

**Muchler Financial Services, Inc.**  
**202 Main Street**  
**Dansville, New York 14437**  
**(585) 335-5190**  
**(585) 335-5191 Fax**

**Item 1**  
**Firm Brochure**  
**(Part 2A of Form ADV)**

This brochure provides information about the qualifications and business practices of Muchler Financial Services, Inc. If you have any questions about the contents of this brochure, please contact Terry Muchler, our Firm's Chief Compliance Officer, at (585) 335-5190 or by email at [muchlerclientsolutions@ssnrep.com](mailto:muchlerclientsolutions@ssnrep.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. References herein to Muchler Financial Services, Inc. as a registered investment advisor, or any reference to being registered, does not imply a certain level of skill or training.

Additional information about Muchler Financial Services, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**October 15, 2019**

## Item 2 - Material Changes

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### **Annual Update**

As required by Securities and Exchange Commission (SEC) regulations, this Firm Disclosure Document for Muchler Financial Services, Inc. is subject to ongoing review by the Firm's management. This Material Changes section of the brochure is updated at least annually, or more frequently, if/when material changes have occurred since the previous release of the Disclosure Document. In the event there have been material changes, clients of Muchler Financial Services, Inc. will receive a copy of this Material Changes page which reflects those noteworthy changes.

### **Material Changes since the Last Update**

The Muchler Financial Services, Inc. initial Disclosure Document and Brochure Supplement have been reviewed by Firm management in accordance with SEC requirements. As an initial submission by this Firm, there have been no reportable Material Changes for consideration at this time. In the event that significant changes should occur in conjunction with future Disclosure Document filings, Muchler Financial Services, Inc. will forward to its clients copies of this Material Changes section outlining those changes specifically, in keeping with regulatory requirements.

### **Full Brochure Available**

Form ADV Part 2A serves as the Disclosure Document for Muchler Financial Services, Inc. as an SEC-registered investment advisory firm. Form ADV Part 2B serves as a Brochure Supplement, which outlines the history and qualifications of our advisors. These two parts are offered as single, but segregated, document by Muchler Financial Services, Inc. New clients to our Firm are provided with a copy of these documents prior to or at the time of engaging the services of the Firm. In addition, we offer a copy to existing clients on an annual basis. Copies may also be requested at any time by contacting Terry Muchler, the Firm's Chief Compliance Officer, either by telephone at (585) 335-5190 or by email at [muchlerclientsolutions@ssnrep.com](mailto:muchlerclientsolutions@ssnrep.com).

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## Item 4 - Advisory Business

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### Firm Description

Muchler Financial Services, Inc., hereinafter referred to as Muchler Financial or the Firm, is a Registered Investment Advisory firm, registered with the Securities and Exchange Commission (SEC), and manages portfolios in securities for individuals, small businesses and trusts. The Firm's initial registration application was accepted by SEC in September of 2019. Muchler Financial is a privately held corporation whose principle owner is Terry J. Muchler, who holds 100% ownership interest in the corporation. In conjunction with its registration with the SEC, the Firm is also notice filed to conduct advisory business in the States of New York, Florida, Virginia, North Carolina and Colorado, as required by those respective states' registration requirements. The Firm is headquartered in Dansville, New York.

Muchler Financial provides personalized confidential financial planning, asset management and related consulting services to individuals, high net worth individuals, pension and profit-sharing plans, trusts, charitable organizations and small businesses. Recommendations to clients are made based on consultation with the client and analysis of each client's specific financial needs and may include following services:

Determination of financial objectives	Identification of financial problems
Cash flow management	Tax planning
Insurance review	Investment management
Education funding	Retirement planning
Estate planning	

Within the context of providing these services, clients are not permitted to place restrictions on the types of securities to be held within their portfolios. Muchler Financial, at this time, does not offer its clients wrap fee programs, which charge a single fee for an investment program that bundles together a suite of services, such as brokerage, advisory, research and management.

Muchler Financial views its role as pursuing for its clients a superior return on investments consistent with clients' desires for responsible management of assets focused on the achievement of the individual goals of the clients. We seek to accomplish this by investing in securities with greater potential and an eye toward stability of principal.

While Muchler Financial is primarily a fee-based advisory firm, some advisors of the Firm are also Registered Representatives of Securities Services Network LLC, hereinafter referred to as SSN, a FINRA-member securities broker/dealer and independent insurance agency, and retain the option of selling commission-based products such as annuities, insurance, stocks, bonds, exchange traded funds, mutual funds and REITs to the Firm's advisory clients.

Investment advisory services are provided to clients on a discretionary basis only. Muchler Financial does not act as a custodian of client assets, opting instead to utilize as its primary custodian TD Ameritrade Institutional, hereinafter referred to as TD Ameritrade, a division of TD Ameritrade, Inc., an independent and unaffiliated SEC-registered broker/dealer and a member of FINRA/SIPC. Muchler Financial may, to better serve specific client needs, elect to use the services of other custodians as well, at its discretion.

Muchler Financial's governing policy is that client's interests are always placed first and foremost. It serves individual clients with moderate-sized portfolios up to sophisticated clients with extensive portfolios. Clients with portfolios in this range have, in the past, had limited options. They could manage their portfolios themselves, buy mutual funds, rely on large institutional managers or use bank trust departments. Often these options, generally, do not provide the level of attention and individualized professional management that most clients are seeking.

While clients of Muchler Financial always maintain control of their assets, they authorize the Firm to transact trades on their behalf, without prior consultation, by the discretion authorization contained in their advisory agreement executed with the Firm.

A written evaluation of each client's initial situation may be provided to the client, at the discretion of their IAR. Account reviews with clients are conducted at least annually by the IAR and periodic interim reviews may also be conducted with clients to provide reminders of the specific courses of action that need to be taken.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) may be engaged directly by the client or by Muchler Financial on behalf of a client, on an as-needed basis and with client approval. Conflicts of interest which might arise based on positions or actions of Muchler Financial will be immediately disclosed to clients in the unlikely event they should occur.

An initial meeting with a prospective client, which may be by telephone or in person, is free of charge and is considered an exploratory discovery interview to determine if/or the extent to which the financial planning or investment management services offered by Muchler Financial may be beneficial and appropriate to the client. In the event, as a result, the Firm is engaged by the client to provide those services, an advisory agreement is executed between the parties which defines the nature and cost of the services contracted.

The Firm's asset management philosophy is based on a simple proven premise that greater and more consistent gains are likely by investing in a diverse portfolio of securities deemed suitable with each client's objectives, risk tolerances and time horizons. This philosophy stresses minimizing the risk of permanent loss of capital. So, by consistently losing less, greater returns can be made in the long-run. Equity and income investments are evaluated for quality and suitability on an ongoing basis.

Each client's IAR places emphasis on having an intimate familiarity with the various holdings within their specific investment portfolio. In selecting the securities to be added to a client's portfolio, a due diligence review is conducted by the Firm's Chief Compliance Officer (CCO) to ensure the viability of options available to the IARS. Research into prospective securities may be focused on quantitative elements and/or technical analyses of the securities being considered.

Muchler Financial can adjust its asset allocation models between stock, bonds, and money market funds, based on shifting market trends. Individual portfolios may be invested in a mix of securities such as stocks, exchange-traded funds (ETFs), corporate bonds, government bonds and money market funds. The actual mix among these securities alternatives is determined by their relative attractiveness at a specific time, coupled with domestic and international economic climates and market conditions.

Portfolios always remain in the client's name, with TD Ameritrade acting as Muchler Financial's primary account custodian. While Muchler Financial is granted discretionary trading authority by its clients, the Firm neither accepts authority to withdraw cash or securities from client accounts nor assumes custody of client assets in any other form beyond the withdrawal of advisory fees from client custodial accounts.

Clients receive quarterly statements from their account custodians along with periodic status reports that set forth the results for the previous quarter and for the year-to-date. These reports are augmented by personal meetings at least annually or more frequently if desired by the client or their IAR.

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### **Principal Owners**

As previously stated, the principal owner of Muchler Financial is Terry Muchler, who holds 100% ownership interest in the Firm.

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### **Types of Advisory Services**

Muchler Financial provides investment supervisory services, also known as asset management services, as well as financial planning and consultative services to its clients. Asset management services may entail the active or passive management of investment accounts, furnishing of investment advice through consultations with clients, issuing periodic newsletters or special reports to its clients about securities and market conditions or trends and evaluating securities held by clients to foster an understanding of their assets relative to their stated goals and objectives.

Financial planning services are provided to clients to assist them in pursuing both short- and long-range financial goals. This is accomplished through a process of collecting client information about the client's current financial condition, clarification of their goals, identification of their past efforts and current abilities in pursuit of their goals and ongoing progress reviews relative to any actions taken.

On more than an occasional basis, Muchler Financial may furnish consulting services to clients on matters not involving securities, such as taxation, trust management and



estate planning, but are directly related to the ongoing management of client assets. However, the Firm does not act in any capacity as a tax or legal advisor to its clients.

The Firm is compensated for its advisory services to clients through asset management fees, fixed fees or hourly fees. The fee structure is determined by the types of services elected by the clients. Clients grant the Firm discretionary powers which permit the execution of transactions on the clients' behalfs without consulting with or obtaining consent from them in advance of the transactions. As stated above, this authorization is granted within the advisory agreements initially signed by the clients.

As of October 15, 2019, Muchler Financial has approximately \$132,000,000 in assets under management within 830 advisory client accounts. As stated above, at this time all assets are managed on a discretionary basis.

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**Tailored Relationships**

The goals and objectives for each client are documented in our client relationship management system. Investment strategies are then created that reflect the stated goals and objectives of each client. As previously stated, clients are not permitted to impose restrictions on investing in certain securities or types of securities.

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**Types of Agreements**

Prior to engaging Muchler Financial's services, clients are required to sign an agreement which defines the services that will be provided by the Firm. The following agreements define the typical client relationships between Muchler Financial and its clients. Agreements may not be assigned or transferred to parties other than the original clients entering into the agreements. Since Muchler Financial does not maintain custody of client assets, however, separate agreements may also need to be executed between custodial firms and the client, in addition to the agreements of our Firm described below. Since neither Muchler Financial nor its advisors act as attorneys, their recommendations should not be interpreted as legal advice.

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**Financial Planning and Consulting Service Agreement**

Planning or consulting service clients are required to sign a Financial Planning and Consulting Service Agreement with Muchler Financial. This agreement outlines the nature and level of advisory services to be provided, without requiring the direct management of the client's investible assets.

For financial planning clients, information regarding a client's personal and financial situation and objectives is collected by the advisor through a confidential interview process. This data is analyzed and a written financial plan, with specific recommendations, is presented to clients if/and when deemed by the advisor to be appropriate to do so. With or without a written financial plan, clients may be provided with specific recommendations by their advisor based upon the analysis of their financial situation, objectives and risk tolerances.

A comprehensive financial plan, if elected, may include, but is not limited to a net

worth statement, a cash flow statement, a review of investment accounts including reviewing past asset allocations, providing asset repositioning recommendations, strategic tax planning, education planning with funding recommendations, a review of retirement accounts and plans including recommendations and one or more retirement scenarios, a review of insurance policies and recommendations for changes, if necessary and an estate planning review and recommendations.

As previously stated, the Firm does not provide legal or accounting advice relative to its financial plans. It will, however, act as a facilitator in these areas between clients and their legal and/or tax advisors relative to the recommendations made in a financial plan.

Detailed investment advice and specific recommendations are provided as part of a financial plan. Implementation of the recommendations is at the discretion of the client and may be implemented with either Muchler Financial or with a financial advisor of the client's choosing.

Consulting services are provided to clients regarding other financial-related concerns in situations where detailed or comprehensive financial planning is either not necessary or not desired. Common areas of concern addressed by these services include:

Education planning	Simple investment planning
Death, disability and retirement planning	Tax planning
Net worth, cash flow and financial position	Risk management (insurance)
Other investment or non-investment issues	Estate planning

Fees for financial planning and consulting services provided may be negotiable, at the discretion of the IAR or the Firm.

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### **Investment Management Agreement**

Most clients choose to have Muchler Financial manage their assets in order to obtain ongoing in-depth advice and life planning. These clients are required to sign an Investment Management Agreement which defines the manner in which their assets will be managed and the fees assessed by the Firm. Muchler Financial's Investment Management Agreement provides for cash flow management, insurance review, investment management, education planning, retirement planning, estate planning and tax planning, along with the implementation of recommendations within each area. Under the terms of the Agreement, investable assets will be managed by the Firm in pursuit of the client's goals in each of these areas.

All aspects of the client's financial affairs are reviewed, including those of their dependents, if any. Realistic and measurable goals are set and objectives to pursue those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis. Key suitability parameters for each advisory client are developed with the client and clearly defined in the Firm's Unique Possibilities suitability data form. The Unique Possibilities form is completed by the

IAR during the initial discovery meeting and specific to each client and their investment objectives. These suitability documents are reviewed with clients on an annual basis and updated as necessary.

Based on each client's objectives and suitability factors identified in their suitability documents, the advisor will develop a plan with each client that focuses primarily on either income generation or growth of equity assets. Fees may differ between these portfolio management options and are listed in the respective advisory agreement presented to the client. Asset management fees are negotiable, as with fees for the Firm's other advisory services, and are assessed quarterly, in arrears, for clients utilizing TD Ameritrade as their account custodian.

Asset management services are provided to Muchler Financial clients on a discretionary basis, as previously stated. Under the terms of our agreement, clients authorize the advisor to buy, sell, invest, reinvest, exchange and/or trade securities in their accounts at his/her sole discretion and without consulting with the client in advance.

Advisory services are seen as ongoing and agreements are self-renewing unless terminated by either the client or the advisor. Fees and terms within the agreement, however, may be adjusted periodically to serve the client's ongoing needs. Clients are notified in writing of any adjustments to their agreements.

Clients receive quarterly statements from their account custodian(s) which identify the account balance, fees deducted and, in some cases, the formula used in the calculation of the deducted fees. Since advisory fees are assessed in arrears, clients terminating their advisory agreement prior to the end of a quarter will be assessed a pro rata fee for that quarter based upon the number of days into the calendar quarter that have transpired upon receipt of a notice of termination from the client.

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### **Retainer Agreement**

At this time, Muchler Financial may at its discretion charge an advance retainer to clients for financial planning, consulting and/or asset management services. If/When the Firm elects to do so, the retainer terms will be clearly stated in the agreement signed by the client.

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### **Asset Management**

A minimum account value is not required to open an advisory asset management account with Muchler Financial.

Advisors generally recommend that clients allocate their investment assets to various vehicles deemed by the advisor to be appropriate and consistent with the client's suitability and objectives. These investment vehicles may include, but are not limited to, the following:

Exchange-listed securities	Over-the-counter securities
Foreign securities	Warrants
Corporate debt securities	Commercial paper

Certificates of deposit  
Mutual funds  
U.S. Government securities  
Oil and gas partnerships

Municipal securities  
Exchange-traded funds  
Real estate partnerships

Fees related to investment vehicles are clearly identified to the client, either by the advisor or by prospectus, prior to investing. Initial public offerings (IPOs) and penny stock transactions are generally available to clients through Muchler Financial as well, subject to pre-transaction approval of the Firm's CCO.

Securities transactions in advisory accounts are executed through TD Ameritrade, Muchler Financial's advisory client custodian. Other brokerage firms, broker/dealers and/or custodians may be utilized if requested by the client, known as client-directed brokerage, or if deemed to be more appropriate by the Firm. Under a client-directed brokerage arrangement, however, clients are advised that their direction may hinder Muchler Financial's ability to achieve best execution on trades, negotiate commissions or participate in block trading that could be beneficial to the client.

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### **Termination of Agreements**

Either Muchler Financial or the client may terminate any of the aforementioned agreements at any time by notifying the other party in writing thirty (30) days prior to the termination date. As previously stated above, since fees are assessed in arrears clients terminating an asset management agreement are generally not entitled to a refund of fees paid. Since financial planning and consulting fees are billed upon completion of these services, clients terminating from these types of agreements may be billed on a prorated basis using the Firm's hourly billing rate of \$250 per hour for the hours expended up to the date the termination notice is received from the client.

In addition, Muchler Financial reserves the right to terminate any advisory engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in Muchler Financial's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will not be refunded to the client under these circumstances.

## **Item 5 - Fees and Compensation**

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### **Description of Fees**

Fees for Muchler Financial's advisory services are established, on an individual basis during personal consultations, based on the Firm's established fee schedule. Client goals, the amount of funds and the number of accounts are the major considerations. The Firm's fees are reflective of Muchler Financial's policy of providing personalized high-quality service to its clients.

Fees charged by Muchler Financial for financial planning or consulting services are dependent upon the services rendered to the client and may be either fixed or hourly. The specific services in these areas elected by the client, and their respective

fees, are defined in the Financial Planning and Consulting Services Agreement executed with the client upon engaging the services of the Firm. Fees for financial planning or consulting services may be negotiable or waived at the discretion of the IAR and/or the Firm.

For financial planning services, the fee assessed may be either a fixed one-time fee or a recurring annual fixed fee depending upon specific needs defined by the client. Fees may also be adjusted upward or downward, at the discretion of the IAR, based upon the complexity of a client's specific financial planning concerns revealed during subsequent discovery interviews.

The Firm offers financial planning clients three planning package options from which to select their desired level of service, with a fixed annual fee, as follows:

Bronze Package:	Financial Coaching	Asset Allocation Recommendations
	Periodic Newsletters	Debt Reduction Recommendations
	Annual Market Reports	Access to Muchler Financial Website
	\$500 Annual Fee	
Silver Package:	Basic Financial Planning	Wealth Management Notebook
	401k Review	Personal Planning
	Company Benefits	Tax Consultation
	Education Planning	Roth Conversion Strategy
	Newsletters	Annual Appointment
	Annual Market Updates	Access to Muchler Financial Website
	Client Update Event	
Gold Package:	\$750 Annual Fee	
	Silver Package Benefits	Elder Care Planning
	Estate Planning [Life Insurance, Long Term Care, Medicaid]	
	Preparation of Personal Tax Return by Affiliated Firms	
	Invitation to Annual Client Appreciation Event	
	\$1000 Annual Fee	

Consulting services generally entail ongoing discussions and/or reviews of generalized advisory issues not specifically related to financial planning or asset management (i.e. estate planning). These services are usually provided on either a limited or ongoing basis, as defined by specific client needs and defined in their agreement. Clients are billed on an hourly fee basis at the Firm's standard rate of \$250 per hour, in fifteen (15) minute increments. These fees may also be waived, at the discretion of the IAR.

Clients utilizing Muchler Financial's ongoing standard asset management services are required to execute an Investment Management Agreement and Unique Possibilities form which define each client's investment parameters, the management services to be provided by the Firm and the asset management fee to be charged for those services. The fee for those management services is based on a percentage of the average daily account value over the expiring calendar quarter and billed in arrears to the client's

custodial account. Clients may also be assessed a fixed, per account fee by Muchler Financial to offset ongoing technology costs associated with the servicing of client accounts. All fees are deducted directly from client accounts by their respective account custodian(s).

For the purpose of fee calculation, advisory and non-advisory client assets may be aggregated, affording the client the lowest fee percentage whenever possible. As previously noted, the Firm will, at its discretion, allocate client assets to management models mutually agreed upon with the client and consistent with each client's suitability parameters.

As also previously stated, management fees may be negotiable, on a case-by-case basis and at the discretion of the advisor, based on the case complexity or specific needs of a client. Unless stipulated otherwise in a client's investment management agreement, annual asset management fees are assessed as follows for clients engaging the Firm's asset management services:

<u>Account Value</u>	<u>Annual Advisory Fee</u>
\$ 1,500,000 or less	1.00% of average daily account value
\$ 1,500,001 to \$ 2,500,000	0.85% of average daily account value
\$ 2,500,001 or above	0.75% of average daily account value

As referenced above, clients are also assessed a technology administrative fee of \$40 per account per year to offset the costs of technology utilized in the servicing of their advisory accounts.

Fees are calculated based on the average daily account value of assets under management during each calendar quarter, billed in arrears for the expiring quarter. Accounts opened within a calendar quarter will be assessed a prorated fee for the remainder of the opening quarter based on the average daily account value of assets for the portion of the quarter remaining after account opening. Asset management fees may be reduced by the advisor at any time, with notification of the reduction relayed to the client.

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## **Fee Billing**

One-time fixed fees for financial planning services are 50% payable upon execution of the agreement with the balance due within thirty (30) days following the presentation to the client of the written financial plan or planning recommendations. Recurring annual fees are due in quarterly installments which will be either billed directly to the client or deducted directly from a client's custodial advisory account. While clients are not required to implement their financial plan with the Firm, the fee for developing a financial plan may be waived or applied to ensuing asset management fees, at the discretion of the IAR of the Firm, should they elect to do so.

Consulting services are billed to clients either upon completion of each specific consultation or cumulatively on a quarterly basis for ongoing consulting services, as specified in the client's agreement.

As previously stated, should a client elect to terminate these services prior to the completion of the services contracted for, a prorated fee will be determined based on the time expended by the advisor up to the Firm's receipt of a written termination notice from the client. An invoice reflecting the prorated fee based on the advisor's hourly rate of \$250 will be forwarded to the client, due and payable within fifteen (15) days of date of the invoice. The Firm will not refund any portion of financial planning or consulting fees or retainers which may have been paid in advance by the terminating client.

Asset management clients are billed in arrears each quarter for advisory services based on a percentage of each client's assets under management on the last business day of each calendar quarter, as valued by the account custodian(s), according to the fee schedule above. As previously stated, managed and indirectly managed account balances may be aggregated for the purpose of quarters. New accounts, once established, are assessed a pro rata portion of the annual fee for the quarter in which the account is established. These fees are deducted directly from the client's advisory accounts by their custodian, as agreed upon in their Investment Management Agreement, and forwarded to Muchler Financial by the custodian.

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### **Other Fees**

Custodians may charge transaction fees on purchases or sales of certain securities, including mutual funds and exchange-traded funds. These transaction charges, if assessed, are usually small and incidental to the purchase or sale of a security and defined in the respective custodian's agreement, which is provided to and signed by the client prior to utilizing the custodian. Muchler Financial, however, does not receive any portion of these fees, if charged by the custodians. From an asset management standpoint, the selection of securities appropriate to a client's portfolio and their overall management plan is more important than these nominal fees, if any, that the custodian may charge to buy or sell the securities selected. At this time, TD Ameritrade does not assess any such transactional fees to the Firm's advisory clients.

The Firm may, at its discretion, allocate assets from client portfolios to third-party asset managers who may impose additional charges beyond the management fees assessed by Muchler Financial. If charged, these additional fees would be disclosed to the client prior to the allocation of funds to that asset manager platform.

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### **Expense Ratios**

Most mutual funds, whether purchased directly or through custodial accounts, generally charge an internal management fee, called an expense ratio, which is separate from the advisory service fees charged by Muchler Financial or transaction fees which might be charged by the custodian(s). For example, an expense ratio of 0.50 means that the mutual fund company charges 0.50% for their services. Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted. These fees are specific to each mutual fund and deducted from the fund's performance annually by the mutual fund company. Clients are not billed directly for these fees. Any such fees, if present, are clearly defined in

each mutual fund's prospectus, which is provided to the client at the time the fund is recommended to the client.

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### **Past Due Accounts and Termination of Agreements**

Muchler Financial has not established a policy on past due accounts since most fees are billed in arrears and deducted directly from asset management accounts. In the event, however, that an outstanding balance remains uncollected within a timeframe deemed reasonable by the Firm, the client may be notified of a termination of their relationship and collection actions initiated at the discretion of the Firm.

Under normal circumstances, as previously stated, either Muchler Financial or the client may terminate any of the aforementioned agreements at any time by notifying the other party in writing at least thirty (30) days prior to the termination date.

## **Item 6 - Performance-Based Fees**

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### **Performance-Based Fees**

Muchler Financial's fees are not based on a share of the capital gains or capital appreciation of managed securities. Such performance-based fee structures could present the Firm with a potential conflict of interest in which an advisor might be incented to recommend an investment or investment strategy that could carry a higher degree of risk to the client in pursuit of increased performance, which would in turn generate higher fees for the advisor.

## **Item 7 - Types of Clients**

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### **Description**

Muchler Financial's clients are comprised primarily of individuals but may also include high net worth individuals, corporations, pension and profit-sharing plans, trusts, estates and charitable organizations. Client relationships vary in scope and length of service.

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### **Account Minimums**

Muchler Financial does not require a minimum account size to engage a new client or retain an existing client. Advisory fees, however, do vary based on the amount of a client's assets under management by the Firm and clients with smaller accounts may pay a higher percentage rate on their annual fees than the fees paid by clients with greater assets under management.

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

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### **Methods of Analysis**

In developing investment strategies for advisory clients, the Firm may employ long- or



short-term purchases, trading of securities within thirty (30) days, short sales, margin accounts and/or option writing. The development of these strategies is based on a variety of information sources and methods of securities analysis. Information sources include financial publications, research acquired from outside sources, corporate rating services and company press releases, along with annual reports, prospectuses and SEC filings. Specific securities may be evaluated through the use of charting, fundamental, technical and/or cyclical analysis methods.

Other sources of information that Muchler Financial may use include Morningstar Advisor Workstation, Riskalyze, FactSet, Third Party Review and Proprietary Research. Internet or related types of informational sources relative to securities and securities markets may also be utilized.

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### **Investment Strategies**

The primary investment strategy used on client accounts is strategic asset allocation. This approach seeks to maximize gains while minimizing risk through the use of diversification of investments across a broad spectrum of domestic and foreign asset classes. Portfolios are globally diversified in this manner to control the risk associated with individual market sectors.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client provides the advisor with detailed information that documents their objectives and their desired investment strategy. This information is reviewed with the client periodically and strategies adapted to any changes in objectives and/or suitability. As previously stated, other strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions and option writing.

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### **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Clients are advised of these various types of risk and the possibility of loss of their assets. Investment strategies are developed based on the risk tolerance of each client and the types of these risks they may be subjected to. Investment vehicles are then selected by the advisor that are deemed suitable for the client according to their respective goals, timeframes and risk tolerances to potential losses. Our investment approach constantly keeps this risk of loss in mind. Investors may face any or all of the following investment risks while pursuing their financial goals:

- *Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Market Risk:* The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

- *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.
- *Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Reinvestment Risk:* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Business Risk:* These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- *Liquidity Risk:* Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Financial Risk:* Excessive borrowing to finance a business' operations increases the risk of profitability, 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.

## Item 9 - Disciplinary Information

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### Legal and Disciplinary

Neither the Firm nor any of its associated persons have been involved in any legal or industry-related disciplinary events related to past or present investment clients.

## Item 10 - Other Financial Industry Activities and Affiliations

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### Financial Industry Activities

Muchler Financial is not registered as a securities broker-dealer, a futures commission merchant, commodity pool operator or commodity trading advisor. Some associated persons of the Firm, however, are FINRA-licensed Registered Representatives of Securities Services Network LLC (SSN), a securities broker/dealer holding memberships in FINRA and SIPC. As such, they may sell products and services through SSN and receive separate and standard commissions on the sale of those products and services. Muchler Financial and SSN are otherwise separate entities.

Some associated persons of the Firm are also licensed as life and/or health insurance agents and may be compensated through separate and standard commissions for the sale of insurance and insurance-related products and services.

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**Affiliations**

As previously stated, Muchler Financial does not provide legal, accounting or tax preparation services to its clients. Should the need arise for those services, however, the Firm or IAR may refer the clients to attorneys or accountants who are independent of Muchler Financial. If clients choose to use the services of those firms, they may be required to execute separate agreements with them which identify their respective services and fees. Muchler Financial receives no compensation for such referrals.

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**Outside Business Activities**

As stated above, IARs of the Firm may also be licensed as Registered Representatives of SSN and as licensed life insurance agents. These activities are in addition to their responsibilities as Muchler Financial advisors. Muchler Financial, however, receives no portion of commissions earned by IARs for the sale of securities through SSN or for the sale of insurance and insurance-related products and services.

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**Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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**Code of Ethics**

Muchler Financial places the utmost priority on maintaining high standards of integrity and professionalism by its associated persons in the conduct of its advisory business. The greatest asset held by this Firm is the trust and confidence placed in it by its clients. It is incumbent upon all members of the Firm to maintain, further and adhere to the tenet that the clients' interest is paramount in all that we do. The Firm has established a Code of Ethics which has been specifically formulated to ensure that our fiduciary obligations to our clients are met. In addition, since some associated persons of Muchler Financial have either received or are currently pursuing professional designations (i.e. CFA, CFP, PFS) which carry stringent Codes of Ethics of their own, the Firm may incorporate into our Code of Ethics key principles from those Codes which enhance those of our Firm.

Muchler Financial's Code of Ethics establishes ethical guidelines for its employees and advisors to adhere to relative to the following key areas of its advisory operations:

Compliance	Personal Securities Transactions
Insider Trading	Conflicts of Interest
Outside Business Activities	Gifts and Entertainment
Recordkeeping	Code Violation Reporting and Sanctions

All associated persons of Muchler Financial are committed to our Code of Ethics, which is available in its entirety for review by clients and prospective clients. Copies of our Firm's Code of Ethics may be requested by written request sent to Muchler Financial Services, Inc., 202 Main Street, Dansville, New York 14437 or by calling our office at (585) 335-5190 during normal business hours. A copy will be forwarded promptly upon receipt of a request.

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**Participation or Interest in Client Transactions**

Muchler Financial and its employees may buy or sell securities in personal accounts that are also held by clients in their advisory accounts. Associated persons of the Firm are prohibited, however, from trading securities within their personal accounts ahead of trades of the same securities in client accounts, a practice commonly known as “front running”. They are also prohibited from conducting sales of securities between their personal accounts and those of advisory clients.

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**Personal Trading**

It is Muchler Financial’s policy to prohibit personal securities transactions by its associated persons which are or could lend the appearance of being in conflict with either client transactions or the Firm’s fiduciary responsibility to its clients. The Firm has designated Terry Muchler as its Chief Compliance Officer (CCO). As such, he conducts reviews of all associated person trading activity on a quarterly basis. His trades, in turn, are reviewed by the Firm’s Operations Manager. These personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the Firm receive preferential treatment at all times.

## **Item 12 - Brokerage Practices**

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**Selecting Brokerage Firms**

While Muchler Financial does maintain a dual registrant broker/dealer relationship with SSN, a FINRA-registered securities broker/dealer, the Firm does not currently utilize any such broker/dealer commission-based relationships relative to its trading activities for advisory clients. It does, however, utilize TD Ameritrade as an outside custodian for its advisory client accounts and participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. (“TD Ameritrade”), Member FINRA/SIPC. TD Ameritrade is an independent SEC-registered broker/dealer which is unaffiliated with Muchler Financial beyond its role as qualified custodian for the Firm’s advisory client accounts. As custodian, TD Ameritrade offers to Muchler Financial services which include custody of securities, trade execution, clearance and settlement of transactions. In addition, Muchler Financial may receive other benefits from TD Ameritrade through its participation in the program, as described in Item 14 below.

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**Best Execution**

Muchler Financial reviews the execution of its advisory client trades on an ongoing basis to ensure that its clients are receiving the best execution possible within their advisory accounts. In addition to best execution reviews by the custodians, the Firm’s CCO or a designated alternate conducts a weekly review of their trading accuracy. If significant pricing disparities are noted, the CCO will investigate and, if/when necessary, adjust client accounts to ensure the client has received the best execution at that time.

The CCO may, at his discretion, periodically review Rule 605 or Rule 606 reports for the custodial or broker/dealer platforms utilized by the Firm in the execution of advisory account transactions to compare the performance of these entities to their peers in the overall securities marketplace. If any issues of potential concern are noted in these reports relative to trading activities affecting the Firm's advisory clients, they are addressed by the CCO directly with the respective custodian at that time, resolved immediately in the client's favor and all relevant information documented accordingly.

Based on these comparisons, the Firm continually seeks to ensure that the overall trading execution performance of its custodians compare favorably in the marketplace. Documentation of the Firm's ongoing Best Execution review is maintained by the CCO as a key component of its compliance books and records.

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### **Soft Dollars**

Advisory firms may receive research and/or other benefits from their selected custodians not routinely offered to the custodian's retail clients. Such benefits are commonly referred to as "soft dollar" arrangements. Soft dollar benefits may enable Muchler Financial to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. Custodians may also make available other products and services that benefit Muchler Financial but may not directly benefit our clients' accounts. Many of these products or services may be used to service all or a substantial number of our advisory client accounts, including accounts not maintained at TD Ameritrade, the Firm's primary custodian at this time. However, the commission and/or transaction fees charged by the custodians in conjunction with providing these products and services may be higher or lower than those charged by other custodians or broker/dealers for the same types of services.

At this time, Muchler Financial participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") a member firm of FINRA/SIPC. TD Ameritrade is also an independent SEC-registered broker/dealer not affiliated with Muchler Financial. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, trade clearance and settlement of transactions. Our Firm affirms that it does receive some additional benefits from TD Ameritrade through its participation in this program (please see the disclosure under Item 14 below).

Typical benefits afforded to advisors as "soft dollar" benefits may include some or all of the following products and services (provided 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 advisor participants;
- access to block trading;
- the ability to have advisory fees deducted directly from client accounts;

- 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/or
- discounts on compliance, marketing, research, technology and practice management products or services provided to the advisor by third-party vendors.

As described in detail in Item 14 below, TD Ameritrade may make available, arrange and/or pay third-party vendors for services rendered to Muchler Financial. They may also discount or waive fees they would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our Firm. They may provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at TD Ameritrade, we may consider the availability of some of these products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by a custodian, which may create a potential conflict of interest.

The Firm may also engage the services of other service providers who provide select services not generally offered to retail investment clients. Such firms engaged by Muchler Financial may provide software programs and/or related services utilized by the Firm to conduct risk assessments of clients and corresponding portfolio model constructions. The Firm may then elect to engage these firms in the capacity of third-party asset managers, employing their proprietary platform models and select mutual fund offerings for a portion of the advisory fee charged by Muchler Financial to its clients. Some elements of the research and software provided to Muchler Financial may be viewed as soft dollar benefits to the Firm. Further, these relationships could result in real or perceived conflicts of interest by directing client assets to the proprietary platforms available through these firms in conjunction with utilizing their risk assessment software. As stated above, however, clients are not assessed any additional fees related to use of these programs or portfolio models.

At this time, Muchler Financial utilizes only TD Ameritrade as its custodial platform for advisory client accounts. With its custodial relationship with TD Ameritrade, the Firm acknowledges receipt from TD Ameritrade of some soft dollar benefits, as defined above, with details of these soft dollar benefits specifically identified in Item 14 below. Should the Firm elect to utilize different or additional custodians, this document will be updated to disclose any soft dollar arrangements between those entities and Muchler Financial.

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### **Order Aggregation**

If/When trades are placed by the Firm in individual securities for clients, such orders may be “batched” or aggregated with those of other clients or the advisor to facilitate a block trade. By executing block trades, the Firm seeks to achieve a better execution price for all parties interested in trading a specific security.

When trades are blocked, the allocation of shares is established in writing before the trade is entered. In the event of a partially filled block order, shares will be allocated in a top down manner, based upon the order of trades received, until all available shares have been allocated to client accounts. An advisor's personal or family accounts will not receive an allocation of shares unless all client orders have been satisfied first. In the event of varying execution prices in a block trading situation, the clients will receive the average of the execution prices to achieve a uniform price for all clients. Detailed records of each block trade and the allocation of shares are maintained by the Firm's CCO.

## **Item 13 - Review of Accounts**

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### **Periodic Reviews**

Muchler Financial continuously monitors the composition and performance of client portfolios as a key component of its ongoing service commitment to its clients. Account reviews are conducted by each advisor with their respective clients at least annually. Reviews may be performed more frequently in response to client requests or at any time when the Firm or the individual advisor feels that specific events or market conditions dictate.

Portfolio models, if used, will be reviewed and updated monthly by the Firm's CCO and IARs. Adjustments to portfolio models may be made periodically to reflect changes in suitability, market conditions, market opportunities and client concerns. Individual holdings within models are evaluated relative to their performance and the likelihood that they will contribute to the objectives of the specific portfolio model in which they are held.

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### **Review Triggers**

The Firm's advisors monitor economic and market conditions, perform due diligence reviews of securities and financial products and investigate significant gains or losses in client portfolios. Concerns in any of these areas, changes in tax laws and/or changes in client objectives or suitability may trigger the need for off-cycle account reviews with clients as well, in addition to normal annual reviews.

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### **Regular Reports**

Clients are provided with transaction confirmations, notices and regular account statements directly from the custodian of their accounts on a quarterly basis. Copies of all items sent to clients are simultaneously copied to Muchler Financial. The Firm's CCO will conduct annual "due inquiry" mailings to clients to confirm their regular receipt of account statements directly from their respective account custodians.

## Item 14 - Client Referrals and Other Compensation

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### Incoming Referrals

Muchler Financial's advisors have been fortunate to receive many client referrals over the years, which have come from current clients, attorneys, accountants, employees, personal friends and other similar sources. These sources of client referrals are not compensated for the referrals they make. The Firm may, at its discretion, utilize the services of paid solicitors whose sole function is to promote the services of Muchler Financial to prospective clients. Paid solicitors are required to execute a Solicitor's Agreement with the Firm to clearly delineate their roles along with the manner in which they are compensated by the Firm. They are also required to provide prospective clients with disclosures indicating their status as paid solicitors.

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### Referrals Out

Muchler Financial does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred out to them by the Firm.

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### Other Compensation

As disclosed under Item 12 above, Muchler Financial participates in TD Ameritrade's institutional customer program and may recommend TD Ameritrade to its clients for custody and brokerage services. There is no direct link, however, between the Firm's participation in this program and the investment advice it gives to its clients, although it may receive economic benefits through its participation that are typically not available to TD Ameritrade's retail investors.

Muchler Financial receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisors participating in the Institutional program. TD Ameritrade provides Additional Services reimbursements to Muchler Financial in its sole discretion and at its own expense, and our Firm does not pay any fees to TD Ameritrade for these Additional Services. Muchler Financial and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") which governs the terms of the provision of their reimbursements for these additional services to our Firm.

In accordance with terms and conditions set forth in an Additional Services Addendum executed between TD Ameritrade and Muchler Financial, our Firm is entitled to receive such services up to a value of \$35,000 per year. Muchler Financial represents and agrees that these specified services will be used in connection with its investment advisory business and exclusively for the direct or indirect benefit of its clients. The Firm has designated in the Addendum the services to be received and may amend the designated services by providing written notice to TD Ameritrade to the extent (a) the designated Additional Services remain available and (b) the services received by our Firm are described as follows:

<u>Vendor Name</u>	<u>Product/Service Received</u>	<u>Annual Amount</u>
Orion	CRM Tool	\$ 35,000 or less



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

## **Item 15 - Custody**

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### **Account Statements**

It is the Firm's policy to have custody over client assets only to the extent that it requests the client's custodian(s) to deduct advisory fees directly from the client's account(s), when authorized by the client, in lieu of fees being billed directly to the client for payment. As previously stated, all advisory client assets are held at TD Ameritrade, which is a qualified custodian as defined by the SEC. They provide account statements directly to clients at their address of record at least quarterly, with copies forwarded electronically to Muchler Financial. The Firm may, at its discretion, periodically provide advisory clients with statements or reports generated by the Firm in addition to those provided by the custodian.

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### **Performance Reports**

Clients are urged to review the performance of their investments as reported on their account statements received directly from their account custodians. These statements, along with market and portfolio performance are reviewed with each client during periodic account reviews with their respective advisor.

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### **Net Worth Statements**

On request, clients may be provided net worth statements and net worth graphs by their IAR. Net worth statements may contain approximations of bank account balances provided by the client, as well as the value of land and hard-to-price real estate, in addition to invested assets. The net worth statements are used for long-term financial planning where the exact values of assets are not necessarily material to the financial planning tasks.

## **Item 16 - Investment Discretion**

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### **Discretionary Authority for Trading**

Investment advisory services are provided to clients on a discretionary basis only, with discretion authorization specified in each respective client's asset management agreement. Accordingly, under a discretionary relationship, Muchler Financial

has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, the timing of transactions and the amount of the securities to be traded. This authority facilitates placing trades in client accounts on their behalf so that we may promptly implement their investment policy when timeliness is an issue.

The use of discretion is granted by each client and expressly authorized in the agreement that they signed upon engaging the services of the Firm. The clients do not retain the right to place limitations on the advisor's discretionary powers.

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**Limited Power of Attorney**

Muchler Financial does not accept or maintain power of attorney over client accounts or financial affairs.

## **Item 17 - Voting Client Securities**

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**Proxy Votes**

Muchler Financial does not vote securities proxies on behalf of its clients. Clients are expected to vote their own proxies and account custodians are directed to forward all proxy voting materials directly to the clients. If assistance on voting proxies is requested by a client, either the Firm or the IAR may provide guidance or recommendations only. If any conflict of interest might exist relative to advising the client on proxy issues, it will be disclosed to the client.

Account establishment documents for some custodians may, however, state that the Firm will vote proxies on behalf of the clients (i.e. TD Ameritrade). Since these documents are proprietary to the custodian and beyond the ability of Muchler Financial to modify, the Firm will forward all proxy-related documents received via these custodians to either the client or a third party designated by the client. In these situations, the Firm will take no action relative to the proxy beyond the forwarding of the proxy materials.

## **Item 18 - Financial Information**

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**Financial Condition**

Muchler Financial does not have any financial impairment that will preclude the Firm from meeting contractual commitments to clients. Neither the Firm nor any associated persons have been a party in any bankruptcy proceedings during the past ten (10) years. Since Muchler Financial does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1200 per client six months or more in advance, it is not required to prepare or provide a financial balance sheet to clients.