weighted average maturity of less than five (5) years. Portfolio exposure to international holdings is from 30% to 40%. The portfolios' funds are institutional share class with low internal expense ratios. These portfolios are considered both cost and tax efficient. Portfolios experience low turnover, reducing tax consequences as well as reducing trade friction.

**EFS Socially Responsible:** The EFS Socially Responsible series was created by OBS Financial Services while utilizing Dimensional Fund Advisors series of socially responsible mutual funds. Portfolios employ the same type of investment philosophy as described in previous paragraphs while applying a social screening strategy that seeks to exclude certain companies whose business orientation involves certain forms of health care, defense related services, human rights or labor issues and/or the environment.

#### Target Date Efficient Frontier Series (TD/EFS)

These portfolios are based on an investor's approximate retirement year. As each portfolio's retirement date approaches, asset allocations will become progressively more conservative. TD/EFS portfolios with an earlier retirement date will have a more conservative asset allocation; TD/EFS portfolios with a later retirement date will have a more aggressive asset allocation. Each portfolio is designed primarily for the investor who seeks a professionally-managed investment program to assist the investor with their accumulation of assets prior to and during retirement.

**TD/EFS Balanced Income** – The Target Date/EFS Balanced Income Portfolio is designed for investors already in retirement. This is the most conservative of the Target Date/EFS Portfolios. It is designed to provide a constant stream of income through fixed income holdings while still moderately growing through equity allocations.

***All other Target Date/EFS Portfolio allocations eventually mirror the Balanced Income Portfolio.***

**TD/EFS 2010** – The Target Date/EFS 2010 Portfolio is designed for investors planning on retiring during 2010 and up to 10 years after January of 2010. Over time the portfolio will slowly change to a more conservative allocation by replacing a portion of equity with fixed income every five years. In the year 2010, this portfolio will mirror the current allocation of the Target Date/EFS Balanced Income Portfolio.

**TD/EFS 2020** – The Target Date/EFS 2020 Portfolio is designed for those planning on retiring in 2020 and up to 10 years after January of 2020. Over time the portfolio will slowly change to a more conservative allocation by replacing a portion of equity with fixed income every five years. In the year 2020, this portfolio will mirror the current allocation of the Target Date/EFS Balanced Income Portfolio.

**TD/EFS 2030** – The Target Date/EFS 2030 Portfolio is designed for people planning on retiring in 2030 and up to 10 years after January of 2030. Over time the portfolio will slowly change to a more conservative allocation by replacing a portion of equity with fixed income every five years. In the year 2030, this portfolio will mirror the current allocation of the Target Date/EFS Balanced Income Portfolio.

**TD/EFS 2040** – The Target Date/EFS 2040 Portfolio is designed for investors planning on retiring in 2040 and up to 10 years after January of 2040. Over time, this portfolio will slowly change to a more conservative allocation by replacing a portion of equity with fixed income every five years. In the year 2040, this portfolio will mirror the current allocation of the Target Date/EFS Balanced Income Portfolio.

**TD/EFS 2050** – The Target Date/EFS 2050 Portfolio is designed for people planning on retiring in 2050 and up to 10 years after January of 2050. Over time, this portfolio will slowly change to a more conservative allocation by replacing a portion of equity with fixed income every five years. In the year 2050, this portfolio will mirror the current allocation of the Target Date/EFS Balanced Income Portfolio.

**TD/EFS 2060** – The Target Date/EFS 2060 Portfolio is designed for people planning on retiring in 2060. Over time, this portfolio will slowly change to a more conservative allocation by replacing a portion of equity with fixed income as the portfolio's stated target date approaches. In the year 2060, this portfolio will mirror the current allocation of the TD/EFS 2010 portfolio. Ten years beyond 2060, this portfolio will mirror the allocation of the TD/EFS 2010 portfolio.

#### *Sub-Advisor Efficient Frontier Series (SA/EFS)*

The SA/EFS Portfolio utilizes a mutual fund family offered through investment management firm Loring Ward Capital Management, Inc. (San Jose, CA) and managed by Dimensional Fund Advisors. The family-of-funds consists of three domestic equity, three international equity, two fixed income and one real estate fund. These asset classes are similar to Dimensional Fund Advisors equivalency asset classes with the added benefit that the entire Service Fee is wrapped within the shareholder service charge. SA/EFS funds are divided into six portfolios based on a questionnaire completed by the client. This arrangement allows for the full use of diversification by asset class.

**SA/EFS Defensive** – The SA/EFS Fund Portfolios are an efficient way to access the Dimensional Fund Advisors asset classes. Portfolios share the service fees wrapped within the shareholder service charge. With a majority of the portfolio investing in fixed income assets, exposure to the stock market is limited, while bond markets provide a stream of income for the investor. To keep pace with inflation, the SA/EFS Defensive portfolio invests a small portion into the stock market, which raises growth potential over that of a portfolio absent stock exposure.

**SA/EFS Conservative** - The SA/EFS Fund Portfolios are an efficient way to access the Dimensional Fund Advisors asset classes, while portfolios share service fees wrapped within the shareholder service charge. The SA/EFS Conservative Portfolio has an exposure to the stock market with 40% of its assets diversified throughout equity asset classes; however, exposure is moderated by a strong bond presence. 60% of the portfolio's assets are in the bond markets and the investor receives a stream of income with some protection from a down-trending stock market.

**SA/EFS Moderate** - The SA/EFS Fund Portfolios are an efficient way to access the Dimensional Fund Advisors asset classes, while portfolios share service fees wrapped within the shareholder service charge. SA/EFS Moderate portfolios aim to provide balance between capital preservation and capital appreciation with a 50/50 exposure to equity and fixed income. The moderate portfolio is designed for those who are most comfortable with a balanced approach and have an average tolerance for portfolio fluctuations.

**SA/EFS Balanced** - The SA/EFS Fund Portfolios are an efficient way to access the Dimensional Fund Advisors asset classes while portfolios share service fees wrapped within the shareholder service charge. The SA/EFS Balanced Portfolio provides a fairly balanced investment approach with an emphasis on growth. The portfolio is more resistant to inflation with an increased potential for capital appreciation. However, the portfolio has a reasonable bond presence, providing income to the investor as well as protection in a downward market.

**SA/EFS Moderately Aggressive** - The SA/EFS Fund Portfolios are an efficient way to access the Dimensional Fund Advisors asset classes while portfolios share service fees wrapped within the shareholder service charge. SA/EFS Equity Portfolios are an aggressive series containing exposure to equity securities and designed for investors willing to assume risk to potentially achieve higher than average returns. These investors should have a long time horizon.

**SA/EFS Aggressive** - The SA/EFS Fund Portfolios are an efficient way to access the Dimensional Fund Advisors asset classes, while portfolios share service fees wrapped within the shareholder service charge. SA/EFS Aggressive Portfolio is the most aggressive of the SA/EFS series containing full exposure to equity securities. They are designed for investors willing to assume a higher level of risk to potentially achieve higher returns and are designed for investors that have the longest time horizon.

#### Wrap Fees Assessed

##### ***Asset-Based Fee***

Portfolios are assessed an annualized asset-based fee per the following table:

<b>Assets Under Management</b>	<b>Annualized Asset-Based Fee*</b>
\$10,000 - \$500,000	1.75% (175 basis points)
\$500,001 - \$750,000	1.55% (155 basis points)
\$750,001 - \$1,000,000	1.40% (140 basis points)
\$1,000,001 - \$2,000,000	1.15% (115 basis points)
\$2,000,001 - \$4,000,000	1.00% (100 basis points)
\$4,000,001 - \$5,000,000	0.90% (90 basis points)
\$5,000,001 - \$10,000,000	0.75% (75 basis points)
Above \$10,000,001	0.55% (55 basis points)



### ***Discounting Fees***

For the benefit of discounting your asset-based fee, we may aggregate accounts for the same individual or two or more accounts within the same family, as well as accounts where a family member has power of attorney over another family member's account. Should investment objectives be substantially different for any two or more household accounts, requiring different investment approaches or operational requirements, we reserve the right to separately apply our fee schedule.

The services to be provided to you and their specific fees will be detailed in your engagement agreement with our firm. Our published fees are negotiable at the discretion of an officer of our firm.

### ***Fee Payment***

As determined by the engagement agreement, annualized asset-based fees for investment supervisory services may be billed: (i) quarterly, in advance, based on the account value of the last business day of the previous quarter, or (ii) quarterly, in arrears, based on the account value of the last business day of the quarter.

Fee payments will generally be assessed within 10 business days following each calendar billing period. The account's first billing cycle will normally occur once the account is funded and investments allocated, irrespective of a partial period under the firm's management, however, a partial period may be assessed a prorated fee.

Accounts will be valued in accordance with the values disclosed on the statement the client receives from their custodian of record for the purpose of verifying the computation of the advisory fee. In the absence of a reportable market value, our firm may seek an independent third-party opinion or a good faith determination by a qualified associate.

Clients will be required to authorize in writing the selected broker/dealer or custodian (collectively, "service provider") to deduct advisory fees, any applicable transaction charges, etc., from the client account and all such fees will be clearly noted on client statements and confirmations. Clients should note that they share in the responsibility to verify the accuracy of fee calculations; the custodian may not verify the accuracy of the fees assessed.

### ***Termination of Services***

Either party may terminate the agreement at any time, which will typically be in writing. If you verbally notify our firm of the termination and, if in two business days following this notification we have not received your notice in writing, we may make written notice of the termination in our records and send you our own termination notice as a substitute.

Our firm will not be responsible for future allocations, investment advice or transactional services upon receipt of a termination notice. Upon termination, it will also be necessary that we inform the custodian of record that the relationship between the firm and the client has been terminated.

If our wrap fee program brochure was not delivered to you at least 48 hours prior to entering into the investment advisory contract with our firm, then you have the right to terminate the engagement without penalty within five (5) business days after entering into the agreement. Should you terminate the agreement after the five-day period, you will be assessed fees on a prorated basis for services

incurred from either (i) as a new client, the date of the engagement to the date of the firm's receipt of the written notice of termination; or (ii) all other accounts, the last billing period to the date of the firm's physical or constructive receipt of written termination notice. OBS Financial Services, Inc. will promptly return any prepaid but unearned advisory fees upon receipt of a termination notice, which we typically coordinate via the custodian of record.

#### Services Purchased Separately

The total costs associated with a wrap fee program account may be more or less than separately purchasing brokerage and advisory services. The factors that bear upon the relative costs of any wrap fee program include the number of and timing of transactions, referral fees (if any), portfolio management and custody fees; regulatory, compliance and administrative charges; research costs, promotional materials, among others. These and other factors may affect the cost of obtaining these services separately from another provider.

#### Additional Client Fees

There are typically no sales loads, brokerage fees, mark-ups, mark-downs, spreads paid to market makers, or brokerage termination or account surrender fees associated with our wrap fee program.

#### Compensation Matters

Appropriately registered investment advisor representatives will receive a portion of the fee for recommending and servicing the account. Therefore, the person recommending the wrap fee program to you may receive compensation as a result of your participation in the program. The amount of this compensation may potentially be more than what would be received if you participated in other programs of the firm or paid separately for investment advice, brokerage, and/or other services. As a result, the associate that recommends the program to you may have a financial incentive to recommend this investment program over other programs or services. You should compare costs between this program and others offered through the firm or other providers.

#### General Information

##### ***Custody***

Client funds and securities will be maintained at Fidelity or Mid-Atlantic; unaffiliated, qualified custodians. Assets are not maintained by OBS Financial Services, Inc. or any of its associates. In keeping with the firm's policy of not taking physical custody of client funds or securities, we:

- Restrict the firm and associates from acting as trustee for or having general power of attorney over a client account.
- Are prohibited from having authority to withdraw securities or money from a client account, other than the request for payment of advisory fees that is accomplished through a qualified custodian and pursuant a written agreement (termed "constructive custody").
- Do not accept or forward client securities (i.e., stock certificates) erroneously delivered to our advisory firm.
- Will not collect fees of \$1,200 or more for advisory services to be performed six months or more in advance.

- Will not authorize an associate to have knowledge of a client's account access information (i.e., online 401(k), brokerage or bank accounts), even for the convenience or accommodation of the client or their legal agent, if such access would result in having control over the account or its assets.

### ***Firm Services***

OBS Financial Services, Inc. does not provide legal or accounting services, nor offers financial planning engagements. With the client's consent, we may work with other professional advisors, such as an accountant or attorney to assist with coordination and implementation of accepted strategies. These other advisors charge separately for their services and those fees will be in addition to our advisory fee.

Our firm will use its best judgment and good faith effort in rendering its services to its clients. OBS Financial Services, Inc. cannot warrant or guarantee any particular level of account performance or that accounts will be profitable over time. Past performance is not necessarily indicative of future results.

Except as may otherwise be provided by law, the firm will not be liable to the client, heirs, or assigns for any loss an account may suffer by reason of an investment decision made or other action taken or omitted in good faith by the firm with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; any loss arising from the firm's adherence to the client or their legal agent's direction; or any act or failure to act by a service provider maintaining an account. Federal and state securities laws impose liabilities under certain circumstances on persons who act in good faith and, therefore, nothing contained in this document shall constitute a waiver of any rights that a client may have under federal and state securities laws.

### **Item 5 – Account Requirements and Types of Clients**

#### **Account Requirements**

##### ***Minimum Account Requirements***

Our firm requires a minimum of \$10,000 of investable assets within the wrap fee program in order to open and maintain the account.

##### ***Account Opening Process***

Participation in the program is initiated by submitting the following completed documents to the firm, typically through an investment advisor representative of our firm:

- Client Services Agreement
- Custodian Account Application
- Statement of Investment Selection or similar Investment Questionnaire

Based on these completed documents, our firm will make the initial determination as to your suitability for the wrap fee program. We also make an assessment of whether to establish an account for you based on the appropriate documentation submitted, client risk tolerance and asset allocation recommendations.

You retain discretion over your choice of investment models and are also free to reject a recommendation or in entering into the wrap fee program altogether. The individual securities held within an investment model are, however, at the discretion of the portfolio manager.

The custodian for your account will be stated in your client agreement, and it will be either Fidelity or Mid-Atlantic. They shall execute and clear all purchase and sale orders as directed; and they will maintain wrap fee program account assets and will provide other custodial functions, including crediting of interest and dividends on accounts, crediting of principal on called or matured securities, and other customary functions. They may also serve as general administrator for wrap fee program accounts, which includes billing and collecting advisory fees, processing and reporting deposits to and withdrawals from program accounts, etc. The custodian will also forward confirmations for each purchase and sale directly to you as well as our firm. In addition, the custodian will forward monthly account statement to you for each month in which account activity occurs, and at least quarterly regardless of account activity.

#### Types of Clients Served by the Firm

OBS Financial Services, Inc. provides its services to individual investors, trusts, estates, charitable organizations and foundations, financial institutions, pension and profit sharing plans, and businesses of various scale.

#### Types of Clients Served within the Program

We generally offer the wrap fee program only to individuals, high net worth individuals, trusts, estates, and charitable organizations, however, we will include businesses and pension and profit sharing plans should their investment guidelines permit us to do so.

In all instances, OBS Financial Services, Inc. reserves the right to waive or reduce certain fees based on unique individual circumstances, special arrangements, or pre-existing relationships. We also reserve the right to decline services to any prospective client for any non-discriminatory reason.

### **Item 6 – Selection and Review of Portfolio Managers**

#### Selection and Review of Portfolio Managers

We will ensure due diligence is completed on each recommended investment manager in advance of their engagement with our firm. At least annually thereafter our due diligence review will be performed from both a compliance and performance perspective to determine that the selected investment manager remains an appropriate fit.

OBS Financial Services, Inc. will review each investment manager's performance over an extended period of time and on a continuing basis, as well as at least quarterly to discuss any potential concerns or recommended changes to the program's investment managers. The firm will also be responsible for determining if an investment manager should be replaced due to poor performance, regulatory or compliance matters, etc. The benchmarks for account performance are based on each client's responses to firm suitability information and their IPS. Using these responses, the firm is able to select an investment manager felt capable to employ an appropriate investment strategy as well as develop a diversified portfolio using this strategy. Our advisory firm maintains current client profiles and may recommend adjustments to portfolios accordingly.

Clients will typically receive written performance evaluation reports each quarter from their selected investment manager. The firm does not validate the reports provided by portfolio managers to clients and cannot attest as to whether they are calculated on a uniform and consistent basis.

### Related Persons Serving as Portfolio Manager

OBS Financial Services, Inc. will not engage an associate of our firm or any other related person to serve as a portfolio manager for its wrap fee program. We believe this type of arrangement poses a conflict of interest and does not conform to our business practices.

### Methods of Analysis, Investment Strategies and Risk of Loss

#### ***Method of Analysis***

The firm will take into consideration the client's current financial situation, needs, goals, objectives and tolerance for risk. Asset allocation and investment decisions are made in the firm's judgment to meet the client's objectives while minimizing risk exposure. To achieve this, the firm will employ what is believed to be an appropriate blend of *fundamental* and *technical* analyses to develop long-term investment strategies.

Fundamental analysis involves evaluating economic factors including interest rates, current state of the economy, future growth of an issuer or sector, among others. Technical analysis may involve studying securities, markets, or economies as a whole in an effort to determine potential future behaviors. By combining these analyses, the firm believes it may better assist the client in determining the appropriate strategy that has been adapted to their requirements and goals.

Our firm's research and recommendations may be drawn from sources that include financial publications, investment analysis and reporting software, research materials from outside sources, corporate rating services, annual reports, prospectuses and other regulatory filings, as well as company press releases.

#### ***Investment Strategies***

The sub-advisors OBS Financial Services, Inc. selects to support its model portfolios must generally ascribe to and construct portfolios based on the principles of the Modern Portfolio Theory and a mathematical technique known as "mean variance optimization." This theory is based on the belief that proper diversification and risk management will provide the client with a more stable and consistent return over time. Furthermore, it has been statistically proven that a properly diversified portfolio, consisting of an appropriate weighting in different asset classes, will generally outperform most asset classes over time. The practice of Modern Portfolio Theory does not employ market timing or stock selection methods of investing but rather a long term buy-and-hold strategy with periodic rebalancing of the account to maintain desired risk levels.

#### ***Investment Vehicles Generally Recommended***

Cost-efficient, low-cost mutual funds and ETFs are generally recommended for each asset class. In some circumstances portfolios may include a broader range of mutual fund positions, ETFs, exchange-traded notes (ETNs), individual securities, derivatives, and non-correlating asset classes.

Although not an all-inclusive list, "individual securities" may include common or preferred stocks, bond debentures, U.S. Government issues, notes, commercial paper, etc. The term "derivatives" typically refer to options, futures and swaps that may be used to hedge risk or to exchange a floating rate of return for fixed rate of return. "Non-correlating assets" would include commodities, managed futures funds, private equity and real estate that may be employed to enhance the diversity of a portfolio;

typically acting as a counterbalance should investments within a portfolio of stocks and bonds fall in value. Investors should be aware that existing and future portfolio allocations, whether in an individual holding or within a mutual fund or ETF/ETN, may include all or some of the noted types of securities or alternative investments.

### ***Risk of Loss***

While the firm believes its strategies and investment selection is designed to potentially produce the highest possible return for a given level of risk, it cannot warrant or guarantee that an investment objective or planning goal will be achieved. Some investment decisions made may result in loss, which may include the original principal invested.

Each client must be able to bear the various risks involved in the investment of account assets through the firm's portfolios, which (in general) may include: market, equity, company, risks involving ETF and mutual funds in general, management risk, among others, and include:

*Company Risk* – When investing in securities, such as stocks, there is always a certain level of company or industry-specific risk that is inherent in each company or issuer. 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. This is also referred to as *unsystematic risk* and can be reduced or mitigated through diversification.

*Equity (Stock) Market Risk* – Common stocks are susceptible to general stock market fluctuations and to volatile increases or decreases in value as market confidence in and perceptions of their issuers change. If an investor held common stock, or common stock equivalents, of any given issuer, they would generally be exposed to greater risk than if they held preferred stocks and debt obligations of the issuer.

*ETF and Mutual Fund Risk* – When an investor purchases an ETF or mutual fund, it will bear additional expenses based on its pro-rated share of the ETF or mutual fund operating expense and certain brokerage fees, which may include the potential duplication of certain fees. The risk of owning an ETF or mutual fund also generally reflects the risks of owning their underlying securities.

*Financial Risk* – Excessive borrowing to finance a business operation increases profitability risk because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

*Firm Research* – When the firm's research and analyses is based upon commercially available software, rating services, general market and financial information, or due diligence reviews, the firm is relying upon the accuracy and validity of the information or capabilities being provided by selected vendors, rating services, market data, and the issuers themselves. The firm makes every effort to determine the accuracy of the information received but it cannot foretell events or actions taken or not taken, or the validity of all information it has researched or provided which may or may not affect the advice to or investment management of an account.

*Fundamental Analysis* – The challenge involving fundamental analyses is that information obtained may be incorrect; the analysis may not provide an accurate estimate of earnings, which may be the basis for a security's value. If a security's price adjusts rapidly to new information, a fundamental analysis may result in unfavorable performance.

**Inflation Risk** – When any type of inflation is present, a dollar today will not buy as much as a dollar next year because purchasing power is eroding at the rate of inflation.

**Management Risk** – An investment with a firm varies with the success and failure of its investment strategies, research, analysis and determination of its portfolio. If an investment strategy were not to produce expected returns, the value of the investment would decrease.

**Market Risk** – When the stock market as a whole or an industry as a whole falls, it can cause the prices of individual stocks to fall indiscriminately. This is also called *systemic* or *systematic* risk.

**Passive Markets Theory** – A portfolio that employs a passive, efficient markets approach (representative of Modern Portfolio Theory) has the potential risk that at times the broader allocation may generate lower-than-expected returns than those from a specific, more narrowly focused asset, and that the return on each type of asset is a deviation from the average return for the asset class. We believe this variance from the “expected return” is generally low under normal market conditions when a portfolio is made up of diverse, low or non-correlated assets.

**QDI Ratios** – While many ETFs/ETNs and certain mutual funds are known for their potential tax-efficiency and higher “qualified dividend income” (QDI) percentages, there are asset classes within these investment vehicles or holding periods within that may not benefit. Shorter holding periods as well as commodities and currencies (that may be part of an ETF/ETN or mutual fund portfolio) may be considered “non-qualified” under certain tax code provisions, therefore, the holding’s QDI should be considered if tax-efficiency is an important aspect of the client’s portfolio.

**Technical Analysis** – The risk of investing based on technical analyses is that it may not consistently predict a future price movement; the current price of a security may reflect all known information. Further, a particular change in the market price of a security may follow a random pattern and may not be as predictable as desired.

#### **Voting Client Securities**

OBS Financial Services, Inc. does not vote client proxies nor do we offer guidance on how to vote proxies. You maintain exclusive responsibility for directing the manner in which proxies solicited by issuers of securities beneficially owned by you shall be voted as well as making all other elections relative to mergers, acquisitions, tender offers or other events pertaining to the client's investment assets.

Our firm will have no power, authority, responsibility, or obligation to take any action with regard to any claim or potential claim in any bankruptcy proceeding, class action securities litigation or other litigation or proceeding relating to securities held at any time in a client account, including, without limitation, to file proofs of claim or other documents related to such proceeding, or to investigate, initiate, supervise or monitor class action or other litigation involving client assets.

You may receive proxies or other solicitations directly from your selected custodian or transfer agent. If OBS Financial Services, Inc. receives correspondence relating to the voting of client securities, class action litigation, or other corporate actions, the firm will typically forward the correspondence to your address of record or return it to its originator.



## **Item 7 – Client Information Provided to Portfolio Managers**

### ***Information Provided to Portfolio Managers***

Under this our wrap fee engagement we will gather information from you about your financial situation, investment objectives, and any reasonable restrictions you may want to impose on the management of the account. We will then provide this data to the investment manager providing support to a portion or the entire portfolio, and they will invest on behalf of the account in accordance with their published strategies.

### ***Discretionary Account Management***

Either our firm or the selected investment manager assumes discretionary authority over your account. Discretionary authority allows the firm/investment manager to implement decisions, such as the purchase or sale of a security on behalf of your account, without requiring your prior authorization for each transaction in order to meet your stated account objectives. By executing the custodian's limited power of attorney, you will be granting such authority. Note that the custodian will specifically limit this authority within your account to the placement of trade orders and the request for the deduction of advisory fees. If you prefer your account be managed under a non-discretionary agreement, requiring prior approval of all investment purchases and sales, our firm would not be able to serve the account under the wrap fee program and another form of advisory service should be considered.

## **Item 8 – Client Contact with Portfolio Managers**

In certain instances you may be able to attend general communications sessions offered a portfolio manager as well communicate with the various managers serving an account. When desiring to communicate with a portfolio manager, we would ask that you allow our firm to serve as coordinator so that we may effectively assist both parties and follow up as necessary.

## **Item 9 – Additional Information**

### **Disciplinary Information**

OBS Financial Services, Inc. and its management have not been subject to a reportable legal or disciplinary event pursuant the Investment Advisers Act of 1940 (as amended) or similar state statute.

On April 4, 2005, OBS Brokerage Services, Inc., an affiliate of the firm that is under common control of OBS Holdings, Inc., had entered into an Acceptance, Waiver and Consent (AWC) with the NASD (now FINRA) relating to its operations as a broker/dealer. As part of the AWC agreement, OBS Brokerage Services, Inc. agreed to pay a fine of \$37,500 to the NASD when found the firm had been in violation of Exchange Act Rule 10b-9 and NASD Rules 2110, 2710, 2720 and 3011. These rules relate to how funds were raised through private placement offerings for OBS Brokerage Services, Inc. under its previous ownership, as well as the procedures followed with respect to the firm's anti-money laundering rules and financial institutions.

### **Other Financial Industry Activities and Affiliations**

Our policies requires that we conduct business activities in a manner that avoid actual or potential conflicts of interest between the firm, employees and investors, or that may otherwise be contrary to law. We will provide disclosure to its client prior to and throughout the term of an engagement of any conflicts of interest which will or may reasonably compromise its impartiality or independence.



### ***Material Relationships Maintained by this Advisory Business and Potential Conflicts of Interest***

Ownership of OBS Financial Services, Inc. is through OBS Holdings, Inc., which is subsequently owned by WBI OBS Holdings, LLC of Whitehouse, OH. Majority shareholders of WBI OBS Holdings, LLC are Westbridge Investments, LLC and Canandaigua National Bank & Trust.

The management and certain associates of OBS Financial Services, Inc. may also be registered with its affiliate, OBS Brokerage Services, Inc., a FINRA member introducing broker/dealer that is wholly-owned by OBS Holdings, Inc. OBS Financial Services, Inc. may engage its affiliate for its services and, therefore, fees or transaction charges may be earned by the affiliate. OBS Holdings, Inc. is an Ohio insurance agency but does not directly market insurance products to the public nor does it affiliate licensed insurance agents.

Neither OBS Financial Services, Inc. nor any of its management persons are registered as a National Futures Association (NFA) introducing broker/dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or are an associated person of the noted entities.

As an introducing broker/dealer, OBS Brokerage Services, Inc. may clear transactions through one or more of the following unaffiliated broker/dealers on a fully-disclosed basis and in which these entities are normally paid for their services based upon gross fees and commissions earned. OBS Financial Services, Inc. and OBS Brokerage Services, Inc. address security of investor account information and privacy within these relationships through ongoing due diligence review and financial audits.

- Pershing LLC (a Bank of New York/Mellon Company)
- National Financial Services LLC (a Fidelity Investments company)
- Fidelity Wealth Management Services (a Fidelity Investments company)
- Schwab Institutional Services (a division of Charles Schwab & Co., Inc.)
- TD Ameritrade Institutional (a division of TD Ameritrade, Inc.)
- Mid-Atlantic Trust Company (a Mid-Atlantic Capital Group company)

An advisory associate may serve in the capacity of a licensed independent insurance agent; offering annuities, life, health or long term care insurance through various unaffiliated insurance companies. In addition, certain advisory associates may operate within or be dually-employed by state or federally-chartered financial institutions. Therefore, an associate may serve a client in one or more capacities, whether as an investment advisor representative offering investment advisory services, registered representative offering brokerage services, or as insurance agent. These roles are described in the associate's Form ADV Part 2B brochure supplement, and each associate is required to disclose in advance of the transaction or service the capacity in which they are serving a client, to include the potential or actual conflict of interest the role or service to be provided may incur. At no time will there be *tying* between business practices and/or services; a condition where a client or prospective client would be required to accept one product or service which is conditional upon the selection of a second distinctive tied product or service.

### ***Recommendation or Selection of Other Investment Advisers and Conflicts of Interest***

As described in Item 4 involving our advisory business and investment models, we will engage portfolio managers (whom are required to be registered investment advisors) whose strategies, services or investment vehicles meet our investment committee criteria.

Please note that both our firm and the engaged entity share in a portion of the wrap fees assessed within an account for their respective services.

#### Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

OBS Financial Services, Inc. believes that its business methodologies, ethics rules, and adopted policies are appropriate to eliminate or at least minimize potential material conflicts of interest and to appropriately manage any material conflicts of interest that may remain. Clients should be aware that no set of rules can possibly anticipate or relieve all potential material conflicts of interest. Our firm will disclose to advisory clients any material conflict of interest relating to the firm, its representatives, or any of its employees which could reasonably be expected to impair the rendering of unbiased and objective advice (such as roles described in this section of the brochure or the associate's brochure supplement).

#### ***Code of Ethics***

Our firm has adopted a Code of Ethics that sets forth the policies of ethical conduct for all personnel and accepts the obligation not only to comply with the mandates and requirements of all applicable laws and regulation but also to take responsibility to act in an ethical and professionally responsible manner in all professional services and activities. The firm periodically reviews and amends its Code of Ethics to ensure currency, and all firm access persons are required no less than annually to attest to their understanding and adherence. OBS Financial Services, Inc. will provide a copy of its Code of Ethics to any client or prospective client upon request.

When required, a copy of the firm's privacy policy notice will be provided to each client prior to, or contemporaneously with, the execution of an engagement agreement. The firm will notify its clients annually of its privacy policy and at any time, in advance, if its privacy policy is expected to change.

#### ***Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest***

Neither the firm nor an associate is authorized to recommend to a client, or effect a transaction for a client, involving any security in which the firm or a "related person" (e.g., associate, an immediate family member, etc.) has a material financial interest, such as in the capacity as an underwriter or advisor to an issuer of securities, etc.

An associate is prohibited from borrowing from or lending to a client unless the client is an approved financial institution.

#### ***Personal Trading***

OBS Financial Services, Inc. does not trade for its own account (proprietary trading). The firm may make recommendations or take action with respect to investments for its clients that may differ in nature or timing from recommendations made to or actions taken for other clients or related persons, and related persons may buy or sell securities similar to those recommended to clients for their accounts. At no time will a related person receive preferential treatment over firm clients.

In an effort to reduce or eliminate certain conflicts of interest involving personal trading, firm policy may require the utilization of published lists that restrict or prohibit transactions in specific reportable securities transactions.

Any exceptions or trading pre-clearance must be approved by the firm's Chief Compliance Officer in advance of the transaction in any related person's account. The firm maintains the required personal securities transaction records per regulation.

#### Review of Accounts

##### ***Schedule for Periodic Review and Advisory Persons Involved***

The assigned investment advisor representative will periodically review reports provided to you by your portfolio manager and will contact you at least annually to offer a review of your financial situation and objectives. We will communicate information from you to portfolio managers as warranted and will assist you in understanding and evaluating the services provided by each manager. In certain instances, you may be able to communicate with your portfolio manager.

Reviews will also be conducted on a macro level by our investment committee and supervisory staff, as well as at the client level by your assigned investment advisor representative. Normally these reviews involve analysis and possible revision of investment strategies and investment allocations, etc.

A copy of a revised IPS or asset allocation reports will be provided to the client upon request.

##### ***Review of Client Accounts on Non-Periodic Basis***

You are encouraged to contact your investment advisor representative for additional reviews when there are material changes that occur in your financial situation (i.e., change of employment status, receipt of a significant bonus, an inheritance, or other circumstances), or should you prefer to changes involving your account. A copy of revised asset allocation reports will be provided when appropriate.

Additional reviews by portfolio managers, compliance and/or operations personnel may be triggered by news or research related to a specific holding, a change in our view of the merits of a holding, or news related to the macroeconomic climate affecting a sector or holding within that sector. Portfolios may be also reviewed for an additional holding or when an increase in a current position is under consideration. Account cash levels above or below what we deem appropriate for the investment environment, given the client's stated tolerance for risk and investment objectives, may also trigger a review.

##### ***Content of Client Provided Reports and Frequency***

You will receive account statements sent directly from your custodian of record where your investments are held. We urge you to carefully review these statements for accuracy and clarity, and to ask questions when something is not clear.

You may also receive portfolio performance reports sent directly from your portfolio manager. You are urged to carefully review and compare account statements that you have received directly from your custodian with any performance report that you may receive.

#### Client Referrals and Other Compensation

##### ***Economic Benefit from External Sources and Potential Conflicts of Interest***

OBS Financial Services, Inc. may participate in the noted custodians' institutional programs and we require these same custodians to our wrap fee program clients for custody and brokerage services. We may therefore receive economic benefit from a custodian in the form of the support products and

services they make available to us and other independent investment advisors. There is no direct link between our participation in the program and the investment advice we give our clients. Our firm receives economic benefits through its participation in the program that are typically not available to “retail investors.” These benefits may periodically include the following products and services (provided either without cost or at a discount):

- receipt of duplicate client statements and confirmations
- research related products and tools
- consulting services
- access to a trading desk serving our clients
- access to block trading (which provides our ability to aggregate securities transactions for execution and then allocate the appropriate shares to our client’s accounts)
- the ability to have advisory fees deducted directly from our client’s accounts per our written agreement
- access to an electronic communications network for client order entry and account information
- access to mutual funds with no transaction fees, and to certain institutional money managers; and
- discounts on marketing, research, technology, and practice management products or services provided to our firm by third party vendors

A custodian may also pay for business consulting and professional services received by our firm assist us in managing and administering our client accounts. Some of the products and services may favorably benefit our firm but may not benefit each client account; and they may also indirectly benefit accounts not maintained at a noted custodian. As part of our fiduciary duty we endeavor at all times to put the interests of our clients first. We believe it is also important to mention that the benefit received by our firm from a custodian does not depend on the amount of brokerage transactions directed to a custodian, and we believe our selection of each custodian is in the best interests of our clients since the selection is primarily supported by the scope, quality, and cost of their services -- not just those services that benefit only our firm.

### ***Advisory Firm Payments for Client Referrals***

#### **Solicitor Engagements**

If a client is introduced to OBS Financial Services, Inc. by an unaffiliated solicitor, the firm may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended, and any corresponding state securities law requirements.

Any such referral fee shall be paid solely from our firm's investment management fee and shall not result in any additional charge to the client.

The solicitor will disclose the nature of their relationship to prospective clients at the time of solicitation and will provide prospective clients with OBS Financial Services, Inc.’s wrap fee brochure, in addition to the solicitor's disclosure statement that contains the terms and conditions of the solicitation arrangement, and the compensation arrangement.

### Financial Institution Referrals

If an advisory associate is concurrently an employee of a financial institution or its subsidiary, that associate may receive or provide referral among those separate entities. Our advisory firm does not compensate for such introductions.

### Referrals to Other Professionals

Upon your request, you may be provided a referral to various professionals, such as an accountant or an attorney. While these referrals are based on the best information made available, the firm does not guarantee the quality or adequacy of the work provided by these referred professionals. There is not an agreement with these entities nor are referral fees received from these professionals for such informal referrals. Any fees charged by these other entities for their services are completely separate from fees charged by our firm.

### Industry Memberships

A firm associate may hold individual membership or serve on boards or committees of professional industry associations. Generally, participation in any of these entities require membership fees to be paid, adherence to ethical guidelines, as well as in meeting experiential and educational requirements.

A benefit these entities may provide to the investing public is the availability of online search tools that allow interested parties (prospective clients) to search for individual participants within a selected state or region. These passive websites may provide means for interested persons to contact a participant via electronic mail, telephone number, or other contact information, in order to interview the participating member. The public may also choose to telephone association staff to inquire about an individual within their area, and would receive the same or similar information. A portion of these participant's membership fees may be used so that their name will be listed in some or all of these entities' websites (or other listings). Prospective clients locating our firm or an associate via these methods are not actively marketed by the noted associations.

Clients who find us in this way do not pay more for their services than clients referred to us in another fashion, such as by another client. We do not pay these entities for prospective client referrals, nor is there a fee-sharing arrangement reflective of a solicitor engagement.

### Financial Information

OBS Financial Services, Inc. will not take physical custody of client assets. Advisory fee withdrawals must be done through a qualified intermediary (e.g., custodian of record), per prior written agreement, which is termed "constructive custody."

Our firm will not collect advisory fees from a client of \$1,200 or more for services to be performed six months or more into the future.

Neither the firm nor its management serve as general partner for a partnership or trustee for a trust in which the firm's advisory clients are either partners of the partnership or beneficiaries of the trust.

The firm and its management do not have a financial condition likely to impair the firm's ability to meet commitments to our clients, nor have they been the subject of a bankruptcy petition at any time during the past 10 years.

Due to the nature of our firm's services and operational practices, an audited balance sheet is not required nor included in this brochure.

**Item 10 - Requirements for State-Registered Advisers**

This section is required for state-registered investment advisors and, therefore, does not pertain to OBS Financial Services, Inc.