

Item 1 – Cover Page

Brokers International Financial Services, LLC

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August 21, 2017

This brochure provides information about the qualifications and business practices of Brokers International Financial Services, LLC (“Brokers Financial”). If you have any questions about the contents of this brochure, please contact us at (877)-886-1939 or at compliance@brokersifs.com. 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.

Brokers Financial is a registered investment adviser. While registration is required under law, registration of an investment adviser or broker-dealer does not imply any specific level of skill or training.

Additional information about Brokers Financial is available on the SEC’s website at www.adviserinfo.sec.gov and on FINRA’s website at www.finra.org/brokercheck

Item 2 – Material Changes

On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that Brokers Financial provides to clients as required by applicable rules and regulations. This Disclosure Brochure dated August 21, 2017 is a new document prepared according to the new requirements and rules. This item will discuss only specific material changes that are made to the Disclosure Brochure and provide readers with a summary of such changes. We will also reference the date of the last annual update of the brochure.

In the past our Firm has offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new rules, we will ensure that you receive a summary of any material changes to this and subsequent Disclosure Brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes no later than April 30 each year. At that time we will also offer a copy of the most current Disclosure Brochure. We may also provide other ongoing disclosure information about material changes as necessary.

The following summarizes the material changes made to the Brokers Financial brochure since March 20, 2017:

1. Item 4 – Advisory Business

The definition for Asset Management Services was reworded.

2. Item 5 – Fees and Compensation

The Brokers Financial Edge Program was updated to include Charles Schwab as a new custodian.

Fees and Compensation and Other Fees sections were also updated to reflect Charles Schwab as a custodian.

3. Item 12 – Brokerage Practices

Section was updated to reflect Charles Schwab as a custodian and to disclose the services Brokers Financial receives from Charles Schwab.

4. Item 14 – Client Referrals and Other Compensation

Section was updated to disclose potential conflict for advisors selling mutual funds with 12b-1 fees and to disclose Charles Schwab as a custodian.

5. Item 15 – Custody

Section was updated to provide a more concise description of how Brokers Financial is deemed to have custody of your assets.

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Item 4 – Advisory Business

Introduction

Brokers Financial is a SEC registered investment adviser and broker-dealer with its main operations located in Urbandale, Iowa. Brokers Financial started operations in 2006. Brokers Financial is wholly owned by Brokers International, Ltd.

Our investment adviser representatives (IARs) are not employees of Brokers Financial, they are independent contractors.

Our IARs are restricted to providing services and charging fees based in accordance with the descriptions detailed in this document. However, the exact services you will receive and the fees you will be charged are dependent upon your Brokers Financial IAR. Fees may also vary depending on the geographic location of our clients and/or your IAR. Brokers Financial IARs are instructed to consider the individual needs of each client when recommending an advisory service.

General Description of Primary Advisory Services

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

Financial Planning Services – Financial planning services do not involve the active management of client accounts, but instead focuses on a client's overall financial situation. The role of an IAR in providing financial planning services is to deliver a plan that helps the client understand his/her overall financial situation and helps the client set financial objectives.

Hourly Consulting Services – Hourly consulting services do not involve the active management of client account. Hourly consulting services can be described as an IAR working with a client throughout the year on several different aspects of financial planning but without the delivery of an overall financial plan.

Financial Planning Seminars – We provide advisory services in the form of financial planning seminars. Financial planning seminars may include topics related to wealth management, financial planning, retirement strategies or various other economic and investment topics. Information presented will not be based on any one person's needs and individualized investment advice will not be provided to attendees during the seminar. Attendees are encouraged to have individual consultations with the IAR and to have a financial plan prepared but are under no obligation to do so. The IAR may receive approval to conduct financial planning seminars for corporate employees.

Retirement Plan Consulting Services – We offer retirement consulting services to employee benefit plans and their fiduciaries. The services are designed to assist the plan sponsor (the "Company") in meeting its management and fiduciary obligations to the plan under ERISA. Retirement consulting services may consist of general or specific advice.

Asset Management Services – Asset Management Services involve providing clients with continuous and on-going supervision over client accounts. This includes Brokers Financial Flexible Managed Account Program, Brokers Financial Edge Program, the Brokers Financial Aspire Program and the Brokers Financial Retirement Ally Program.

Outside Money Managers – We also provide advisory services by referring clients to outside, or unaffiliated, Third Party Managers that are registered or exempt from registration as investment advisers. Under this service the third-party money managers will be responsible for continuously monitoring client accounts and making trades in client accounts when necessary.

Specialization – IARs may focus on specific or certain types of advisory services over other types of advisory services.

Advice on Certain Types of Investments – With some exceptions, our IARs may provide investment advice on most types of investments owned by a client and, at the specific request of a client, will explore investment options not currently owned by a client. However, our IARs are not permitted to provide advice

on futures or commodity contracts. Brokers Financial also requires that Third Party Managers used by Brokers Financial IARs be approved by Brokers Financial.

Participation in Wrap Fee Programs

We offer services through both wrap-fee programs and non-wrap fee programs.

- A wrap fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions.
- A non-wrap fee program traditionally includes individual transaction charges and other service charges in addition to any investment advisory fee that is charged.
- Whenever a fee charged to a client for services described in this brochure (whether wrap fee or non-wrap fee), Brokers Financial will receive all or a portion of the fee charged.

Tailor Advisory Services to Individual Needs of Clients

Our services are always provided based on the individual needs of each client. This means, for example, that you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. IARs will work with each client on a one-on-one basis through interviews and questionnaires to determine the client's investment objectives and suitability information. Accounts are managed as directed by each client in the completion of their individual Investment Policy Statements.

Model Portfolios

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

Client Assets Managed by Brokers Financial

The amount of clients assets managed by Brokers Financial totaled \$247,700,899 as of December 31, 2016. \$94,191,248 is managed on a discretionary basis and \$153,509,651 is managed on a non-discretionary basis.

Item 5 – Fees and Compensation

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

Advice Incidental to Brokerage Service

Brokers Financial is a dually registered broker-dealer and investment adviser. The primary business activity of Brokers Financial is acting as a securities broker-dealer. When acting as a securities broker-dealer the Firm may provide securities related advice to brokerage clients, which is incidental to brokerage services for which no special compensation is received other than the customary and usual commissions paid by customers for brokerage services.

Brokerage services and this incidental advice are provided by individuals who are Registered Representatives of Brokers Financial. Clients only receiving brokerage services from Brokers Financial, including those receiving incidental securities advice from broker-dealer Representatives are not considered to be investment advisory clients.

Investment Advisory Services and Fee Arrangements

Brokers Financial Wrap Program

For information regarding the Brokers Financial Wrap Program please see our Appendix 1 – Wrap Fee Brochure for a detailed list of fees and services.

Brokers Financial Edge Program

Through the Brokers Financial Edge Program (Edge Program), clients receive continuous investment advice from the IAR. The IAR is responsible for selecting the securities within an investment strategy. IARs may develop models or strategies that are generally applied to their clients while other IARs will develop truly individualized portfolios for each client to meet a client's specific goal and objective. Investment strategies, models, and philosophies used within the Edge Program will generally vary based on the IAR providing advice. Models and strategies used by one IAR may be different than strategies used by other IARs. Some IARs limit their advice to mutual funds and exchange traded funds (ETFs) and others will provide advice on a full range of securities including but not limited to: exchange-listed securities, securities traded over the counter, foreign issues, ETFs, warrants, corporate debt securities, commercial paper, certificates of deposit, mutual fund shares, municipal securities, United States government securities, third party money managers and options contracts on securities.

The Edge Program allows for both discretionary and non-discretionary trading. With discretionary trading, the IAR has the authority to buy or sell securities without obtaining a client's approval prior to each transaction. With non-discretionary trading, the IAR must obtain a client's approval before each transaction. Clients grant the IAR discretion when signing the client agreement for the Edge Program. Separate from the agreement the IAR must meet certain qualifications as set by Brokers Financial to exercise discretion over client accounts.

Clients have the ability to place reasonable restrictions on the types of investments that may be purchased in the Edge Program. Clients may also place reasonable limitations on the discretionary power granted to IARs, so long as the restrictions and limitations are specifically set forth in writing or included as an attachment to the appropriate client agreement.

Accounts managed through the Edge Program must be established through one of three brokerage platforms, Pershing, LLC ("Pershing"), Charles Schwab ("Schwab"), or TD Ameritrade ("TD"). For accounts established at Pershing, Brokers Financial serves as the introducing broker-dealer and securities are cleared and held at Pershing which acts as the qualified custodian. For accounts established at TD, a registered broker-dealer and member of the Securities Investor Protection Corporation (SIPC), TD serves as the qualified custodian. For accounts established at Schwab, a registered broker-dealer, member SIPC, Schwab serves as the qualified custodian. In order to participate in the Edge Program through TD, you need to name Brokers Financial as your investment adviser on the account.

At least quarterly (or more frequently as needed) clients should notify their IAR if their financial situation or investment objectives have changed, or if they want to impose and/or change any reasonable restrictions on the management of their account. Your IAR will contact you at least once each year to verify the information you have previously provided or determine if your financial situation or investment objectives has changed, or if you want to impose and/or change any reasonable restrictions on the management of your account.

Brokers Financial IARs are reasonably available to consult with you relative to the status of your account. A client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian but rather represents a direct and beneficial interest in the securities which comprise the account. You retain ownership of your Account (e. g. right to refuse transactions, withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

In order to determine a suitable course of action for an individual client, our IARs will perform a review of each client's financial circumstances. This review may include, but would not necessarily be limited to, investment objectives, consideration of the client's overall financial condition, income and tax status, personal and business assets, risk profile, and other factors unique to the client's particular circumstances. Investments are determined based upon your investment objectives, risk tolerance, net worth, net income, age, time horizon, tax situation and other various suitability factors. Our Firm

manages the client accounts on an individualized basis. Any restrictions, limitations and guidelines you impose may affect the composition and performance of custom portfolios (as a result, performance of custom portfolios within the same investment objective may differ and you should not expect that the performance of your custom portfolios will be identical to any other individual's portfolio performance).

Brokers Financial Flexible Managed Account Program

With the Brokers Financial Flexible Managed Account Program (FMA Program) IARs may utilize the services of Sub-Advisors when formulating asset allocation, industry and sector selection, and individual investment recommendations in constructing and maintaining custom portfolios. All or a portion of the client's assets may be managed by and among the recommended Sub-Advisers based upon your stated investment objectives. The terms and conditions under which you would engage a Sub-Adviser will be explained in separate written agreements between you and Brokers Financial and you and the designated Sub-Adviser. If it is decided that your account should be managed by a Sub-Adviser you will generally not have any day to day contact with the Sub-Adviser. All communications between you and the Sub-Adviser will be handled by your Brokers Financial IAR.

If you decide to participate in the FMA Program once an Investment Advisory Agreement is signed, the IAR will assist you with the establishment of an account ("Account"). Accounts managed through the FMA Program must be established through TD which serves as the broker-dealer and qualified custodian. In order to participate in the FMA Program you need to name Brokers Financial as your investment adviser on the account.

The recommendation of a Sub-Adviser is contingent on the Sub-Adviser passing the due diligence requirements of our Firm. We will not recommend the use of a Sub-Adviser unless the Sub-Adviser is registered or exempt from registration as an investment adviser in the client's home state. We will evaluate Sub-Advisers based on extensive information they provide, including descriptions of its investment process, asset allocation strategies, sample portfolios, and the Sub-Adviser's Form ADV, Part II. We will also analyze performance, risk characteristics and management style.

Currently, Brokers Financial has approved the following investment advisers to serve as Sub-Advisers through the FMA Program: Dorsey Wright & Associates, Inc. doing business as Dorsey Wright Money Management; Foresight Investment Advisors, LLC.; Capital Market Consultants, LLC.; and Julex.

The recommendation of a Sub-Adviser by an IAR is done on non-discretionary basis with the specific terms outlined in the Investment Advisory Agreement. This means the client will have the final authority to hire or fire a Sub-Adviser. Such decisions must be made in writing. However, the company reserves the right to add or remove Sub-Advisers from the FMA Program's platform. This means that we retain the authority to remove a Sub-Adviser from the platform without prior notice to you.

Through the FMA Program, Dorsey Wright, Capital Market Consultants, Foresight Investment Advisors, and Julex primarily serve as a strategist. This means they will not have direct access to manage your account but they will develop model portfolios that your IAR may recommend to you.

As a part of the Investment Advisory Agreement you grant Brokers Financial the ability to exercise discretionary trading authority for the day to day management of your accounts based on trading signals received from the Sub-Advisers.

Fees and Compensation

Clients in the Edge Program and FMA Program (collectively referred to as the "Programs") pay a single annualized fee, based upon a percentage of the market value of the account assets. The services provided by the Programs may cost clients more or less than purchasing such services separately.

Brokers Financial is a participant in Pershing's FUNDVEST® ticket charge program. This program offers clients no-load mutual funds with no transaction fees. Through formal agreements Brokers Financial is eligible to receive revenue sharing participation for assets that are held within these programs. Restrictions may apply in certain situations. Pershing's FUNDVEST® can be used in the Edge Program.

	Edge Program	FMA Program
Maximum annual total program fee:	2.20%	2.40%
Maximum annual advisor fee:	2.00%	1.50%
Maximum annual service fee:	.20%	N/A
Maximum annual management fee:	N/A	.90%
Administrative fee:	\$30/quarter or \$10/month ¹	\$30/quarter or \$10/month ²

¹ An administrative fee may be charged when the service fee for the billing period is less than the administrative fee.

² An administrative fee may be charged when the management fee for the billing period is less than the administrative fee.

Brokers Financial IARs may negotiate fees with individual clients based on the client's individual financial situation, complexity, knowledge, and assets under management. The specific fee charged to each client will be outlined in, or attached to, the Investment Advisory Agreement.

The annual management fee will be agreed upon in advance and will be paid directly from the available funds held in your account. For accounts established through Pershing, management fees are calculated and billed quarterly in arrears based on the value of the client's account(s) at the end of the quarter. For accounts established through TD or Schwab, management fees are calculated and billed monthly, in advance, based on the value of the client's account(s) at the end of the prior month. Some money managers have authorized a monthly billing cycle that could be utilized by the firm for billing. For accounts established at TD or Schwab, clients must authorize Brokers Financial to instruct TD or Schwab to deduct each outstanding management fee from their account and to include on each quarterly statement the amount of advisory fees paid for that time period. Upon a client's request, we will provide an accounting of the manner in which a particular fee was calculated. When deemed appropriate by Brokers Financial a Sub-Adviser may be granted authority by the client to deduct the portion of the advisory fee due them in providing services to the account.

Other Fees

Brokerage fees and/or transaction ticket fees charged by Schwab, Pershing, or TD are separate from the annual management fee and will be billed directly to your account. Brokers Financial will not receive any portion of these commissions or fees from Schwab, Pershing, TD or the client. Additionally, you may incur certain charges imposed by third parties other than Brokers Financial in connection with investments made through the account, including but not limited to, mutual fund sales loads or commissions (although Brokers Financial will typically only use No-Load or Load Waived Mutual Funds in these accounts), 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, and IRA and qualified retirement plan fees. Management fees charged by us are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus.

Termination of Services

Program services may be canceled at any time, by any of the parties, for any reason upon receipt of written notice to the other party. Clients will receive a pro-rated refund of any fees paid in advance but not fully earned by Brokers Financial and the IAR. The refund is based on the number of days remaining in the quarter or month after notice of termination is received and must be at least \$75. For accounts not billed in advanced, clients will be billed a final fee that is pro-rated based on the amount of time remaining in the quarter or month.

Financial Planning Services

We may offer financial planning services for a fixed fee or hourly fee basis as negotiated between you and your adviser representative and depending on the complexity of the services requested, the amount of research required to provide the services, and the complexity of the financial plan. Fees are negotiable

and are charged in accordance with the fee schedule below. The financial planning advisory agreement is considered fulfilled, and therefore terminated upon presentation of the financial plan to you.

IARs may charge a fixed fee of up to \$25,000 for the creation of a Financial Plan. The fee may be paid at the time you sign the financial planning agreement or one-half of the fee may be collected at the time the financial planning agreement is signed with the remaining one half of the balance due at the time of presentation of the financial plan. We will not charge more than \$500 six or more months in advance.

Our IARs may also charge for financial planning services based on an hourly fee of up to \$500 per hour. The hourly fee charged to a client will depend on many factors including but not limited to: the complexity of the client's situation and the adviser representative providing advice. The fee may be payable as invoiced by Brokers Financial.

Your IAR will provide each client with an estimate of the number of hours anticipated to be required to provide the services requested by the client upon execution of the financial planning agreement. Our Firm does not impose a minimum client net worth or income level for financial planning services.

For hourly consulting services, clients pay an hourly charge, up to a maximum of \$300 per hour as negotiated between the IAR and the client. The client may elect to pay the fee upon execution of the client agreement or at the time of consultation with the IAR.

Clients should understand that the financial planning or hourly consulting fee the client negotiates with the IAR may be higher than fees charged by other investment advisors for similar services. This is the case, in particular, if the fee is at or near the maximum fees set out above. The IAR is responsible for determining the fee to charge each client based on factors such as total amount of assets involved with the relationship, the complexity of the planning services, and the number and range of supplementary advisory and client-related services to be provided. Clients should consider the level and complexity of the planning services to be provided when negotiating the fee with the IAR.

For financial planning and hourly consulting services you may terminate your agreement within five (5) business days of execution without penalty. After five (5) business days of entering into the advisory agreement, you may still terminate your agreement upon our receipt of your written notice to terminate. You will be responsible for any work completed by the IAR in providing the advisory services or analyzing your particular situation. While financial planning services are prepared with the intention of you implementing recommendations made within the plan through Brokers Financial you are in no way obligated to do so.

Retirement Plan Consulting Services

The IAR will determine whether to bill the Company for retirement plan consulting services at a pre-determined hourly rate, a fixed fee or based upon a percentage of Plan assets. Fees may be billed quarterly in advance or in arrears. In special circumstances other fee paying arrangements may be negotiated. The above referenced terms will be disclosed in the client agreement we sign with the Company.

The Company may terminate the written agreement they signed with us within five days of the execution date without penalty. Thereafter, the written agreement may be terminated by us or the Company at any time upon 60 days prior written notice. Upon termination, we will deliver a final billing statement for unbilled work performed prior to termination, and the Company will have a period of 30 days within which to deliver payment. If we bill the Company in advance and if the termination of the client agreement occurs after the first five days, our fee will be credited back to the Company on a pro-rata basis for the unused portion of the billing period. When we calculate the credit, we will subtract any unbilled work we performed for the Company prior to termination.

Referrals to Third-Party Investment Advisers

Brokers Financial also acts as a solicitor and refers clients to unaffiliated third-party investment advisers offering asset management and other investment advisory services. As a result, we are paid a portion of the fee charged and collected by the third-party investment adviser in the form of solicitor fees or consulting fees. Each solicitation arrangement is performed pursuant to a written solicitation agreement and is in compliance with SEC Rule 206(4)-3 and applicable state securities rules and regulations.

Your IAR will assist you with identifying your risk tolerance and investment objectives. Our IARs will recommend third-party investment advisers in relation to your stated investment objectives and risk tolerance. You may select a recommended third-party investment adviser based upon your individual needs. In order to participate in this service you will be required to enter into an agreement directly with the unaffiliated third-party investment adviser who will provide asset management services.

Your IAR will be available to answer questions you may have regarding your account and act as the communication conduit between you and the third-party investment advisers. Third-party investment advisers may obtain discretionary authority from you to determine the securities to be purchased and sold for your account. Brokers Financial and our IARs will not have any trading authority with respect to your managed account with the third-party investment adviser(s).

Third-party managed programs generally have account minimum requirements that will vary from investment adviser to investment adviser. Account minimums are generally higher on fixed income accounts than equity based accounts. A complete description of the third-party investment adviser's services, fee schedules and account minimums will be disclosed in the third party investment adviser's Form ADV, Part 2A Appendix 1 Disclosure Brochure, or similar Disclosure Brochure which will be provided to clients at the time an agreement for services is executed and account is established. The format and frequency of client reporting will vary depending upon the selected third-party investment adviser.

The actual fee charged for this service will also vary depending on the third-party investment adviser utilized, but will generally not exceed 2.65% of the your assets under management on an annual basis. The portion retained by Brokers Financial in the form of solicitor fees or consulting fees will not exceed 2.50%. The fee retained by Brokers Financial is negotiable based on factors such as the complexity of services provided and the client's assets under management.

You may incur additional charges including but not limited to, mutual fund sales loads (commissions), 12b-1 fees and surrender charges, and IRA and qualified retirement plan fees. Brokers Financial will not receive any portion of these additional commissions or fees. We are only compensated by the portion of the solicitor/consulting fee described above. We receive no other compensation in connection with a client's account. When we are able to negotiate lower fees and expenses charged by third parties, all negotiated improvements are for the clients' benefit.

While Brokers Financial consistently reviews the performance of numerous third-party investment adviser firms, we will only approve a select number of third-party investment advisers available to its IARs. Third-party investment advisers recommended by Brokers Financial must be registered or exempt from registration in the state where the client resides.

Please be aware that your IAR may have a conflict of interest by only offering those third-party investment advisers that have agreed to pay a portion of their advisory fee to Brokers Financial. It is possible that there may be other third-party managed programs that may be suitable to the client that may be more or less costly. No guarantees can be made that your financial goals and objectives will be achieved. Further, no guarantees of performance can be offered. All investments involve risk, including the possible loss of principal.

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

Item 6 of the Form ADV Part 2 instructions is not applicable to this Disclosure Brochure because Brokers Financial **does not charge or accept performance-based fees** which can be defined as fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

Item 7 – Types of Clients

We offer advisory services to Individuals; High-Net worth Individuals; Trusts, estates, or charitable organizations; Corporations or business entities.

You will be required to execute an agreement for services in order to establish a client arrangement with our Firm and/or the sponsor of third-party money manager platforms.

Minimum Investment Amounts Required

There is no minimum to participate in the Edge Program; however, the Edge Program is subject to an administrative fee as described in the Fees and Compensation section. To participate in the FMA Program, the minimum initial investment is generally \$25,000. Brokers Financial reserves the right to close a FMA Program account if its balance falls below a certain level. Brokers Financial also reserves the right to terminate its services if it believes the rendering of its investment advisory services is no longer appropriate for a client.

Third-party managed programs generally have account minimum requirements that will vary from investment adviser to investment adviser.

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

Brokers Financial uses the following methods of analysis in formulating investment advice.

Brokers Financial IARs use various methods of analysis and investment strategies. Methods and strategies will vary based on the Brokers Financial IAR providing advice. Models and strategies used by one IAR may be different than strategies used by other IARs. Some Brokers Financial IARs may use just one method or strategy while other IARs may rely on multiple methods or strategies. Brokers Financial does not require or mandate a particular investment strategy be implemented by its IARs. Further, Brokers Financial has no requirements for using a particular analysis method and our IARs are provided flexibility (subject to Brokers Financial's supervision and compliance requirements) when developing their investment strategies. The following sections provide brief descriptions of some of the more common methods of analysis and investment strategies that are used by our IARs.

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

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

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

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is

that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

Investment Styles and Strategies

Brokers Financial utilizes several strategies when managing client accounts. Below may be some of the investment strategies used by Aspire and Retirement Ally Programs:

Long term purchases - Investments held at least a year.

Short term purchases - Investments sold within a year.

Margin transactions - When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm.

Options including buying puts and calls, writing puts and calls, covered and uncovered - Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.

Tactical Asset Allocation - Allows for a range of percentages in each asset class (such as Stocks = 40-50%). These are stated minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. A form of market timing is possible, since the investor can move to the higher end of the range when certain asset classes are expected to do better and to the lower end when the current market conditions look unattractive. Certain Tactical Asset Allocation strategies include the ability to use cash up to a defined percentage including 100% as a means for preserving capital during extreme negative market events.

Strategic Asset Allocation - Calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a "buy and hold" strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client's goals and needs change and as the time horizon for stated objective grows shorter.

Adaptive Asset Allocation – Certain models may include an adaptive asset allocation as, or as part of, an investment strategy. In general, an adaptive asset allocation is a strategy where the IAR for Edge Program accounts will try to identify the best times to be fully invested and when to reduce investment exposure. This service is designed to take advantage of capital market fluctuations by being invested based on the anticipated market direction. Clients should be aware that this strategy is considered an aggressive, higher-risk investment strategy.

Modern Portfolio Theory - Proposes that investing in a predetermined asset mix derived from the efficient frontier (dictated to achieve a specific client objective within a certain risk tolerance) and rebalancing with discipline, the portfolio is diversified across the various asset classes to mitigate unnecessary risk. This also provides for a portfolio that can operate without reliance on market timing and security selection; however, as with all equity investments positive returns are not guaranteed. In conjunction to investing in a diversified portfolio, each portfolio is constructed to meet specific parameters set forth in the individual client's investment needs and goals. These parameters can include, but are not limited to, tax efficiency, concentrated stock positions and management history.

Use of Primary Method of Analysis or Strategy

Brokers Financial's primary method of analysis or strategy are Fundamental Analysis and Technical Analysis. Some of the risks involved with using this method include listed below.

Brokers Financial's primary strategy involves frequent trading of securities. The frequent trading of securities may have a positive or negative impact on investment performance. Performance from active trading can be lowered due to an increase in brokerage and other transaction costs.

Primarily Recommend One Type of Security

Brokers Financial does not primarily recommend only one type of security.

Risk of Loss

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

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

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) Market Risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk – When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk – When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk – Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When our Firm invests in an ETF or mutual fund, it will bear additional expenses based on its pro rata share of the ETFs or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our Firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities.

Item 9 – Disciplinary Information

April 4, 2012 – Regulatory Action Initiated by the Financial Industry Regulatory Authority.

On April 4, 2012 Brokers Financial submitted a Letter of Acceptance, Waiver and Consent (AWC) to the Financial Industry Regulatory Authority (FINRA) for the purpose of settling alleged rule violations. Brokers Financial entered into the AWC without admitting or denying the findings and was censured and fined \$16,000 for failing to make timely filings or making inaccurate filing for reportable events under

FINRA and NASD Rules, deficient written supervisory procedures, and allowing an individual to be associated with the Firm who had become disqualified from FINRA registration related to a felony conviction due to a motor vehicle violation.

July 27, 2016 – Regulatory Action Initiated by the Financial Industry Regulatory Authority

On July 27, 2016 Brokers Financial submitted an AWC to FINRA for the purpose of settling alleged rule violations. Brokers Financial entered into the AWC without admitting or denying the findings and was censured and fined \$45,000 for utilizing a form for variable annuity purchases that failed to confirm that customers had been fully informed of the material features and fees of variable annuities prior to recommending that they invest in those products and therefore approved solicited variable annuity purchases without adequate information to make reasonable suitability determinations.

Item 10 – Other Financial Industry Activities and Affiliations

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

- (1) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund),
- (2) other investment adviser or financial planner,
- (3) futures commission merchant, commodity pool operator, or commodity trading advisor,
- (4) banking or thrift institution,
- (5) accountant or accounting firm,
- (6) lawyer or law firm,
- (7) pension consultant,
- (8) real estate broker or dealer, or
- (9) sponsor or syndicator of limited partnerships.

As previously stated in this document, Brokers Financial’ principal business is that of a securities broker-dealer. Brokers Financial spends in excess of 60% of its time on securities brokerage business. Brokers Financial engages primarily in the sales of equities, bonds, mutual funds and variable products.

Material arrangements with related entities - in addition to being a dually registered broker-dealer and investment adviser, Brokers Financial is licensed as an insurance agency. IARs of Brokers Financial will normally have a contract relationship with that agency and solicit Clients to purchase insurance. Products sold by IARs in their capacity as insurance agents or brokers will generally involve first year commissions significantly higher than those of adviser program fees.

Participation or Interest in Client Transactions - in addition to its investment adviser business, Brokers Financial is a registered broker-dealer. Through its broker-dealer representatives Brokers Financial transacts business in a variety of securities products. Most of these products generate compensation in the form of commissions to both the representative and to Brokers Financial.

Brokers Financial is a wholly owned subsidiary of Brokers International, LTD. (“Advisor’s Owner” or “BI”). BI is an insurance agency that wholesales disability insurance, long-term care, life insurance and annuities to third-party insurance agents. BI is not registered as an investment advisor or securities broker-dealer. Brokers Financial IARs may also be employees of BI and/or may be licensed as insurance agents.

Third-Party Money Managers

As described in Item 4 – Advisory Business and Item 5 – Fees and Compensation, Brokers Financial has formed relationships with independent, third-party money managers.

Brokers Financial may recommend that clients work directly with third-party money managers. When we refer clients to a third party money manager, you need to know that our Firm will receive a portion of the fee charged by the third party money manager. Therefore, we have a conflict of interest in that we will

only recommend third party money managers that will agree to compensate our Firm by paying us a portion of the fees billed to your account managed by the third party money manager.

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

Code of Ethics Summary

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

Affiliate and Employee Personal Securities Transactions Disclosure

Brokers Financial is and shall continue to be in compliance with The Insider Trading and Securities Fraud Enforcement Act of 1988. Brokers Financial and our associated persons may buy or sell for their personal accounts, investment products identical to those recommended to clients. It is the express policy of Brokers Financial that no associated person of our Firm may purchase or sell any security prior to a transaction being implemented for an advisory account, and therefore, preventing such associated persons from benefiting from transactions placed on behalf of advisory accounts. The Firm monitors this activity by a periodic review of all associated persons Personal Securities Transactions in accordance with our supervisory procedures.

A conflict of interest may arise if the IAR/associated person and a client own or trade in the same or similar security. The price at which an order is executed can vary significantly and may present a conflict of interest.

SEC regulations and Brokers Financial policies require that the client receive the best price and most favorable execution reasonably possible. In a situation where orders are entered for both the IAR/associated person and client accounts for substantially the same security, Brokers Financial will execute the IAR/associated person's order only after the client's order has been executed. Entering an order for the IAR/associated person's benefit before soliciting orders from clients potentially violates "front-running" standards. Therefore, Brokers Financial reserves the right to prohibit solicited client orders from which an IAR might directly or indirectly benefit for up to 48 hours after an IAR's trade is entered.

Brokers Financial IARs/associated persons have an obligation to submit orders so that the resulting price to the customer is as favorable as possible under prevailing market conditions.

Client Referrals and Other Compensation

In addition to our typical Program arrangements, Brokers Financial may offer its Program under the following arrangements and may receive compensation and/or economic benefit for providing services under the Program:

Solicitation Arrangements

Situations may arise in which unaffiliated individuals may solicit clients for Brokers Financial that they deem appropriate. Pursuant to a written referral agreement between Brokers Financial and unaffiliated individuals and other parties (collectively, "Solicitors"), Solicitors agree to refer prospective clients to Brokers Financial to participate in our investment management programs. Where applicable, the agreement will identify the roles and responsibilities of the solicitor, the IAR and Brokers Financial and the specific amount of the annual advisory fee to be shared with the solicitor. This fee compensates the Solicitor for referring clients to us, assisting in the enrollment of clients for participation in our programs, and facilitating communication between us and clients. The annual advisory fee charged to the client will not be affected if the client was introduced or referred by a solicitor. Through the Solicitors Written Disclosure Document, each client is made aware of the referral agreement prior to or at the time of entering into an advisory contract and acknowledges receipt of a current Brokers Financial Form ADV Part 2A or appropriate Wrap Fee Brochure. The advisory fee will be paid monthly for so long as the client maintains an Investment Advisory Agreement with Brokers Financial and the solicitor's agreement with Brokers Financial remains in-force. If at any time either agreement is terminated, the advisory fee payments to the solicitor will cease.

Item 12 – Brokerage Practices

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

Brokers Financial IARs may also be registered representatives of Brokers Financial in our capacity as a securities broker-dealer. Advisory clients may have commission-based Brokers Financial brokerage accounts for which Brokers Financial IARs will serve as registered representative. Registered representatives of Brokers Financial are required to use the services of Brokers Financial and its approved clearing broker-dealers when acting in their capacity as registered representatives. Brokers Financial serves as the introducing broker-dealer. All accounts established through Brokers Financial as a broker-dealer will be introduced to Pershing, LLC. for transaction execution, transaction clearance and account custodial services.

As a securities broker-dealer Brokers Financial has a wide range of approved securities products for which we have performed due diligence prior to our selection. Our registered representatives are required to adhere to these products when implementing securities transactions through Brokers Financial. Commissions charged for these products may be higher or lower than commissions clients may be able to obtain if transactions were implemented through another broker-dealer.

The Custodian and Brokers We Use

Brokers Financial does not maintain custody of your assets (although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15 – Custody, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. For the Edge Program, IARs may select from three qualified custodians: Pershing, Schwab, and TD. Brokers Financial is independently owned and operated and not affiliated with any of the qualified custodians. The qualified custodians will hold your assets in a brokerage account and buy and sell securities when your IAR instructs them to.

We require you use either Pershing, Schwab, or TD as the qualified custodian. If you do not wish to place your assets with one of the three qualified custodians, then we cannot manage your account.

How We Select Custodians

We seek to use a qualified custodian who will hold your assets and execute transactions on terms that are overall most advantageous when compared with other available providers and their services. We consider a wide range of factors, including but not limited to these:

- Combination of transaction execution services along with asset custody services (generally without a separate fee for custody);
- Capability to execute, clear, and settle trades (buy and sell securities for your account);

- Capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- Breadth of investment products made available (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.);
- Availability of investment research and tools that assist us in making investment decisions;
- Quality of services;
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them;
- Reputation, financial strength, and stability of the provider;
- Their service level with advisers and clients; and
- Availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us”)

Your Custody and Brokerage Costs

For the Edge Program Schwab and TD generally do not charge you for custody services for the accounts they maintain. The qualified custodians generally are compensated by charging you ticket charges or other fees on trades that it executes or that settle into your account.

Ticket charges or other fees on trades may have been negotiated with the qualified custodians based on our commitment to maintain a certain amount of assets in accounts at the qualified custodian. This commitment can benefit you because the overall charges and fees on trades may be lower than they would have if we had not made the commitment.

Products and Services Available to Us from Schwab

Schwab Advisor Services™ (formerly Schwab Institutional) is Schwab’s business serving independent investment advisory firms like us. They provide our clients and us with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts, while others help us manage and grow our business. Here is a more detailed description of Schwab’s support services:

Services That Benefit You. Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab’s services described in this paragraph generally benefit you and your account.

Services That May Not Directly Benefit You. Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients’ accounts. They include investment research, both Schwab’s own and that of third parties. We may use this research to service all or some substantial number of our clients’ accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements);
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- Provide pricing and other market data;
- Facilitate payment of our fees from our clients’ accounts; and
- Assist with back-office functions, recordkeeping, and client reporting.

Services That Generally Benefit Only Us. Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events;
- Technology, compliance, legal, and business consulting;
- Publications and conferences on practice management and business succession; and

- Access to employee benefits providers, human capital consultants, and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

Brokers Financial participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/ ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Brokers Financial receives some benefits from TD through its participation in the Program..

Clients may pay ticket charges higher than those obtainable from other broker-dealers in return for those products and services. Ticket charges and fee structures of various broker-dealers are periodically reviewed to ensure clients are receiving best execution. Accordingly, while Brokers Financial will consider competitive rates, it may not necessarily obtain the lowest possible rates for client account transactions. Therefore, the overall services provided by the broker-dealer are evaluated to determine best execution.

Clients should consider that only some of the approved trading platforms may accommodate the investment strategy recommended by the client's IAR and that our IARs are limited in their ability to obtain the best execution price and lowest execution costs for each transaction or the product with the lowest internal expenses. Therefore, clients may pay higher trade execution charges through the trading platforms approved by Brokers Financial than through platforms that have not been approved by Brokers Financial as trading platforms for investment advisory accounts.

Not all investment advisers restrict or limit the broker-dealers their clients can use. Some investment advisers permit their clients to select any broker-dealer of the client's own choosing.

Handling of Trade Errors

Brokers Financial has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of Brokers Financial to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by Brokers Financial if the error was caused by the Firm. If the error is caused by the broker-dealer, the broker-dealer will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will remain in the client's account unless the same error involved other client account(s) that should also receive the gains and it is not permissible for all clients to retain the gain. Brokers Financial may also confer with clients to determine if the client should forego the gain (e.g., due to tax reasons).

For trade errors occurring in Brokers Financial/Pershing accounts, Brokers Financial may retain gains resulting from correcting a trade error that are not retained by the client and in some instances may use such gains to offset overall losses Brokers Financial incurs from trading errors.

For trade errors occurring in TD Ameritrade accounts, TD Ameritrade may maintain gains resulting from correcting a trade error that are not retained by the client and in some instances may use such gains to offset overall losses Brokers Financial incurs from trading errors.

Block Trading Policy

Transactions implemented by Brokers Financial for client accounts are generally affected independently, unless the Firm decides to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by the Firm when Brokers Financial believes such action may prove advantageous to clients. When Brokers Financial aggregates client orders, the allocation of securities among client accounts will be done

on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among the Firm's clients in proportion to the purchase and sale orders placed for each client account on any given day. When Brokers Financial determines to aggregate client orders for the purchase or sale of securities, including securities in which Brokers Financial may invest, the Firm will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* It should be noted, Brokers Financial does not receive any additional compensation or remuneration as a result of aggregation.

Item 13 – Review of Accounts

Account Reviews and Reviewers

Brokers Financial requires at least annual contact between IARs and their asset management clients. The purpose of the contact is to discuss changes in client's financial status, investment policy statement, investment objectives, and trading strategy to ensure the advisory program they are invested in continues to be an appropriate investment advisory services option. Review of the trading activity and addressing any question the client(s) may have should be part of this review.

Additional reviews may be caused by a change in client circumstances or client request. Securities held in accounts managed by Brokers Financial are monitored periodically. The client's IAR is responsible for reviewing accounts on behalf of Brokers Financial.

Financial planning services terminate upon presentation of the written plan. Therefore, no reviews are conducted for these accounts. If clients elect to have a review and update to an original financial plan, additional fees may be charged and clients may be required to sign a new client agreement.

Statements and Reports

Clients will receive statements at least quarterly from the custodian at which their accounts are maintained. Clients receiving the Financial Planning Service will receive a written financial plan no later than 6 months after signing a Financial Planning Services Agreement.

Item 14 – Client Referrals and Other Compensation

Brokers Financial receives fees for referring clients that open accounts with unaffiliated investment adviser firms. The amount of fees will increase as the amount of assets referred to the unaffiliated investment adviser firms increases. The exact services offered and the arrangement with Brokers Financial will vary depending on the unaffiliated investment adviser. Clients will be provided a copy of the unaffiliated investment adviser firm's solicitor disclosure statement and Form ADV Part II, or similar disclosure brochure, which will disclose the specific details of the referral arrangement and the fees that will be paid.

Additionally Brokers Financial may receive trail commissions also known as 12b-1 fees from the mutual fund companies based on assets under management. These 12b-1 fees vary, but usually range from .25-1.5% as more fully described in the fund prospectus. IARs may have a conflict of interest to offer and recommend funds with 12b-1 fees over funds that have no or lower 12b-1 fees as funds with 12b-1 fees might be able to be traded without ticket charges.

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability of Schwab's products and services to us is not based on our giving particular investment advice, such as buying particular securities for our clients.

While there will not be a direct linkage between the investment advice provided by Brokers Financial and TD Ameritrade, economic benefits may be received that would not be received if Brokers Financial did not

participate in TD Ameritrade's institutional customer program and use these services to implement the investment advice provided. These benefits may include, but not necessarily be limited to (provided without cost or at a discount): receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk; the ability to have investment advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; receipt of compliance publications; marketing; research; technology; practice management products or services provided by third party vendors; and access to mutual funds that generally require significantly higher minimum initial investments or are generally only available to institutional investors. The receipt of these benefits is not dependent upon the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Brokers Financial endeavors at all times to put the interest of its clients first. Clients should be aware, however, that the receipt of economic benefits by Brokers Financial or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Brokers Financial's choice of TD Ameritrade for custody and brokerage services. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the Program.

Brokers Financial also receives From TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent Investment Advisers participating in the program. Specifically, the Additional Services include consolidated account reporting from Albridge Wealth Reporting. TD Ameritrade provides the Additional Services to Brokers Financial in its sole discretion and at its own expense, and Brokers Financial does not pay any fees to TD Ameritrade for the Additional Services. Brokers Financial and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Brokers Financial's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Brokers Financial, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Brokers Financial's client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Brokers Financial, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Brokers Financial may have an incentive to recommend to its clients that the assets under management by Brokers Financial be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. Brokers Financial's receipt of Additional Services does not diminish its duty to act in the best interest of its clients, including to seek best execution of trades for client accounts.

You should be aware that the receipt of commissions and additional incentive compensation itself creates a conflict of interest and may affect the independent judgment of your IAR when making recommendations about annuities and insurance products in general or a particular annuity or insurance product offered by a certain insurance company or through an IMO.

Brokers Financial, in its capacity as an insurance agency, has entered into a referral arrangement with American Trust & Savings Bank, whereby IARs acting in their separate capacities as insurance agents may refer clients to American Trust & Savings Bank's 401(k) retirement plan platform. When a client establishes an account through the 401(k) platform, American Trust & Savings Bank will pay Brokers Financial in its capacity as an insurance agency, a portion of the on-going percentage based fee charged to the client by American Trust & Savings Bank. Therefore, a conflict of interest exists between Brokers Financial and its clients when recommending the 401(k) plan services of American Trust & Savings Bank over other 401(k) services. Clients are not obligated to use the services of America Trust & Savings Bank.

Solicitation Arrangements

Situations may arise in which unaffiliated individuals may solicit clients for Brokers Financial that they deem appropriate. Pursuant to a written referral agreement between Brokers Financial and unaffiliated individuals and other parties (collectively "Solicitors"), Solicitors agree to refer prospective clients to Brokers Financial to participate in our investment management programs. Where applicable, the agreement will identify the roles and responsibilities of the solicitor, the IAR and Brokers Financial and the

specific amount of the annual advisory fee to be shared with the solicitor. This fee compensates the Solicitor for referring clients to us, assisting in the enrollment of clients for participation in our programs, and facilitating communication between us and clients. The annual advisory fee charged to the client will not be affected if the client was introduced or referred by a solicitor. Through the Solicitors Written Disclosure Document, each client is made aware of the referral agreement prior to or at the time of entering into an advisory contract and acknowledges receipt of a current Brokers Financial Form ADV Part 2A or appropriate Wrap Fee Brochure. The advisory fee will be paid monthly for so long as the client maintains an Investment Advisory Agreement with Brokers Financial and the solicitor's agreement with Brokers Financial remains in-force. If at any time either agreement is terminated, the advisory fee payments to the solicitor will cease.

The only other forms of other compensation received from advisory services are the fees charged for providing investment advisory services as described in Item 5 of this brochure. Brokers Financial receives no other forms of compensation in connection with providing investment advice.

Item 15 – Custody

Under government regulations, we are deemed to have custody of your assets if you authorize us to instruct the qualified custodians, (Schwab, Pershing, or TD) to deduct our advisory fees directly from your account. This is the only form of custody Brokers Financial has. Please note that authorization to trade in a client's account is not deemed by regulators to be custody. The qualified custodians maintain actual custody of your assets. You will receive account statements directly from the qualified custodians at least quarterly. They will be sent to the email or postal mailing address you provided to the qualified custodians. You should carefully review those statements promptly when you receive them.

For accounts in which Brokers Financial is deemed to have custody, the Firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or a duly authorized independent representative of the client will direct, in writing, the establishment of all accounts and therefore become aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from Brokers Financial or any other source. When clients have questions about their account statements, they should contact their IAR, Brokers Financial or the qualified custodian preparing the statement.

Item 16 – Investment Discretion

Brokers Financial allows discretion for certain accounts only when both the client and Brokers Financial have provided written authorization. When a IAR is authorized by the client to exercise discretion, he or she may execute trades in the client's account without contacting the client prior to each trade to obtain the client's permission. When discretionary trading authority is granted the Brokers Financial' IAR will have the authority to do the following without contacting the client:

- determine the security or securities to buy or sell; and/or
- determine the price and amount of the security or securities to buy or sell; and/or
- determine the time to buy or sell the security or securities

Only IARs who have received written authorization from both the client and Brokers Financial may exercise discretion in their clients' accounts. Clients give Brokers Financial IARs discretionary authority when they sign a discretionary agreement with Brokers Financial, and may terminate this authority by giving Brokers Financial written instructions.

If you decide not to sign a discretionary agreement with Brokers Financial, trading is done on a **non-discretionary** basis. Brokers Financial IAR will be required to contact you prior to implementing changes to the investment in your account. Therefore, you will be contacted and be required to accept or reject the investment recommendations including:

- The security being recommended

- The number of shares or units
- Whether to buy or sell

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

Item 17 – Voting Client Securities

Brokers Financial will not vote proxies on behalf of your account. While there are some investment advisors that will vote proxies and other corporate decisions on behalf of their clients, we have determined that taking on the responsibility for voting client securities does not add enough value to the services provided to clients to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in your accounts managed by our Firm.

You will receive proxies directly from your account custodian or investment transfer agent and these documents will not be delivered by our Firm. Although we do not vote client proxies, if you have a question about a particular proxy feel free to contact us.

Item 18 – Financial Information

This item is not applicable to this brochure. Brokers Financial does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Brokers Financial has not been the subject of a bankruptcy petition at any time (Please refer to Information Required by Part 2B of Form ADV: Brochure Supplement for more information).