

# Scherer Financial Advisory Services, LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Scherer Financial Advisory Services, LLC. If you have any questions about the contents of this brochure, please contact us at (972) 267-9655 or by email at: [scott.scherer@schererfinancial.net](mailto:scott.scherer@schererfinancial.net). 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 Scherer Financial Advisory Services, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Scherer Financial Advisory Services, LLC's CRD number is: 317435.*

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*Registration as an investment adviser does not imply a certain level of skill or training.*

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## Item 2 Material Changes

This Form ADV Part 2A brochure ("Brochure") is a document which the Advisor provides to clients as mandated by the SEC. The material changes in this brochure from the last annual updating amendment of Scherer Financial Advisory Services, LLC on March 22, 2024, are described below.

- Our ownership has changed. Scott Stephen Scherer owns 75% of the firm with Ian Michael O'Shea owning the remaining 25% of the firm. This update has been made to Item 4.

### Item 3 Table Of Contents

Item 1 Cover Page	Page 1
Item 2 Material Changes	Page 2
Item 3 Table Of Contents	Page 3
Item 4 Advisory Business	Page 4
Item 5 Fees and Compensation	Page 7
Item 6 Performance-Based Fees and Side-By-Side Management	Page 8
Item 7 Types of Clients	Page 8
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss	Page 9
Item 9 Disciplinary Information	Page 12
Item 10 Other Financial Industry Activities and Affiliations	Page 13
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	Page 14
Item 12 Brokerage Practices	Page 14
Item 13 Review of Accounts	Page 15
Item 14 Client Referrals and Other Compensation	Page 16
Item 15 Custody	Page 16
Item 16 Investment Discretion	Page 16
Item 17 Voting Client Securities	Page 17
Item 18 Financial Information	Page 17

## Item 4 Advisory Business

### **A. Description of the Advisory Firm**

Scherer Financial Advisory Services, LLC (hereinafter "SFAS" or the "Advisor") is a Limited Liability Company organized in the State of Texas. The firm was formed in November 2018, and is owned by Scott Stephen Scherer and Ian Michael O'Shea.

### **B. Advisory Services**

#### ***General Information***

The Advisor provides limited financial planning, portfolio management, and general consulting services to its clients. At the beginning of the client relationship, SFAS works with the client to gather pertinent information regarding the client's assets, investment experience, risk tolerance, and overall financial condition. Once the Advisor and the client have made this ("Client Profile") determination, then they are able to set goals and investment objectives ("Investment Plan") suited to the client.

Each Client Profile is a current snapshot of the financial condition and future goals of the client. The Investment Plan outlines the investments the Advisor will make on behalf of the client to reach those goals. This process is repeated at a minimum of once a year and discussed with the client but may not necessarily be in written form.

If the Advisor provides general consulting services, the Advisor will work to ensure that the client's objective or project is summarized and clarified.

#### ***Portfolio Management Services***

SFAS offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. The Advisor creates an Investment Profile 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	Asset selection
Personal investment policy	Risk tolerance
Asset allocation	Regular portfolio monitoring

SFAS evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Risk tolerance levels are documented in the Investment Profile which is given to each client. SFAS seeks to provide investment decisions that are made in accordance with the fiduciary duties owed to its clients and without consideration of SFAS's economic, investment or other financial interests. To meet its fiduciary obligations, SFAS attempts to avoid, among other things, investment or trading practices that systemically advantage or disadvantage certain client portfolios, and accordingly, SFAS's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another client.

When implementing the client's Investment Plan, the Advisor will manage the client's investment portfolio on a discretionary or non-discretionary basis pursuant to an investment advisory agreement with the client. As a discretionary investment advisor, SFAS will have the authority to supervise and direct the portfolio without prior approval or consultation with the client. Clients who choose a non-

discretionary agreement must be contacted and provide approval to the Advisor prior to the execution of any trade in the portfolio. This could result in a delay executing trades which could adversely affect the performance of the portfolio. This delay also means the affected portfolio will not be able to participate in block trades, a practice designed to enhance the execution quality and cost for all accounts included in the block trade. In a non-discretionary account, the client retains the responsibility for the final decision on all actions taken with respect to the portfolio.

### ***Financial Planning***

The Advisor offers limited financial planning services to those clients in need of such service in conjunction with Portfolio Management Services. The Advisor's limited financial planning is primarily an analytical process designed to organize financial data, identify needs and opportunities and evaluate alternative courses of action; it may include analysis of current net worth, income taxes, cash flow and budgeting, investments and asset allocation, retirement planning, employee benefit plan analysis, estate and gift tax planning, education pre-funding and risk management focusing on life, health and disability coverage.

In general, SFAS gathers required information through personal interviews. SFAS will typically meet with the client to conduct an evaluation of the client's current financial status, future goals and attitudes towards risk. Related documents supplied by the client are also reviewed. The Advisor conducts a financial analysis and prepares a written plan that describes the client's current situation, identifies needs and opportunities and makes suggestions designed to help the client achieve stated goals.

While financial analyses may include investment advice concerning mutual funds and securities, it may also include investment advice with respect to products that may or may not constitute "securities," such as life insurance and annuities. It also takes into consideration estate tax planning issues that may not constitute "investment" advice.

Please note that persons providing investment advice on behalf of SFAS are also licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. Please see Item 5 for additional disclosure regarding compensation. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase insurance products presented to you.

In performing its services, SFAS shall not be required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. If requested by the client, the Advisor may suggest the services of other professionals for implementation services, but the client is under no obligation to engage the services of any suggested professional. In addition, each client is advised that it remains their responsibility to promptly notify SFAS if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising the Advisor's previous recommendations and/or services.

## ***Raymond James AMS Account Program Services***

When appropriate and in accordance with the Investment Plan for the client, SFAS may utilize Raymond James asset-based fee account programs offered through Asset Management Services ("AMS"), an operating division of Raymond James & Associates, Inc ("RJA"), member New York Stock Exchange/SIPC. Having access to the AMS program provides SFAS access to various mutual funds in different asset allocation models to meet various investment needs and objectives of the client.

SFAS is compensated by AMS, the subadvisor to which it directs those clients. SFAS absorbs the cost of the Raymond James AMS program fee. The Raymond James Wrap Fee program brochure and Form ADV Part 2A is provided to the client at onboarding, annually thereafter, and upon request. RJA will provide various model portfolios acting as a Subadvisor from which SFAS will choose to best align with each client's needs. SFAS is responsible for the selection and termination of an RJA Account Program and the selection of the AMS Managed Program, investment discipline, and/or strategy.

## ***General Consulting***

Upon request, the Advisor provides general consulting services to clients in conjunction with Portfolio Management Services. For clients who are individuals, these services are generally provided on a project basis, and may include, without limitation, cash flow projections, income tax projections or analysis, and insurance analysis such as Long-term Care or life insurance. The scope and fees for consulting services will be negotiated with each client at the time of engagement for the project and detailed in the advisory agreement.

## ***Types of Investments***

SFAS generally provides investment advice using mutual funds, fixed income securities, real estate funds (including REITs), insurance products including annuities, equities, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds, commodities, and non-U.S. securities. SFAS may use other securities as well to help diversify a portfolio, when applicable.

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

SFAS offers the same suite of services to all its clients. However, specific client investment strategies and their implementation are dependent upon the Client Profile and Investment Plan, which together outlines each client's current situation (income, tax levels and risk tolerance levels). Clients may impose restrictions in investing in certain securities in accordance with their levels or beliefs. However, if the restrictions would require SFAS to deviate from its standard suite of services, SFAS reserves the right to end the relationship.

## **D. Wrap Fee Programs**

SFAS does not have a wrap fee program.

## **E. Assets Under Management**

As of December 31, 2023, SFAS had \$127,339,660 in regulatory assets under management, of which \$107,597,861 was discretionary and \$19,741,798 was non-discretionary.

## Item 5 Fees and Compensation

### ***Portfolio Management Services Fees***

<b>Total Assets</b>	<b>Annual Fee</b>
Assets under \$1M	Max 1.50%
Assets from \$1M-\$1.99M	Max 1.25%
Assets from \$2M-\$3.99M	Max 1.00%
Assets from \$4M or more	Max 0.80%

At SFAS's discretion, these fees are negotiable with the final fee included as part of the Investment Advisory Contract. Also at our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above. Lower fees for comparable services may be available from other sources.

The balance in the client's account on the last day of the prior billing period is used to determine the market value of the assets upon which the advisory fee is based.

Depending on the financial analysis performed, we may recommend that you purchase variable annuities or other insurance products to be included in your investment portfolio(s). Persons providing investment advice on behalf of our firm earn commissions on the sale of these insurance products in their capacity as an independent insurance agent. If these persons earn commission on the sale of insurance products recommended to you, we will not include those products in the total value used for our advisory billing/fee computation. Please note that you are under no obligation, contractually or otherwise, to purchase insurance products through SFAS.

Clients may terminate the agreement without penalty, for a full refund of SFAS's fees, within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract with ninety days' written notice.

### ***Financial Planning Fees***

The Advisor offers limited financial planning services to those clients in need of such service in conjunction with Portfolio Management Services. No additional fee is charged for this service.

### ***Raymond James AMS Account Program Services Fees***

SFAS may utilize Raymond James asset-based fee account programs offered through RJA's AMS for certain clients. SFAS is compensated by AMS, the subadvisor to which it directs those clients. These fees are negotiable, and the final fee schedule is attached as an exhibit of the AMS Investment Agreement. Lower fees for comparable services may be available from other sources.

SFAS absorbs the cost of the Raymond James AMS program fee. The Raymond James Wrap Fee program brochure, Form ADV Part 2A is provided to the client at onboarding, thereafter annually, and upon request.

## ***General Consulting Fees***

The Advisor offers general consulting services to those clients in need of such service in conjunction with Portfolio Management Services. No additional fee is charged for this service.

## **B. Payment of Fees**

### ***Payment of Portfolio Management Fees***

Portfolio management fees are withdrawn directly from the client's accounts with the client's written authorization. Fees are paid quarterly in advance.

### ***Payment of Raymond James AMS Account Program Services Fees***

Fees are paid quarterly in advance. Fees for Raymond James AMS Account Program are withdrawn directly from the client's accounts by SFAS with client's written authorization.

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

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

## **D. Prepayment of Fees**

SFAS collects fees in advance. Refunds for fees paid in advance but not yet earned will be refunded on a prorated basis and 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 equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee by 365.)

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

Neither SFAS nor its supervised persons accept any compensation for the sale of investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

SFAS does not accept performance-based fees or other fees based on a share of capital gains or capital appreciation of the assets of a client. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Since we do not charge or accept a performance-based fee for portfolio management services this conflict is moot.

## **Item 7 Types of Clients**

SFAS generally provides advisory services to individuals and high net worth individuals.

There is no account minimum account or relationship size for any of SFAS's services.



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

### A. Methods of Analysis and Investment Strategies

SFAS's methods of analysis include Modern portfolio theory. Modern portfolio theory is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

#### *Investment Strategies*

SFAS uses selection of other advisers, long term trading and options trading (including covered options, uncovered options, or spreading strategies).

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

### A. Material Risks Involved

#### *Methods of Analysis*

**Modern portfolio theory** assumes that investors are risk averse, 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.

#### *Investment Strategies*

SFAS's use of options trading generally holds greater risk, and clients should be aware that there is a material risk of loss using any of those strategies.

**Long-term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Options transactions** involve a contract to purchase a security at a given price, not necessarily at market value, depending on the market. This strategy includes the risk that an option may expire out of the money resulting in minimal or no value, as well as the possibility of leveraged loss of trading capital due to the leveraged nature of stock options.

**Selection of Other Advisors:** Although SFAS will seek to select only money managers who will invest clients' assets with the highest level of integrity, SFAS's selection process cannot ensure that money managers will perform as desired and SFAS will have no control over the day-to-day operations of any of its selected money managers. SFAS would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift" or even regulator breach or fraud. In monitoring and analyzing

the third-party advisers, SFAS uses benchmarking analysis, assessing whether the adviser's performance has met, exceeded, or fallen short of comparable benchmarks (e.g., Russell 2000, S&P 500, etc.), together with comparison against any stated benchmarks the adviser has set for itself.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **B. Risks of Specific Securities Utilized**

SFAS's use of options trading generally holds a greater risk of capital loss. Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature.

Equity investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best-known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Risks in investing in ETFs include trading risks, liquidity and shutdown risks, risks associated with a change in authorized participants and non-participation of authorized participants, risks that trading price differs from indicative net asset value (NAV), or price fluctuation and disassociation from the index being tracked. With regard to trading risks, regular trading adds cost to your portfolio thus counteracting the low fees that are one of the typical benefits of ETFs. Additionally, regular trading to beneficially "time the market" is difficult to achieve. Even paid fund managers struggle to do this every year, with the majority failing to beat the relevant indexes. With regard to liquidity and shutdown risks, not all ETFs have the same level of liquidity. Since ETFs are at least as liquid as their underlying assets, trading conditions are more accurately reflected in implied liquidity rather than the average daily volume of the ETF itself. Implied liquidity is a measure of what can potentially be traded in ETFs based on its underlying assets. ETFs are subject to market volatility and the risks of their underlying securities, which may include the risks associated with investing in smaller companies, foreign securities, commodities, and fixed income investments (as applicable).

Foreign securities in particular are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets. ETFs that target a small universe of securities, such as a specific region or market sector, are generally subject to greater market volatility, as well as to the specific risks associated with that sector, region, or other focus. ETFs that use derivatives, leverage, or complex investment strategies are subject to additional risks. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed "electronic shares" not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors. The return of an index ETF is usually different from that of the index it tracks because of fees, expenses, and tracking error. An ETF may trade at a premium or discount to its net asset value (NAV) (or indicative value in the case of exchange-traded notes). The degree of liquidity can vary significantly from one ETF to another, and losses may be magnified if no liquid market exists for the ETF's shares when attempting to sell them. Each ETF has a unique risk profile, detailed in its prospectus, offering circular, or similar material, which should be considered carefully when making investment decisions.

**Real estate funds** (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Commodities** are tangible assets used to manufacture and produce goods or services. Commodity prices are affected by different risk factors, such as disease, storage capacity, supply, demand, delivery constraints and weather. Because of those risk factors, even a well-diversified investment in commodities can be uncertain.

**Options** are contracts to purchase a security at a given price, risking that an option may expire out of the money resulting in minimal or no value. An uncovered option is a type of options contract that is not backed by an offsetting position that would help mitigate risk. The risk for a "naked" or uncovered put is not unlimited, whereas the potential loss for an uncovered call option is limitless. Spread option positions entail buying and selling multiple options on the same underlying security, but with different strike prices or expiration dates, which helps limit the risk of other option trading strategies. Option transactions also involve risks including but not limited to economic risk, market risk, sector risk, idiosyncratic risk, political/regulatory risk, inflation (purchasing power) risk and interest rate risk.

**Non-U.S.** securities present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

**Initial Public Offering ("IPO")** shares have no trading history, are speculative and are not suitable for all investors. Although IPOs and new-to-market securities have the potential to deliver returns, they also carry serious risks for any investor, including the broader risks associated with equities. Founders may try to drum up interest in the offering in order to drive up the IPO valuation. As a result, share prices at the time of an IPO can be artificially high, meaning that shares can lose value rapidly and soon after the time of the IPO. New to market securities do not have the historical performance, pricing history, or other important details that publicly traded securities are required to provide. Additionally, even when a private company discloses all relevant information, it is still more difficult for an investor to predict how the company will perform post-IPO, as the public offering often necessitates a shift in the company's strategy.

**Variable Annuities** are a form of insurance where the seller or issuer (typically an insurance company) makes a series of future payments to a buyer (annuitant) in exchange for the immediate payment of a lump sum (single-payment annuity) or a series of regular payments (regular-payment annuity). The payment stream from the issuer to the annuitant has an unknown duration based principally upon the date of death of the annuitant. At this point, the contract will terminate and the remainder of the funds accumulated forfeited unless there are other annuitants or beneficiaries in the contract. Annuities can be purchased to provide an income during retirement. Unlike fixed annuities that make payments in fixed amounts or in amounts that increase by a fixed percentage, variable annuities, pay amounts that vary according to the performance of a specified set of investments, typically bond and equity mutual funds. Many variable annuities typically impose asset-based sales charges or surrender charges for withdrawals within a specified period. Variable annuities may impose a variety of fees and expenses, in addition to sales and surrender charges, such as mortality and expense risk charges; administrative fees; underlying fund expenses; and charges for special features, all of which can reduce the return. Earnings in a variable annuity do not provide all the tax advantages of 401(k)s and other before-tax retirement plans. Once the investor starts withdrawing money from their variable annuity, earnings are taxed at the ordinary income rate, rather than at the lower capital gains rates applied to other non-tax-deferred vehicles which are held for more than one year. Proceeds of most variable annuities do not receive a "step-up" in cost basis when the owner dies like stocks, bonds and mutual funds do. Some variable annuities offer "bonus credits." These are usually not free. In order to fund them, insurance companies typically impose mortality and expense charges and surrender charge periods. In an exchange of an existing annuity for a new annuity (so-called 1035 exchanges), the new variable annuity may have a lower contract value and a smaller death benefit; may impose new surrender charges or increase the period of time for which the surrender charge applies; may have higher annual fees; and provide another commission for the broker.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9 Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither SFAS nor its representatives are registered as or have pending applications to become a broker/dealer or as representatives of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither SFAS nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Scott Scherer is an accountant with Scherer CPA, LLC. From time to time, Mr. Scherer may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. SFAS always acts in the best interest of the client and clients are in no way required to utilize the services of any representative of SFAS in connection with such individual's activities outside of SFAS.

Certain employees of SFAS are independent licensed insurance agents, 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. SFAS 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 utilize the services of any representative of SFAS in connection with such individual's activities outside of SFAS.

### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

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

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

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 persons associated with our firm. 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 persons associated with our firm are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, nonpublic information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

### **B. Recommendations Involving Material Financial Interests**

SFAS does not recommend that clients buy or sell any security in which a related person to SFAS or SFAS has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of SFAS may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of SFAS to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. SFAS will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of SFAS may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of SFAS to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, SFAS will never engage in trading that operates to the client's disadvantage if representatives of SFAS buy or sell securities at or around the same time as clients.

## **Item 12 Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on SFAS'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 SFAS 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 SFAS's research efforts. SFAS will never charge a premium or commission on transactions beyond the actual cost imposed by the broker dealer/custodian.



SFAS currently uses Raymond James & Associates, Inc. ("RJA") for brokerage and custodial services. SFAS is not affiliated with RJA and RJA does not supervise our firm, its representatives or activities.

***Research and Other Soft-Dollar Benefits***

While SFAS has no formal soft dollar program in which soft dollars are used to pay for third party services, SFAS may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). SFAS may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and SFAS does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. SFAS benefits by not having to produce or pay for the research, products, or services, and SFAS will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that SFAS's acceptance of soft dollar benefits may result in higher commissions charged to the client.

***Brokerage for Client Referrals***

SFAS receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

***Clients Directing Which Broker/Dealer/Custodian to Use***

SFAS will require clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer.

**B. Aggregating (Block) Trading for Multiple Client Accounts**

If SFAS 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 in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, SFAS would place an aggregate order with the broker on behalf of all such clients in order 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. SFAS would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek the best execution, except for those accounts with specific brokerage direction (if any). As noted in Item 4, clients that have a non-discretionary agreement with SFAS may not be included in aggregated orders because we must get approval of any trade placed on behalf of the client.

**Item 13 Review of Accounts**

**A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All portfolios are reviewed at least annually but may be reviewed more often if requested by the client or deemed advisable by the Advisor. The Investment Advisor Representative ("IAR") in charge of the accounts will complete the review.

## **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material changes in markets, economic or political events, or by changes in a client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

## **C. Content and Frequency of Regular Reports Provided to Clients**

Account custodians are responsible for providing monthly or quarterly account statements which reflect the positions in each account as well as any activity for the period. Account custodians also provide prompt confirmation of all trading activity, and year-end tax statements, such as 1099 forms.

In addition, SFAS provides at least an annual report for each portfolio. This written report includes a summary of the portfolio holdings and performance results. Additional reports are available upon request by the client.

Financial planning clients are provided with a one-time financial plan concerning their financial situation. After the presentation of the plan, there are no further reports. Clients may request additional plans in the future.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients**

As disclosed in Items 4 and 5 of this brochure, persons providing investment advice on behalf of our firm are licensed insurance agents and receive compensation for insurance products sold to you. For information on the conflicts of interest this presents, and how we address these conflicts, refer to Items 4 and 5.

Refer to the Item 12 above for disclosures on research and other benefits we may receive resulting from our relationship with your account custodian.

### **B. Compensation to Non-Advisory Personnel for Client Referrals**

SFAS does not directly or indirectly compensate any non-employee for client referrals.

## **Item 15 Custody**

When advisory fees are deducted directly from client accounts at client's custodian, SFAS will be deemed to have limited custody of client's assets and must have written authorization from the client to do so.

## **Item 16 Investment Discretion**

SFAS provides discretionary and non-discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, SFAS 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**

SFAS will not ask for, nor accept voting authority for client securities. 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 that SFAS 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**

### **Balance Sheet**

SFAS neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Client**

Neither SFAS nor its management has any financial condition that is likely to reasonably impair SFAS's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

SFAS has not been the subject of a bankruptcy petition in the last ten years.