



## **Marchand Faries Financial Management, Inc.**

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**February 18, 2024**

### **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Marchand Faries Financial Management, Inc. If you have any questions about the contents of this brochure, please contact us at (904) 805-0207 or [jane@mffm.com](mailto:jane@mffm.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.

Additional information about Marchand Faries Financial Management, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Marchand Faries Financial Management, Inc. is 107813. Marchand Faries Financial Management, Inc. is a Registered Investment Adviser.

Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated January 31, 2023, we have made the following material change to our Brochure:

- Item 12 - Brokerage Practices - TD Ameritrade Institutional was acquired by Charles Schwab & Co., Inc. All existing TD Ameritrade accounts were transferred to Schwab's platform in September 2023. All disclosures related to TD Ameritrade have been removed and replaced with Charles Schwab references and disclosures specific to products and services provided by Charles Schwab

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## Item 4 Advisory Business

### Description of Services and Fees

We are a registered investment adviser primarily based in Jupiter, Florida. We are organized as a corporation under the laws of the State of Florida. We have been providing investment advisory services since 1996. Jane E. Marchand, Stephen T. Faries, John R. Faries II, and Jennifer C. Sheffler are the principal owners.

We are a fee-only independent financial advisor. The combination of industry experience and comprehensive research allows our firm to provide quality advisory services to our clients. Also, you may see the term Associated Person throughout this Brochure. As used in this Brochure, our Associated Persons are our firm's officers, Jane Marchand, Steve Faries, John Faries, and Jennifer C. Sheffler who provide investment advice on behalf of our firm.

Marchand Faries Financial Management, Inc. offers a wide variety of services to meet the financial objectives of individuals and businesses. These services are described as follows:

### Investment Management

- No ties to any investments or funds
- No commissions
- Asset allocation plan based upon risk tolerance, asset growth expectations, income requirements and tax situation
- Use individual stocks and bonds; exchange traded funds and no-load low expense mutual funds
- Monthly statements and performance reports

### Retirement Planning

- First phase - pre-retirement (the accumulation years)
- Next phase - actual process of retirement (short but very important period of time)
- Final phase - post-retirement (enjoy the fruits of your labor)

### Trust Advisory

- Review trust documents to ensure compliance with trust provisions
- Calculation and disbursement of income and other distributions
- Preparation of annual accountings for court supervised accounts
- Coordination with attorneys, accountants and insurance professionals
- Comprehensive communication with grantors and beneficiaries

### Tax Services

- Implement asset allocation plan to control tax impact on your portfolio
- Prepare a detailed analysis of tax impact of selling or gifting assets.
- Encourage the use of highly appreciated assets for charitable gifting
- Assist tax preparers in the filing of Federal income tax returns

### Estate Planning

- Help clients keep their estate plans current
- Assist clients to maintain control of their assets while minimizing probate and guardianship
- Encourage the use of revocable living trusts with family members serving as trustees
- Periodic review and updating of beneficiary designations
- Assist attorneys in preparing legal documents for clients

**Family Legacy**

- Establish multi-generational goals for the entire family
- Help families to grow their financial assets
- Help families to preserve their family heritage
- Provide a wide array of services to families regarding their investments, estate planning and tax planning.
- Coordinate the services required by the family with attorneys, accountants and insurance professionals
- Ongoing family education

**Charitable Gifting**

- Understanding of donor needs and expectations
- Making it easy for you to support the causes that are dear to your heart
- Facilitating the donation of securities to churches, schools and other organizations
- Providing a disciplined investment process for charitable gift programs

Our investment advice is tailored to meet our clients' needs and investment objectives. If you retain our firm, we will gather required information through interviews. The information gathered will include your current financial status, a list of all assets, insurance policies, wills and/or trust documents and other information based on your financial status, future goals and attitude toward risk. We will not produce a written financial plan; rather, the information gathered will be used to assist us in providing our services. With your prior consent, we will consult with your respective attorneys, accountants, and insurance agents to ensure financial and estate-planning objectives are being accomplished.

As part of our services, we will customize an investment portfolio for you in accordance with your risk tolerance and investing objectives. Once we construct an investment portfolio for you we will monitor your portfolio's performance on an ongoing basis and we will rebalance the portfolio as required by changes in market conditions and/or your financial circumstances.

We require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions in writing.

**Wrap Fee Program(s)**

We do not provide portfolio management services to wrap fee programs. Therefore, we do not participate in wrap fee programs in this respect.

**Types of Investments**

We primarily offer advice on equity securities, exchange traded funds (ETFs), mutual funds, fixed income securities, municipal securities and U.S. Government securities.

Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

## **IRA Rollover Recommendations**

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you. When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

## **Assets Under Management**

As of January 29, 2024, we provide continuous management services for \$120,104,780 in client assets on a discretionary basis.

## **Item 5 Fees and Compensation**

### **Portfolio Management Fees**

Our fee for portfolio management services is based on a percentage of your assets we manage and is set forth in the following fee schedule:

| <b>Assets Under Management</b> | <b>Annualized Fee</b> |
|--------------------------------|-----------------------|
| Assets less than \$1,000,000   | 0.75%                 |
| \$1,000,001 to \$2,000,000     | 0.50%                 |
| \$2,000,001 and above          | 0.25%                 |

Our annual portfolio management fee is billed and payable quarterly in arrears based on the value of your account on the last trading day of the quarter. For new client relationships, the initial billing period will not begin until the first day of the full month following the account opening. For example, if an account is opened on May 18 the billing period will not start until June 1, and end on August 31. The advisory services rendered from May 18 - May 31 would be provided at no cost to the client. Related accounts, for example, children of current clients or individual and joint accounts for a spouse, will be aggregated for fee calculation purposes. In special cases, other fees may be negotiated. Arrangements with existing clients may differ from those described above.

We will send you an invoice for the payment of our advisory fee, or we will submit a request to the qualified custodian who holds your funds and securities to deduct our advisory fee directly from your account. Our request to the qualified custodian will occur only when the following requirements are met:

- You provide our firm with written authorization permitting the fees to be paid directly from your account held by the qualified custodian.
- We send you an invoice showing the amount of the fee, the value of the assets on which the fee is based, and the specific manner in which the fee was calculated.
- The qualified custodian agrees to send you a statement, at least quarterly, indicating all amounts dispersed from your account including the amount of the advisory fee paid directly to our firm.

You may terminate the wealth management agreement upon 30 days' written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the wealth management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client.

We encourage you to reconcile our invoices with the statement(s) you receive from the qualified custodian. If you find any inconsistent information between our invoice and the statement(s) you receive from the qualified custodian, please call our main office number located on the cover page of this brochure.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this Brochure.

### **IRA Rollover Considerations**

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You have the right not to complete the rollover. Moreover, if you do complete the rollover, you are not required to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of each.

An employee will typically have four options:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 72.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
  - a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the adviser and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.

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

We do not accept performance-based fees or participate in side-by-side management.



## Item 7 Types of Clients

We offer investment advisory services to individuals and high net worth individuals.

In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate your Account if it falls below a minimum size which, in our sole opinion, is too small to manage effectively.

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

### Our Methods of Analysis and Investment Strategies

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- Fundamental Analysis - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.
- Long Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- Short Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short term price fluctuations.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

### Risk of Loss

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### Recommendation of Particular Types of Securities

In our investment management portfolios we may primarily recommend exchange traded funds ("ETFs"). You should be advised of the following risks when investing in these types of securities:

#### Characterization Risk

ETFs don't always hold the kinds of stocks or bonds you may expect. For instance, some sector funds may identify an entire region (such as Asian-Pacific) due to the characterization of the fund, yet the fund may only have two or three countries primarily represented in the fund. At the same time, similar sector funds may have different percentages of components. There several ETFs of the same sector, such as alternative energy. However the make up of these sectors may be 52% solar energy in one fund and 22% in a similar characterized fund. These characterization risks can impact performance.

**Tracking Error Risk**

ETFs do not always track the index they are designed to mimic. Often two funds tracking the same index may take two different approaches to tracking the same index. One fund may use full replication, meaning the fund buys every stock in the index in exactly the right weights. Another fund may use optimization, whereby computer algorithms select a subset of the broader index to track the index as a whole. In general, funds that optimize have a greater risk of tracking error than funds that fully replicate their index.

**Spreads Risk**

ETFs are bought and sold like stocks and therefore, have bid and ask spreads. The average bid/ask spreads on every ETF is directly correlated to the fund's size, trading liquidity and average spreads. Most ETFs have spreads of less than 10 basis points; however, thinly traded ETFs may have spreads greater than 50 basis points. The spreads risk of a thinly traded ETF and/or a volatile market may result in increased transaction costs.

**Tax Risk**

ETFs may entail tax risks. For instance, ETFs tend to have higher nonqualified dividends than some mutual funds. A bigger problem comes from new asset classes. ETFs now offer new markets to investors for the first time - commodities, currencies, and more. However, these new asset classes may not be taxed like equity securities. For instance, purchasing gold or precious metals ETF and holding the fund for two or more years may result in higher capital gains taxes than holding and selling a stock for the same time period. This is due to the classification of gold/precious metals as "collectibles" rather than equity. Currencies and commodities have different but equally important tax quirks. The further you get from traditional asset classes, the more complex the tax issues become.

**Item 9 Disciplinary Information**

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required disclosures under this item.

**Item 10 Other Financial Industry Activities and Affiliations****Arrangements with Affiliated Entities**

We have not provided information on other financial industry activities and affiliations because we do not have any relationship or arrangement that is material to our advisory business or to our clients with any of the types of entities listed below.

1. broker-dealer, municipal securities dealer, or government securities dealer or broker
2. 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)
3. other investment adviser or financial planner
4. futures commission merchant, commodity pool operator, or commodity trading advisor
5. banking or thrift institution
6. accountant or accounting firm
7. lawyer or law firm
8. insurance company or agency
9. pension consultant
10. real estate broker or dealer
11. sponsor or syndicator of limited partnerships

Although Stephen T. Faries of our firm is a licensed attorney and member of the Missouri Bar Association, he does not practice law.

Although John R. Faries II holds an active CPA license he does not hold himself out to the public as a CPA.

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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. We maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting Jane Marchand at 904-805-0207.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

We have established the following restrictions in order to ensure our fiduciary responsibilities:

- We emphasize the unrestricted right of the client to specify investment objectives, guidelines, and/or conditions on the overall management of their account.
- Associated Persons or their immediate family members shall not buy or sell securities for their personal portfolio(s) where their decision is derived in whole or in part, by reason of the individual's employment, unless the information is also available to the investing public on reasonable inquiry.
- No Associated Person shall prefer his or her own interest to that of the advisory client. Investment opportunities must be offered first to clients before Associated Persons may participate in such transactions.
- Marchand Faries Financial Management, Inc. and its Associated Persons generally may not purchase and sell securities being considered for, or held by client accounts without pre-clearance from the Compliance Officer.
- Marchand Faries Financial Management, Inc. and its Associated Persons generally may not participate in private placements or initial public offerings (IPOs) without pre-clearance from the Compliance Officer.
- Marchand Faries Financial Management, Inc. requires that all Associated Persons must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
- Records will be maintained of all securities bought or sold by Marchand Faries Financial Management, Inc., its Associated Persons and related entities. A qualified representative of Marchand Faries Financial Management, Inc. will review these records on a regular basis.

## Item 12 Brokerage Practices

Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian.

We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. Conflicts of interest associated with this arrangement are described below. You should consider these conflicts of interest when selecting your custodian.

### How we select brokers/custodians

When considering whether the terms that Schwab provides are, overall, most advantageous to you when compared with other available providers and their services, we take into account a wide range of factors, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (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 the prices
- Reputation, financial strength, security and stability
- Services delivered or paid for by Schwab
- Availability of other products and services that benefit us, as discussed below (see "Products and services available to us from Schwab")

### Your brokerage and custody costs

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, many mutual funds and ETFs) may not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab's Cash Features Program.

We are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers.

Although we are not required to execute all trades through Schwab, we have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How we select brokers/custodians"). By using another broker or dealer you may pay lower transaction costs.

### **Products and services available to us from Schwab**

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through us.

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. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. Following 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 do not directly benefit you.** Schwab also makes available to us other products and services that benefit us but do not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts and operating our firm. They include investment research, both Schwab's own and that of third parties. We use this research to service all or a 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
- 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
- Consulting on technology and business needs
- Consulting on legal and related compliance needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting and support

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or pays all or a part of a third party's fees. Schwab also provides us with other benefits, such as occasional business entertainment of our personnel. If you did not maintain your account with Schwab, we would be required to pay for these services from our own resources.

### **Our Interest in Schwab's Services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The fact that we receive these benefits from Schwab is an incentive for us to recommend the use of Schwab rather than making such a decision based exclusively on your interest in receiving the

best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that taken in the aggregate, our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/ custodians") and not Schwab's services that benefit only us.

#### **Research and Other Soft Dollar Benefits**

We do not have any soft dollar arrangements.

#### **Economic Benefits**

As a registered investment adviser, we have access to the institutional platform of your account custodian. As such, we will also have access to research products and services from your account custodian and/or other brokerage firm. These products may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms, and are not considered to be paid for with soft dollars. However, you should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

In selecting a broker dealer we will endeavor to select those brokers or dealers that will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on several factors, including the broker's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, and other services. In recognition of the value of research services and additional brokerage products and services TD Ameritrade provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere. Refer to *Item 14 Client Referrals and Other Compensation* for additional disclosures on this topic.

#### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

#### **Directed Brokerage**

We routinely require that you direct our firm to execute transactions through Charles Schwab. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage.

#### **Aggregated Trades**

We do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (the practice of combining multiple orders for shares of the same securities is commonly referred to as "aggregated trading"). Accordingly, you may pay different prices for the same securities transactions than other clients pay. Furthermore, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than other clients.



## Item 13 Review of Accounts

Jane Marchand, President, Steve Faries, Vice-President, John Faries, Executive Vice-President and Jennifer C. Sheffler, Vice President/Director of Client Service of Marchand Faries Financial Management, Inc. will monitor your accounts on an ongoing basis and will conduct account reviews at least annually and upon your request to ensure that the advisory services provided to you are consistent with your investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals;
- year-end tax planning;
- market moving events;
- security specific events; and/or,
- changes in your risk/return objectives.

We will not provide you with additional or regular written reports in conjunction with account reviews. In addition, you will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

## Item 14 Client Referrals and Other Compensation

Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with your account custodian.

## Item 15 Custody

We submit a request to the qualified custodian who holds your funds and securities to deduct directly from your account payment of our advisory fees. This ability to have the qualified custodian deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a qualified custodian. You will receive account statements from the qualified custodian holding your funds and securities at least quarterly. The account statements from your custodian will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. We will also provide statements to you reflecting the amount of advisory fee deducted from your account. Please refer to Item 5 *Fees and Compensation* for further information.

You should compare our invoices with the statements from your account custodian to reconcile the information reflected on each statement. If you have a question regarding your invoice or if you did not receive a statement from your custodian, please contact either Steve Faries or Jane Marchand at 904-805-0207 or John Faries at 720-277-3575 or Jennifer Sheffler at 561-252-7778.

## Item 16 Investment Discretion

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a power of attorney, and/or trading authorization forms.

If you enter into a discretionary arrangements with our firm, you must grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s). You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your

account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security.

Please refer to the "Advisory Business" section in this Brochure for more information on our discretionary management services.

## **Item 17 Voting Client Securities**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitations to vote proxies.

## **Item 18 Financial Information**

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1,200 in fees six or more months in advance nor have we filed a bankruptcy petition at any time in the past ten years. Therefore, we are not required to include a financial statement with this brochure.

## **Item 19 Requirements for State Registered Investment Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.



You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact either Steve Faries or Jane Marchand at 904-805-0207 or John Faries at 720-277-3575 or Jennifer Sheffler at 561-252-7778 if you have any questions regarding this policy.

**Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit you will not retain the profit as all net gains (positive error accounts balances resulting from trade corrections) will be moved to a TD Ameritrade error account and subsequently donated to charity.

**Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit. Moreover, we do not determine whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf.