



Our Relationship Summary

Emergent Financial Services, LLC. Form CRS

December 31, 2023

1. Introduction

- A. Emergent Financial Services, LLC. is an investment advisor registered with the Securities and Exchange Commission (SEC). Our services and fees as an investment advisor are different from those of a broker-dealer and it is important for you to understand the differences.
- B. Free and simple tools are available to research firms and financial professionals at Investor.gov/CRS, which also provides educational materials about investment advisors, broker-dealers, and investing.
- C. **Conversation starters**, which are questions you as a *retail investor* should ask your financial professional or us on a number of important topics, are marked throughout the document with **boldface** type.

2. Relationships and Services

- A. *“What investment services and advice can you provide me?”*
- B. We offer financial planning and portfolio management services.

Financial planning involves a comprehensive analysis of your financial situation, from insurance to home ownership to savings, and subsequent recommendations based on the your objectives, such as how much to save to reach a certain retirement goal or which types of tax-advantaged retirement accounts (Traditional IRA, Roth IRA, 401k, etc.) are best for you.

Through portfolio management, we monitor your portfolios and make the decisions on which investments are best for you based on our agreed-upon Investment Policy Statement that outlines our discussion with you of your risk tolerance (how much risk you can take and/or are comfortable taking), time horizon, limitations, and goals.

Our portfolio management involves the following aspects:

- a. After you open an investment account, we *monitor* your portfolio of investments as part of our standard services. Monitoring for us is an ongoing process, while *rebalancing* (meaning buying or selling investment securities in accordance with your Investment Policy Statement) is done at least yearly, although we also make tactical decisions based on the current economic situation and your current situation.
- b. We accept *discretionary authority* over our client portfolios. This means that you as the client agree to have the registered investment advisor (RIA) representatives at Emergent Financial Services (e.g. your portfolio manager here) buy and sell securities on your behalf. This authority is part of our contract with clients and lasts for the duration of the contract.
- c. We are an independent registered investment advisor (RIA) and are not a subsidiary of a larger company. We therefore have no limitations (other than any imposed by law) on the advice we offer you or the securities we can purchase on your behalf. We are not limited to purchasing only “proprietary products” (meaning investment funds owned by a parent company) or a “limited menu” of investments.
- d. We do not have *account minimums* or any other firm requirements for a client to open an account with us.

C. Additional Information.

Our investment advisory process is as follows:

- a. You will receive a questionnaire, followed by a discussion, through which we analyze your financial situation, your risk tolerance, your income needs, and your financial objectives for the portfolio(s).
- b. This questionnaire is then mapped to an *asset allocation model*, which is a technical term meaning a model designed, with our input as portfolio managers, to find the best combination of *assets* (stocks, bonds, and other types of investments) for you. We will always inform you that our model is

historical-based and that past performance does not guarantee future results. The recommended asset allocation is discussed with you to make certain that you understand the risks and rewards and that the returns sought are in accord with your specified time horizons.

- c. Based on the results and discussions with you, we create a personalized Investment Plan for the investment of your assets. The Investment Plan discusses the asset allocation and combination of securities that will be used to achieve the asset allocation for the portfolio in accordance with the model and your financial situation. Portfolio securities are typically a combination of mutual funds (e.g. a fund holding multiple stocks or bonds) and exchange-traded funds (ETFs), a type of mutual fund that trades throughout the day, for broad exposure into the appropriate asset classes, but in specific instances may include equities and bonds.
- d. Your portfolio is reviewed at least quarterly (and more determined by market and economic situations) to determine whether rebalancing is warranted, to determine whether the Investment Plan still accurately reflects your needs, and to ensure that the portfolio continues to reflect the Investment Plan.

We tailor our services to the individual client, as no two clients have the exact same objectives, risk parameters, or time frame. Depending on the objectives, guidelines and investment restrictions of the individual client, we employ various investment strategies to provide these services. The investment strategies may involve long-term or short-term objectives and *risk characteristics* (e.g. the types of risks than an investment or portfolio has). We do not typically permit you to subsequently impose restrictions on investment in certain securities or types of securities since the appropriate Investment Plan for the portfolio is modeled, discussed and formulated with you prior to investing your assets.

D. *Conversation Starter.* Here are some additional questions you should ask us or any financial professional to start a conversation about relationships and services:

- i. “Given my financial situation, should I choose an investment advisory service? Why or why not?”
- ii. “How will you choose investments to recommend to me?”
- iii. “What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?”

3. Fees, Costs, Conflicts, and Standard of Conduct

A. "What fees will I pay?"

Principal Fees and Costs:

- a. In this section, we will discuss our fees, including how frequently we assess and bill, and possible conflicts of interest we are required to disclose based on how we charge fees.
- b. Emergent Financial Services, LLC. is a *fee-only* investment advisor, meaning we do charge an annual fee which is a percentage of assets under management (AUM). AUM is the total amount in investment accounts that we manage for you. As an example, assets under management (AUM) *would* include a Traditional IRA retirement account we manage for you, but *would not* include the value of your home since we neither manage that nor have any authority over it.
- c. The percent fee that we charge is negotiated in our client contracts, but here is our basic fee schedule:

Total Assets Under Management	Annual Fee
Up to \$9,999,999	1.0%
\$10,000,000 and Over	0.75%
-	-

- d. Unless otherwise requested, Emergent will bill its fees on a quarterly basis in arrears (meaning at the end of the quarter). As an example, if we manage \$10,000.00 for you and this amount does not change over the course of the year, our fee will be \$100.00 for the year, billed as four \$25.00 quarterly payments. You may also elect to be billed directly for fees, or to authorize Emergent to debit fees from your accounts. If you authorize us to debit fees from your accounts per written discretionary authority agreement in our contract, we send a copy of our invoice to the custodian at the same time that we send a copy to you, which is quarterly. Management fees are prorated for each contribution and withdrawal made during the applicable calendar quarter (with the exception of minimum contributions and withdrawals, which is referred to as de minimis).

- e. *Possible conflicts of interest.* Because fee-only investment advisors charge a fee based on assets under management (AUM), the more assets that are in your account, the more you will pay in fees, and a fee-only investment advisor like us may therefore have an incentive to encourage you to increase the assets in their accounts through additional contributions.

Other Fees and Costs:

- f. With investing, there may be other fees or costs incurred by you that are not paid to us at Emergent Financial Services, LLC.
- g. Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which you may incur. Custodians, brokers, third party investment and other third parties may charge fees such as:
- Manager fees
 - Custodial fees
 - Deferred sales charges
 - Odd-lot differentials
 - Transfer taxes
 - Wire transfer and electronic fund fees
 - Other fees and taxes on brokerage accounts and securities transactions.
 - Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. (An exchange-traded fund, or ETF, is an investment fund traded on stock exchanges, much like stocks.)
- h. These additional charges, fees and commissions are exclusive of and in addition to Emergent's fee; we do not receive any portion of these commissions, fees, and costs.

Additional Information.

- i. **You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.**

Conversation Starter

- j. Here are some additional questions you should ask us or any financial professional to start a conversation about the impact of fees and costs on investments:**

“Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?”

- B. “What are your legal obligations to me when acting as my investment advisor? How else does your firm make money and what conflicts of interest do you have?”**

Standard of Conduct

- a. *When we act as your investment advisor, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means.*
- b. *For example, as a fee-only investment advisor, we charge a fee based on assets under management (AUM), so the more assets that are in your account, the more you will pay in fees, and we may therefore have an incentive to encourage clients to increase the assets in their accounts through additional contributions.*

Conversation Starter

- c. Here are some additional questions you should ask us or any financial professional to start a conversation about conflicts of interest:**

“How might your conflicts of interest affect me, and how will you address them?”

Additional Information

d. Here is some additional information on potential conflicts of interest and how we manage them:

The Code of Ethics of Emergent requires us to monitor and prevent potential conflicts of interest with clients. Our code of ethics and policies and procedures include:

- Provisions relating to the confidentiality of client information
- Prohibition on insider trading
- Prohibition of rumor mongering
- Restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items
- Personal securities trading procedures, among other things

All supervised persons at Emergent must acknowledge the terms of the Code of Ethics annually, or as amended. The Code of Ethics is also designed to ensure that the personal securities transactions, activities and interests of the employees of Emergent will not interfere with

- Making decisions in your best interests, and
- Implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Emergent will provide a copy of the Code of Ethics upon your request.

Emergent does not buy or sell for client accounts, or recommend to clients, securities in which it has a material financial interest. Neither Emergent nor related persons buys or sells securities from or to clients, acts as a general partner in a partnership in which we solicit client investments, or acts as an investment advisor to an investment company that we recommend to clients.

Emergent employees and/or related persons may invest in the same securities that we recommend to you. While this present possible conflicts of interests in that it may encourage advisors to inappropriately recommend securities to your account in which they have an interest, we have adopted a Code of Ethics for all supervised persons of the firm describing our high standard of business

conduct, and fiduciary duty (e.g. to put your interests above our own) to our clients.

The existence of the Investment Plan and our procedures when selecting securities involve oversight to ensure that all security selections are made in accordance with your best interests.

We have two policies on this matter, depending on the nature of the security:

- 1) For mutual funds and ETFs, in which there is little ability for an employee to *front-run* (*see definition below*), the employee need only disclose the purchase to management.
- 2) For individual stocks and bonds (except US government bonds), in which there exists the possibility of front-running, Emergent requires pre-clearance from employees prior to any investment in any stock or bond in which Emergent invests client assets.

The process of front-running is the risk that when an advisor or employees recommend securities to clients that they buy or sell at around the same time, they may purchase the securities first for themselves and then for their clients to pump up the price of the security. The above section details that for securities in which the risk of front-running exists, Emergent requires all employees to pre-clear their purchases of these securities so that securities are always purchased and sold first for clients before employees may purchase or sell them for their own personal accounts.

C. “How do your financial professionals make money?”

Our financial professionals are partners of the firm. They make money in two ways: (a) direct compensation (salary) paid to them yearly, and/or (b) as profit passed down to them from the profits made by the firm. Our financial professionals are *not* compensated based on amount of client assets they service, products sold, product sales commissions, or revenue the firm earns from their advisory services or recommendations. Our financial professionals *are* compensated based on their experience and the time and complexity required to meet the needs of the portfolios they manage.

4. *Disciplinary History*

- A. “Do you or your financial professionals have legal or disciplinary history?”
- B. No, we do not.

However, you can visit [Investor.gov/CRS](https://www.investor.gov/crs) for a free and simple search tool to research us and our financial professionals.

C. *Conversation Starter.*

Here are some additional questions you should ask us or any financial professional to start a conversation about our disciplinary history:

“As a financial professional, do you have any disciplinary history? For what type of conduct?”

5. *Additional Information*

- A. Additional information about our investment advisory services can be found on our website at <https://www.emergentfs.com>, by visiting us at our office at 310 Old Ivy Way Ste 302, Charlottesville, VA 22903, or upon request by contacting us. You can request a copy of our *relationship summary* or our Form ADV Part II Brochure (which includes further information) by e-mail at alex@emergentfs.com or by telephone at (434) 260-1690.
- B. You can also find our latest filed Form ADV Part I and Part II Brochure on the SEC’s investment advisor public disclosure website: <https://adviserinfo.sec.gov/firm/summary/288434>. Our SEC number for lookup is: SEC#: 801-114160.

C. *Conversation Starter*

Here are some additional questions you should ask us or any financial professional to start a conversation about contacts and complaints:

“Who is my primary contact person? Is he or she a representative of an investment advisor or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?”

To request a copy of our relationship summary and for more information:

Additional information about our investment advisory services can be found and to request a copy of our relationship summary:

On our website: <https://www.emergentfs.com>

By e-mail: alex@emergentfs.com

By telephone: (434) 260-1690

By visiting us: 310 Old Ivy Way Ste 302
Charlottesville, VA 22903