



## **ADV Part 2A – Firm Brochure**

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Previous Revision –March 24<sup>th</sup>, 2023

**[www.prairieskyfg.com](http://www.prairieskyfg.com)**

This brochure provides information about the qualifications and business practices of Prairie Sky Financial Group ("PSFG"), an investment adviser registered with the United States Securities and Exchange Commission ("SEC"). If you have any questions about the contents of this brochure, please contact our firm at (847) 512-8820.

The oral and written communications of an investment adviser are intended to provide you with information to assist in your determination as to whether to retain the services of that investment adviser. The information in this brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment adviser does not imply any level of skill or training.

Additional information about PSFG also is available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) using the CRD# 171672.

## **Item 2 – Material Changes**

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Prairie Sky Financial Group LLC (“PSFG” or “Firm”) believes that communication and transparency are the foundation of its relationship with Clients and will continually strive to provide its clients with complete and accurate information at all times. PSFG encourages all current and prospective Clients to read this Disclosure Brochure and discuss any questions you may have with us.

PSFG is required to advise you of any material changes to the Firm Brochure (“Brochure”) from our last annual update. Since the last annual amendment, the following changes have been made:

### **Material Changes**

There are no material changes to detail since our last revision on March 24<sup>th</sup>, 2023.

## **Item 3 – Table of Contents**

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## Item 4 – Advisory Business

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### A. Firm Information

We provide services to individuals and high net worth individuals, principally concerning mutual funds and ETFs, as well as manager selection and supervision. As a registered investment adviser, we are held to the highest standard of client care - a fiduciary standard. As a fiduciary we always put our client's interests first and must fully disclose any potential conflict of interest. We do not hold customer funds or securities. The IARs are under the supervision of the Firm, and the advisory services of the IAR are provided through PSFG.

Prairie Sky Financial Group, LLC (hereinafter "PSFG") is a Limited Liability Company organized in the State of Illinois. The firm was formed in January 2014, and the principal owners are Mark J Lucaccioni and Michael R. Cason. Brent P. Nicks is the Chief Compliance Officer for PSFG. This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory business provided by our Firm.

### B. Types of Advisory Services

#### Portfolio Management Services

PSFG offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. PSFG creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels). Portfolio management services include, but are not limited to, the following:

Investment strategy development  
Asset allocation review and development  
Risk tolerance review and understanding

Personal investment policy creation  
Asset selection  
Regular portfolio monitoring

PSFG evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. PSFG will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

PSFG seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of PSFG's economic, investment or other financial interests. To meet its fiduciary obligations, PSFG attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, PSFG's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is PSFG's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

PSFG offers portfolio management services through our sponsored wrap program utilizing the Strategic Wealth Management custodial account platform of LPL Financial LLC. ***Please see our separate Wrap Fee Program Brochure for complete information regarding this advisory service.***

## **LPL Sponsored Advisory Programs**

Strategic Wealth Management (SWM) is a custodial account opened with LPL which is used by PSFG to manage client assets. PSFG IARs use the SWM platform to directly manage their client(s) assets on either a discretionary or non-discretionary basis using the investment advisory agreements of PSFG.

When appropriate certain IARs may provide additional advisory services through programs sponsored by LPL Financial, LLC ("LPL"). Below is a brief description of each LPL advisory program utilized by our firm. Annualized fees for participation in LPL advisory programs vary up to a stated maximum of 3.00%. Regardless, PSFG has imposed a stated firm maximum below this threshold for the use of any advisory programs. For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the potential conflicts of interest presented by the programs please see the LPL Financial Form ADV Part 2A or the applicable LPL program's brochure, and the applicable LPL Financial client agreement.

**Guided Wealth Portfolios (GWP)** offers clients the ability to participate in a centrally managed, algorithm-based investment program, which is made available to users and clients through a web-based, interactive account management portal ("Investor Portal"). Investment recommendations to buy and sell open-end mutual funds and exchange-traded funds are generated through proprietary, automated, computer algorithms (collectively, the "Algorithm") of Xulu, Inc., doing business as FutureAdvisor ("FutureAdvisor"), based upon model portfolios constructed by LPL and selected for the account as described below (such model portfolio selected for the account, the "Model Portfolio"). Communications concerning GWP are intended to occur primarily through electronic means (including but not limited to, through email communications or through the Investor Portal), although PSFG IARs will be available to discuss investment strategies, objectives, or the account in general in person or via telephone.

A preview of the Program (the "Educational Tool") is provided for a period of up to forty-five (45) days to help users determine whether they would like to become advisory clients and receive ongoing financial advice from LPL, FutureAdvisor and PSFG by enrolling in the advisory service (the "Managed Service"). The Educational Tool and Managed Service are described in more detail in the GWP Program Brochure. Users of the Educational Tool are not considered to be advisory clients of LPL, FutureAdvisor or PSFG, do not enter into an advisory agreement with LPL, FutureAdvisor or PSFG, do not receive ongoing investment advice or supervisions of their assets, and do not receive any trading services.

A minimum account value of \$5,000 is required to enroll in the Managed Service.

## **Selection of Other Advisers**

Our firm may utilize the services of a third-party money manager for the management of client accounts. Investment advice and trading of securities will only be offered by or through the chosen third-party money manager. Our firm will not offer advice on any specific securities or other investments in connection with this service. When referring clients, PSFG requires our affiliated IAR to utilize only providers and strategies approved through LPL Financial LLC. PSFG leverages the due diligence resources of our strategic partnership with LPL Financial, along with internal reviews as may be

required, to meet the due diligence requirements for our clients. In order to assist in the selection of a third-party money manager, our firm will gather client information pertaining to the financial situation, investment objectives, and reasonable restrictions to be imposed upon the management of the account. Presently, PSFG utilizes the third-party management services of Natixis AIA, Parametric Portfolio Associates, Zacks Investment Management, and Nuveen Asset Management.

Our firm, through its IAR, will review the financial situation and objectives of our clients to determine the need to communicate information to a third-party manager as warranted. IAR will additionally assist clients in understanding and evaluating the services provided by the third-party money manager, including the review of third-party manager reports provided to the client as may be necessary. Clients will be expected to notify their IAR of any changes in their financial situation, investment objectives, or account restrictions that could affect their financial standing.

### **Financial Planning and Consulting**

Financial plans and financial planning may include but are not limited to investment planning, life insurance reviews, tax planning, retirement planning, college planning, and debt planning. Our written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs.

It should also be noted that we refer clients to an accountant, attorney, or other specialist, as necessary for non-advisory services. For written financial planning engagements, we provide our clients with a written summary of their financial situation, observations, and recommendations. For financial consulting engagements, we usually do not provide our clients with a written summary of our observations and recommendations as the process is less formal than our planning service. Plans or consultations are completed within six (6) months of the client signing a contract with us, assuming all the information and documents we request from the client are provided to us promptly.

### **Services Limited to Specific Types of Investments**

PSFG generally limits its investment advice to mutual funds, fixed income securities, equities, hedge funds, private equity funds, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/ inflation linked bonds, non-U.S. securities and private placements, although PSFG primarily recommends mutual funds and ETFs.

Clients may come to the adviser with equity securities, and some clients specifically ask for equity investing. Otherwise, equities, fixed income and non-U.S. securities will principally be through mutual funds and ETFs, and occasionally PSFG will invest in a commodity ETF. PSFG may use other securities as well to help diversify a portfolio.

### **c. Client Tailored Services and Client Imposed Restrictions**

We offer individualized investment advice to clients utilizing our portfolio management services. Additionally, we offer general investment advice to clients utilizing our Financial Planning & Consulting, Retirement Plan Consulting, Referrals

to Third Party Money Management and LPL Sponsored Advisory Program services.

Each client can place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account. Restrictions would be limited to our portfolio management service. We do not manage assets through our other services. PSFG and its IAR reserve the right to terminate advisory services or to not initiate advisory services for a client if the requested restrictions are deemed unreasonable and beyond the firm's capacity to employ.

#### **D. Wrap Fee Programs**

PSFG offers portfolio management services through our sponsored wrap program utilizing the Strategic Wealth Management custodial account platform of LPL Financial LLC. Please see our separate Wrap Fee Program Brochure for complete information regarding this advisory service.

#### **E. Assets Under Management**

PSFG has \$269,405,414 in discretionary and \$6,215,311 in non-discretionary regulatory assets under management as of December 31<sup>st</sup>, 2023.

### **Item 5 – Fees and Compensation**

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#### **A. Fees for Advisory Services**

The annual fee for investment advice to be charged to the client's account(s) will range between 0.8% and 1.75% and will not exceed the 3.0% maximum allowed through the LPL Financial Strategic Wealth Management program ("SWM"). The fee to be assessed to each account will be detailed in the client's signed advisory agreement with PSFG. The standard asset-based fee schedule for services is as follows:

<b>Total Assets Under Management</b>	<b>Annual Fee</b>
\$50,000 - \$250,000	1.75%
\$250,000 - \$500,000	1.50%
\$500,000 - \$750,000	1.25%
\$750,000 - \$5,000,000	1.00%
\$5,000,000 and above	0.80%

Our fees are negotiable at our sole discretion. Factors that could affect the amount of the fees we charge include but are not limited to: (a) the amount of assets to be managed, (b) the types of investment assets to be managed, (c) the complexity of your portfolio, and (d) the size and number of other accounts maintained with us by you and/or your family members.

PSFG charges our investment management fees in advance, meaning that we charge our fees as we begin to provide our services to you. Any fees refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

You provide authorization permitting calculated fees to be paid by the terms detailed within your investment advisory agreement. You are encouraged to review your custodial statements to verify the accuracy of our fee calculation.

### **Financial Planning and Consulting Fees**

A flat fee can be negotiated and charged depending on the scope of the project and duration of services. The hourly fee for services is \$250. Fees are charged 50% in advance, but never more than six months in advance, with the remainder due upon presentation of the plan. PSFG may charge an hourly fee for a "second opinion " of an asset allocations financial plan for the same fee. Clients may terminate the agreement without penalty for a full refund of PSFGs fees within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement upon written notice.

The fee to be assessed and payment arrangements will be detailed in an agreement to be signed by the client. The total estimated fee, as well as the ultimate fee that we charge you will be based on the scope and complexity of our engagement with you and could vary from fees charged to other clients of PSFG. Financial planning and consulting fees are paid via a check payable to Prairie Sky Financial Group.

### **Selection of Other Adviser Fees**

With any election of other advisers or money managers to provide services to your account(s), you may cancel any elected manager or services with a ten (10) day notice to our Firm.

### **Other Types of Fees & Expenses**

In addition to our advisory fees above, Clients may also pay charges imposed by the chosen investments, charges imposed directly by a mutual fund, index fund, exchange traded fund, and other investments which shall be disclosed in the fund's prospectus (i.e., fund management fees, initial or deferred sales charges, mutual fund sales loads, surrender charges, variable annuity fees, and other fund expenses). **PSFG does not utilize funds that impose 12(b)-1 fees within its wrap program.** In any instance where a 12(b)-1 fee has been assessed to an account within the program, our Firm will ensure a proper refunding event occurs. LPL Financial will charge additional items related to their services provided as custodian to your account(s). Our firm does not receive a portion of these fees. These charges may include items such as:

- Custodial fees.
- Transaction-related fees (i.e., wire transfer fees or transfer taxes)
- Margin interest
- Credit access line interest



- IRA and Qualified Retirement Plan Fees.
- Other fees and taxes applicable to certain accounts and transactions.

### **Client Responsibility for Third Party Fees**

Clients are responsible for the payment of all third-party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by PSFG. Please see Item 12 of this brochure regarding broker-dealer/custodian.

### **Prepayment of Fees**

PSFG collects fees in advance. Refunds for fees paid in advance will be returned within fourteen days to the client via check or return deposit back into the client's account.

For all asset-based fees paid in advance, the fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

For fixed fee or hourly fee arrangements collected in advance, the fee refunded will be the balance of the fees collected in advance minus the hourly rate (\$250.00) times the number of hours of work that has been completed up to and including the day of termination.

### **Commissionable Securities Sales**

Representatives of our firm may additionally be registered representatives of LPL Financial, LLC Member FINRA/SIPC. As such, they can accept compensation for the sale of securities or other investment products, including distribution or service ("trail") fees from the sale of mutual funds. Clients should be aware that the practice of accepting commissions for the sale of securities presents a conflict of interest and gives our firm and/or our representatives an incentive to recommend investment products based on the compensation received. Our firm generally addresses commissionable sales conflicts that arise when explaining to clients these sales create an incentive to recommend based on the compensation to be earned and/or when recommending commissionable mutual funds, explaining that "no-load" funds are also available. Our firm does not prohibit clients from purchasing recommended investment products through other unaffiliated brokers or agents.

### **Outside Compensation for the Sale of Securities to Clients**

Neither PSFG nor its supervised persons accept any additional compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, not already described in this document.

## **Understanding Mutual Fund Share Class Selection / Use of Mutual Fund and Exchange Traded Fund No Transaction Fee (“NTF”) Networks**

Mutual Funds typically offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to the more commonly offered retail mutual fund share classes (typically, Class A, B and C shares), mutual funds may also offer institutional, or advisor share classes (the “lower cost share classes”) or other share classes that are designed for purchase in an account enrolled in investment advisory programs. These lower cost share classes usually have a lower expense ratio than other shares classes. In addition, lower cost share classes often do not charge a 12b-1 fee. The Firm will utilize the most appropriate mutual fund share classes for its portfolio allocations available to it. Regardless, clients may still be invested in funds with higher internal expenses when no lower cost share classes for a fund are available at the custodian or the Client is not eligible due to investment minimums or other requirements.

Clients, when participating in certain sponsored programs, should understand that a transaction charge for mutual fund and exchange traded fund (ETF) purchases and redemptions may occur in accordance with the appropriate custodial agreement. The applicable transaction charge varies depending on the amount of recordkeeping fees received by the custodian / broker-dealer from the mutual fund or ETF and/or whether the sponsor of the mutual fund or ETF participates in a No Transaction Fee (NTF) Network. When an NTF mutual fund or ETF is purchased for a client account, the NTF fund’s sponsor directs a payment to the custodian / broker-dealer on behalf and for the benefit of the client that is used exclusively as a credit to defray the bona fide transaction charge obligations of the client’s account. When an NTF fund is sold, the custodian / broker-dealer waives the transaction charge to the investment adviser representative (IAR).

Clients should understand the cost to the IAR of transaction charges may be a factor the IAR considers when selecting securities and determining whether to place transactions in accounts. Specifically, the IAR has a financial incentive to select NTF funds to avoid paying or to lower the transaction charges. While these transaction charges are not passed to the Client, this does create a conflict of interest. Clients should consider this conflict when monitoring the purchase of NTF funds as all such conflicts may have an impact on the investment performance of accounts.

Clients also should be aware that NTF funds may have higher ongoing internal expenses that can be used to offset payments made by sponsors for transaction charge waivers, and this can reduce the investment returns over time relative to other share classes of the same fund.

Certain Funds (“SWM Eligible Funds”) in the Strategic Wealth Management (SWM) program contain 12b-1 fees. The list of available mutual funds in SWM is selected by LPL Financial, the program manager. In the SWM program, there are certain SWM Eligible Funds available for each fund family. In certain instances, the best available fund may be a share class containing a 12b-1 fee. The Firm does not receive or accept 12b-1 fees on advisory accounts; any 12b-1 fees generated through these funds will be retained by the custodian.

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

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PSFG does not charge performance-based fees for its investment advisory services. The fees charged by our Firm are as described in “Item 5 – Fees and Compensation” above and are not based upon the capital appreciation of the funds or securities held by any Client. PSFG does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its clients.

## Item 7 – Types of Clients

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We have the following types of clients:

- Individuals and High Net Worth Individuals.
- Trusts, Estates or Charitable Organizations.
- Pension and Profit-Sharing Plans.
- Corporations, Limited Liability Companies and/or Other Business Types.

LPL Sponsored Advisory Programs have minimum account requirements of \$5,000 to \$250,000 depending upon the chosen program. PSFG does not impose an account minimum for our firm's portfolio management services.

### Retirement Accounts

As part of our investment advisory services to you, PSFG may recommend you roll assets from your employer's retirement plan, such as a 401(k), 457, or ERISA 403(b) account (collectively, a “Plan Account”), to an individual retirement account, such as a SIMPLE IRA, SEP IRA, Traditional IRA, or Roth IRA (collectively, an “IRA Account”) our firm will manage on your behalf. We may also recommend rollovers from IRA Accounts to Plan Accounts, from Plan Accounts to Plan Accounts, and from IRA Accounts to IRA Accounts. When we provide any of the foregoing rollover recommendations we are acting as fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act (“ERISA”) and/or the Internal Revenue Code (“IRC”), as applicable, which are laws governing retirement accounts.

If you elect to roll the assets to an IRA subject to our management, PSFG will charge you an asset-based fee as set forth in the advisory agreement you executed with our firm. This creates a conflict of interest because it creates a financial incentive for our firm to recommend the rollover to you (i.e., receipt of additional fee-based compensation). You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm. Due to the foregoing conflict of interest, when we make rollover recommendations, we operate under a special rule that requires us to act in your best interests and not put our interests 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 interests.

- ✓ charge no more than a reasonable fee for our services; and
- ✓ give you basic information about conflicts of interest.

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 a rollover. Note that an employee will typically have four options in this situation:

- ✓ leaving the funds in your employer's (former employer's) plan.
- ✓ moving the funds to a new employer's retirement plan.
- ✓ cashing out and taking a taxable distribution from the plan; or
- ✓ rolling the funds into an IRA rollover account.

Each of these options has positives and negatives. Because of that, along with the importance of understanding the differences between these types of accounts, we will provide you with a written explanation of the advantages and disadvantages of both account types and the basis for our belief that the rollover transaction we recommend is in your best interests.

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

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### **Methods of Analysis**

Methods may include modern portfolio theory, charting, fundamental analysis, technical analysis, and cyclical analysis.

#### **MODERN PORTFOLIO THEORY**

Modern Portfolio Theory assumes that investors are risk adverse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile - i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

#### **CHARTING ANALYSIS**

Charting is a technical analysis that charts the patterns of stocks, bonds, and commodities to help determine buy and sell recommendations for clients. It is a way of gathering and processing price and volume information in a security by applying mathematical equations and plotting the resulting data onto graphs to predict future price movements. A graphical historical record assists the analyst in spotting the effect of key events on a security's price, its performance over a period of time, and whether it is trading near its high, near its low or in between. Chartists believe that recurring patterns of trading, commonly referred to as indicators, can help them forecast future price movements.

## FUNDAMENTAL ANALYSIS

A fundamental analysis is a method of evaluating a company or security by attempting to measure its intrinsic value. Fundamental analysis attempts to determine the true value of a company or security by looking at all aspects of the company or security, including both tangible factors (e.g., machinery, buildings, land, etc.) and intangible factors (e.g., patents, trademarks, “brand” names, etc.). Fundamental analysis also involves examining related economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g., management expertise, industry cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price with the aim of determining what sort of position to take with that security (e.g., if underpriced, the security should be bought; if overpriced the security should sold). Fundamental analysis uses real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for many types of securities.

## TECHNICAL ANALYSIS

A technical analysis is a method of evaluating securities that analyzes statistics generated by market activity, such as past prices and volume. Technical analysis does not attempt to measure a security's intrinsic value, but instead uses past market data and statistical tools to identify patterns that can suggest future activity. Historical performance of securities and the markets can indicate future performance.

## CYCLICAL ANALYSIS

A cyclical analysis assumes the market reacts in reoccurring patterns that can be identified and leveraged to provide performance. Cyclical analysis of economic cycles is used to determine how these reoccurring patterns, or cycles, affect the returns of a given investment, asset, or company. Cyclical analysis is a time-based assessment which incorporates past and present performance to determine future value. Cyclical analyses exist because the broad economy has been shown to move in cycles, from periods of peak performance to periods of low performance. The risks of this strategy are two-fold: (1) the markets do not always repeat cyclical patterns; and (2) if too many investors begin to implement this strategy, it changes the very cycles of which they are trying to take advantage.

## **Risk of Loss**

Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each client should understand and be willing to bear. Clients are reminded to discuss these risks with our firm as they feel it is warranted. All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

**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 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. 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.

**Mutual Fund Risk:** The performance of mutual funds is subject to market risk, including the possible loss of principal. The price of the mutual funds will fluctuate with the value of the underlying securities that make up the funds. The price of a mutual fund is typically set daily therefore a mutual fund purchased at one point in the day will typically have the same price as a mutual fund purchased later that same day.

**ETF Risk:** Performance of ETFs is subject to market risk, including the possible loss of principal. The price of the ETFs will fluctuate with the price of the underlying securities that make up the funds. In addition, ETFs have a trading risk based on the loss of cost efficiency if the ETFs are traded actively and a liquidity risk if the ETFs have a large bid-ask spread and low trading volume. The price of an ETF fluctuates based upon the market movements and may dissociate from the index being tracked by the ETF or the price of the underlying investments. An ETF purchased or sold at one point in the day may have a different price than the same ETF purchased or sold a brief time later.

## Options

An option is a financial derivative that represents a contract sold by one party (the option writer) to another party (the option holder). The contract offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security or other financial asset at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date). Options are extremely versatile securities. Traders use options to speculate, which is a risky practice, while hedgers use options to reduce the risk of holding an asset. In terms of speculation, option buyers and writers have conflicting views regarding the outlook on the performance of a security.

*Call Option:* Call options give the option to buy at certain price, so the buyer would want the stock to go up. Conversely, the option writer needs to provide the underlying shares if the stock's market price exceeds the strike due to the contractual obligation. An option writer who sells a call option believes that the underlying stock's price will drop relative to the option's strike price during the life of the option, as that is how he will reap maximum profit. This is exactly the opposite outlook of the option buyer. The buyer believes that the underlying stock will rise; if this happens, the buyer will be able to acquire the stock for a lower price and then sell it for a profit. However, if the underlying stock does not close above the strike price on the expiration date, the option buyer would lose the premium paid for the call option.

*Put Option:* Put options give the option to sell at a certain price, so the buyer would want the stock to go down. The opposite is true for put option writers. For example, a put option buyer is bearish on the underlying stock and believes its market price will fall below the specified strike price on or before a specified date. On the other hand, an option writer who shorts a put option believes the underlying stock's price will increase about a specified price on or before the expiration date. If the underlying stock's price closes above the specified strike price on the expiration date, the put option writer's maximum profit is achieved. Conversely, a put option holder would only benefit from a fall in the underlying stock's price below the strike price. If the underlying stock's price falls below the strike price, the put option writer is obligated to purchase shares of the underlying stock at the strike price.

The potential risks associated with these transactions are that (1) all options expire. The closer the option gets to expiration, the quicker the premium in the option deteriorates; and (2) Prices can move very quickly. Depending on factors such as time until expiration and the relationship of the stock price to the option's strike price, small movements in a stock can translate into big movements in the underlying options.

## Margin

The use of margin may result in certain additional risks to a client. For example, if securities pledged to brokers to secure a client's margin accounts decline in value, the Client could be subject to a "margin call", pursuant to which it must either deposit additional funds with the broker or be the subject of mandatory liquidation of the pledged securities to compensate for the decline in value.

## Short Sales

A short sale is a transaction in which an investor sells borrowed securities in anticipation of a price decline and is required to return an equal number of shares at some point in the future. These transactions have several risks that make it highly unsuitable for the notice investor. This strategy has a slanted payoff ratio in that the maximum gain (which would occur if the shorted stock were to plunge to zero) is limited, but the maximum loss is theoretically infinite (since stocks can in theory go up infinitely in price). The following risks should be considered: (1) In addition to trading commissions, other costs with short selling include that of borrowing the security to short it, as well as interest payable on the margin account that holds the shorted security. (2) The short seller is responsible for making dividend payments on the shorted stock to the entity from whom the stock has been borrowed. (3) Stocks with extremely high short interest may occasionally surge in price. This usually happens when there is a positive development in the stock, which forces short sellers to buy the shares back to close their short positions. Heavily shorted stocks are also susceptible to “buy-ins,” which occur when a broker closes out short positions in a difficult-to-borrow stock whose lenders are demanding it back. (4) Regulators may impose bans on short sales in a specific sector or even in the broad market to avoid panic and unwarranted selling pressure. Such actions can cause a spike in stock prices, forcing the short seller to cover short positions at huge losses. (5) Unlike the “buy-and-hold” investor who can afford to wait for an investment to work out, the short seller does not have the luxury of time because of the many costs and risks associated with short selling. Timing is everything when it comes to shorting. (5) Short selling should only be undertaken by experienced traders who have the discipline to cut a losing short position, rather than add to it hoping that it will eventually work out.

## Trading

Our firm could purchase securities with the idea of selling them very quickly (typically within 30 days or less). Our firm does this to take advantage of our predictions of brief price swings. Trading involves risk that may not be suitable for every investor and may involve a high volume of trading activity. Each trade generates a commission and the total daily commission on such a high volume of trading can be considerable. Active trading accounts should be considered speculative in nature with the objective being to generate short-term profits. This activity may result in the loss of more than 100% of an investment.

## Fund Offering Limitations

For all funds offered the fund sponsor or provider has the right to suspend or limit units offered under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and subject PSFG to loss. Conflicts of Interest: In the administration of client accounts, portfolios, and financial reporting, PSFG faces inherent conflicts of interest which are described in this brochure. Generally, PSFG mitigates these conflicts through its Code of Ethics which provides that the client's interest is always held above that of PSFG and its associated persons.



## **Security Specific Risks**

Depending on the nature of the investment management service selected by a client and the securities used to implement the investment strategy, clients will be exposed to risks that are specific to the securities in their particular investment portfolio. Currency: 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.

## **Strategy Restrictions**

Certain institutions may be restricted from directly utilizing investment strategies of the type in which PSFG may engage. Such institutions, including entities subject to ERISA, should consult their own Advisers, counsel, and accountants to determine what restrictions may apply and whether a fund or fund lineup recommended by PSFG is appropriate.

**Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with their Advisor.**

## **Item 9 – Disciplinary Information**

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There are no legal, regulatory, or disciplinary events involving PSFG or any of its Supervised Persons. PSFG and its personnel value the trust you place in us. As we advise all Clients, we encourage you to perform the requisite due diligence on any adviser or service provider with whom you partner. Our backgrounds are on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 10 – Other Financial Industry Activities and Affiliations**

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### **Insurance Agency Affiliations**

Certain Supervised Persons of PSFG are also licensed insurance professionals. Implementation of insurance recommendations are separate and apart from a Supervised Person's role with PSFG. As an insurance professional, the Supervised Persons will typically receive commissions and other related revenues from the various insurance companies whose products are sold. Supervised Persons are not required to offer the products of any insurance company.

### **Registration as a Broker-Dealer Registered Representative**

Each IAR of PSFG is additionally a registered representative of LPL Financial LLC and accepts commissionable sales compensation as such. This compensation is detailed in Item 5 – Commissionable Securities Sales.

## **Conflict of Interest Between Different Fee Structures**

As stated above, each IAR is a registered representative of LPL Financial and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. PSFG always acts in the best interest of the client, including with respect to the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of PSFG in such an individual's capacity as a registered representative.

Each IAR is additionally a licensed insurance agent with an LPL Insurance Associate, and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. PSFG always acts in the best interest of the client, including the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of PSFG in such an individual's capacity as an insurance agent.

PSFG has the discretion to select third-party investment advisers. PSFG will be compensated via a fee share from the advisers to which it directs those clients. This relationship will be memorialized in each contract between PSFG and each third-party adviser. The fees shared will not exceed any limit imposed by any regulatory agency. This creates a conflict of interest in that PSFG has an incentive to direct clients to the third-party investment advisers that provide PSFG with a larger fee split. PSFG will always act in the best interests of the client, including when determining which third-party investment adviser to recommend to clients. PSFG will ensure that all recommended advisers are licensed, or notice filed in the states in which PSFG is recommending them to clients.

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

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We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure, where required) with respect to transactions made by the officers and employees for their personal accounts. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting requirement for all our associates.

Furthermore, our firm has established a Code of Ethics which applies to all our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is always an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We always require all of our supervised

persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics.

If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request. Neither our firm nor a related person recommends to clients, or buys or sells for client accounts, securities in which our firm or a related person has a material financial interest.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics.

Likewise, related persons of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients on the same day. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

## **Item 12 – Brokerage Practices**

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Custodians/broker-dealers will be chosen based on PSFG's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and PSFG may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in PSFG's research efforts. PSFG will never charge a premium or commission on transactions beyond the actual cost imposed by the broker-dealer/custodian. For the PSFG Asset Management Program, PSFG requires clients to use LPL Financial as custodian.

Transaction fees paid are one of, but not the only, criteria in recommending a Custodian. Clients may pay commissions that are higher than another qualified financial institution might charge to affect the same transaction where PSFG determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a custodian's services and the fees for those services, including among others, the value of research provided, execution capability, commission rates, and responsiveness.

As custodian, LPL Financial makes products and services available to PSFG that benefit PSFG but may not directly benefit its Clients' accounts. Many of these products and services are used to service all or a substantial number of PSFG accounts. Some of these products and services provided includes software and other technology that provides access to Client account data (such as trade confirmations and account statements); research, pricing, and other market data; facilitates payment of fees from Clients' accounts; and assists with back-office functions, recordkeeping, and Client reporting. When client brokerage commissions are used to obtain research or other products or services, PSFG receives a benefit because we do not have to produce or pay for the research, products, or services. As a result of these services provided, commissions may be higher than those charged by other broker-dealers.

While PSFG has no formal soft dollar arrangements, PSFG receives research and other services from LPL Financial in conjunction with our firm's use of LPL as custodian and platform provider of Strategic Wealth Management (SWM). This arrangement is consistent with the safe harbor provisions in Section 28(e) of the Securities and Exchange Act of 1934, as amended. There is no assurance that any particular client will benefit from the arrangement, whether or not the client's transactions paid for the services. PSFG does not seek to allocate benefits to client accounts proportionate to any such arrangement. PSFG benefits by not being required to pay for research, products, and services, and PSFG will have an incentive to recommend a broker-dealer based on the receipt of benefits. Clients should be aware that PSFG acceptance of these benefits may result in higher commissions charges to the client.

**Directed Brokerage** - All Clients are serviced on a "directed brokerage basis." PSFG will place trades within the account[s] established by the Client at LPL Financial (the Custodian). All trades are executed within their respective advisory accounts. PSFG will not engage in any principal transactions (i.e., trade of any security from or to PSFG's own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client's account[s]). PSFG does not select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. All trading costs are determined solely by the Custodian.

### **Aggregating and Allocating Trades**

If PSFG buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, PSFG would place aggregate order with the broker on behalf of all such clients to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. PSFG would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

## **Item 13 – Review of Accounts**

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### **A. Frequency of Reviews**

Account reviewers are the IARs responsible for each account. Formal reviews are conducted at least annually or more frequently depending on the needs of the Client. The Chief Compliance Officer conducts periodic reviews of trading activity and client accounts as a follow-up measure to the representative reviews.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Mark J. Lucaccioni. There is only one level of review for financial planning, and that is the total review conducted to create the financial plan.

## **B. Causes for Reviews**

In addition to the investment monitoring noted in Item 13.A., each Client account shall be reviewed at least annually. Reviews may be conducted more or less frequently at the Client's request. Accounts may be reviewed because of major changes in economic conditions, changes in investment objectives, targeted allocation, current allocation, suitability, performance, monthly distributions, concentrated positions, diversification, and outside holdings. The Client is encouraged to notify PSFG if changes occur in the Client's personal financial situation that might adversely affect the Client's investment plan. Additional reviews may be triggered by material market, economic or political events.

## **C. Review Reports**

The Client will receive brokerage statements no less than quarterly from the Custodian. These brokerage statements are sent directly from the Custodian to the Client. The Client may also establish electronic access to the Custodian's website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client's account[s].

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

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### **Client Referrals from Promoters**

PSFG may enter into one or more written agreements ("Promoter Agreements") with one or more unaffiliated individuals and/or organizations that refer clients to us. All Promoter Agreements will be in writing and comply with the requirements of Rule 206(4)-1 of the Investment Advisers Act of 1940 (the "Act"). While the specific terms of each Promoter Agreement may differ, a Promoter's compensation is based upon new client engagement and retention and is calculated using a varying percentage interest of the advisory fees paid to PSFG by its clients. In all Promoter Agreements that we enter into, each Promoter must make certain representations regarding its licensing status, ethical standards, and disciplinary history. Each Promoter must agree to advise us immediately of any change in such representations. In addition, the prospective client being referred to us will receive a copy of our "Disclosure Brochure," which is a then current copy of our ADV Part 2A; in addition to a document disclosing the referral arrangement and information on the fee being received by the Promoter for making the referral. PSFG does not pay employees for client referrals.

## **Item 15 – Custody**

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The Firm is deemed to have custody of client funds and securities because you give us the authority to have fees deducted directly from your account. Authorization to trade in client accounts (discretion) is not deemed custody.

The Firm's established procedures require that all client funds and securities must be held by a qualified custodian in a separate account for each client under that client's name. You will execute an agreement that establishes each account; therefore, you will know the qualified custodian's name and address as well as the way your funds or securities are maintained. Finally, the qualified custodian will deliver your account statements directly to you or your representative at least quarterly. You should carefully review those statements and compare them to any communication you receive from the Firm. If our firm decides to also send account statements to clients, such notices and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm. If you ever have questions about your statements, please feel free to contact the Firm, your representative, or the qualified custodian.

## **Item 16 – Investment Discretion**

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PSFG provides discretionary and non-discretionary investment advisory services to clients. The Investment Advisory Contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, PSFG generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/ sold, what securities to buy or sell, or the price per share.

## **Item 17 – Voting Client Securities**

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PSFG does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. PSFG will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting.

## **Item 18 – Financial Information**

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Neither PSFG nor its management have any adverse financial situations that would impair the ability of PSFG to meet all obligations to its clients. Neither PSFG, nor any of its advisory persons, has been subject to bankruptcy or financial compromise. PSFG is not required to deliver a balance sheet along with this Disclosure Brochure as the Adviser does not collect fees of \$1,200 or more for services to be performed six months or more in advance.