

Thoroughbred Financial Services, LLC (TFS)

Form CRS – December 2023

TFS is registered with the Securities and Exchange Commission (SEC) as both a broker-dealer and an investment advisor and is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). Brokerage and investment advisory services and fees differ, and it is important for the retail investor to understand the differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://www.investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisors, and investing.

Broker Dealer Services

Investment Advisor Services

What investment services and advice can you provide me?

Brokerage Accounts

- Our brokerage services include buying and selling securities. If you open a **brokerage account**, you will pay us a transaction-based fee, generally referred to as a commission, every time you buy or sell an investment.
- You may select investments, or we may recommend investments for your account, but the ultimate investment decision for your investment strategy and the purchase or sale of investments will be yours.
- You will receive account statements at least quarterly in the mail or electronically.
- We can offer you additional services to assist in developing and executing your investment strategy and monitoring the performance of your account, but you will pay more.
- By selecting a brokerage account, you understand that we are not acting as a “fiduciary” with respect to any recommendations in your account. If you want a fiduciary relationship, you may wish to consider one of our Advisory Accounts.
- We are not limited in our offering of investment products and services. TFS does not have any account minimums. Certain mutual funds, annuities and Diversified Partners, Inc. products we sell do have minimum investment amounts.

Advisory Accounts (Asset Based)

- Our **investment advisory** services include fee-based advisory accounts, wrap programs and financial planning.
- If you open an advisory account, you will pay an on-going asset-based fee for services.
- Certain advisory accounts are discretionary, meaning you give your advisor authority to make investment selections, investment buys and sells on your behalf, with or without your prior approval.
- We will offer you investment advice on a regular basis. We will discuss your investment goals and design a strategy with you to achieve your investment goals. We regularly monitor your account and contact you via phone or mail at least quarterly to discuss your portfolio.
- We believe that professional investment advisory programs can help investors pursue their investment objectives. However, the fees and expenses with advisory services will be higher than a brokerage account over time if there is limited trading in the account.
- We are not limited in our offering of investment products and services. TFS does not have any account minimums. Certain mutual funds, third-party money managers and annuities we recommend do have minimum investment amounts.

For additional information, please see our Form ADV Part 2, Important Notices and Conflicts of Interest, and Account Recommendation Form.

Conversation Starters: Ask your Financial Professional:

- ***Given my situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?***
- ***How will you choose the type of investments you recommend to me?***
- ***What is your relevant experience, including licenses, education and other qualifications? What do these qualifications mean?***

What Fees Will I Pay?

Brokerage Accounts	Advisory Accounts (Asset Based)
<ul style="list-style-type: none"> • Transaction-based fees. You will pay us a fee every time you buy or sell an investment. This fee, commonly called commission, is based on the specific transaction conducted and is not based on the value of your account. You will be charged more when there are more trades in your account and therefore, we have an incentive to encourage you to trade more often, even if it is not in your best interest to do so. This is a conflict of interest. • Fees charged in a brokerage account that are payable to TFS and your representative consist of transaction (trading) fees and principal mark-up fees. Transaction fees are charged at the time of the transaction. Additional fees that will be charged on your account include custodian fees, ticket charges, account maintenance fees, fees for wire transfers, stop payments, IRA maintenance fees, overnight deliveries, returned checks, third-party mutual fund fees, variable annuity fees and other product level fees. TFS and your Representative do not receive any portion of these fees, but rather they are paid directly to the custodian, mutual fund or annuity provider. All fees and charges will appear on your statement or trade confirmations provided to you by your account custodian. • Some investments (such as mutual funds and variable annuities) impose additional fees that are not payable to TFS or your representative, but rather they are paid directly to the mutual fund, EFT or annuity provider that reduce the value of your investments over time. With certain investments (such as variable annuities and certain classes of mutual funds), you will have to pay fees such as "surrender charges" to 	<ul style="list-style-type: none"> • Asset-based fees. You will pay us an on-going fee typically each month (in advance) based on the value of the cash and investments in your advisory account. You will pay our monthly fee even if you do not buy or sell, and even if you lose money. All fees and charges will appear on your statement provided to you by your account custodian. • The amount paid to our firm and your Financial Advisor does not vary based on the type of investment selected. The asset-based fee reduces the value of your account and will be deducted from your account directly. The more assets you have in the advisory account, including cash, the more you will pay us. This creates a conflict of interest for us by creating an incentive for us to gather more assets in your account. Placing assets in an advisory account without frequent trading or other investment advisory services is not in your best interest. • Some investments (such as mutual funds, ETFs and variable annuities) impose additional fees that are not payable to TFS or your Advisor, but rather they are paid directly to the mutual fund, ETF or annuity provider. These fees will reduce the value of your investments over time. Some variable annuities will incur a "surrender charge" if the investment is liquidated within a predefined period of time after purchase. • Our fees are variable and negotiable. The amount you pay depends on the services you receive and the amount of assets in your account. • Additional fees charged on your account include custodian fees, account maintenance fees, fees for wire transfers, stop payments, IRA maintenance fees, overnight deliveries, returned checks, third-party mutual fund fees, variable

<p>sell the investment within a predefined period of time after purchase.</p> <ul style="list-style-type: none"> • Our fees vary and are negotiable. The amount you pay will depend upon the features and type of brokerage account you choose. • From a cost perspective, you may prefer a transaction-based account if you do not trade often or if you plan to buy and hold investments for longer periods of time. • Our commission schedule starts at \$38 per trade and goes up depending on the number of shares and the price per share traded. 	<p>annuity fees and other product level fees. TFS and your financial advisor do not receive any portion of these fees, but rather they are paid directly to the custodian, mutual fund or annuity provider.</p> <ul style="list-style-type: none"> • An advisory account will cost more over time than a brokerage account if there is limited trading in the account. You may prefer an advisory account if you want ongoing advice or want someone to make investment decisions for you. • Our fee schedule ranges from 0.05 to 2.50%
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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.

For additional information, see our fee schedule, ADV Part 2, Important Notices and Conflicts of Interest, and Account Recommendation Form.

Conversation Starters: Ask your Financial Professional,

- ***What fees and charges are assessed on my account and what am I paying for with those fees? Help me understand how these fees and costs may 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?***
- ***How do your fees and charges compare to other broker-dealers and Investment Advisors?***

***What are your legal obligations to me when providing me recommendations as my broker-dealer or when acting as my investment advisor?
How else does your firm make money and what conflicts of interest do you have?***

<i>Brokerage Account</i>	<i>Advisory Accounts (Asset Based)</i>
<p><i>When we provide you with a recommendation</i> as your broker-dealer 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 that can affect the recommendations we provide you. Here is an example of a conflict of interest to help you understand what this means.</p> <ul style="list-style-type: none"> • Proprietary Products. TFS is the selling broker for Diversified Partners Inc (DPI) an affiliated firm of TFS. This creates a conflict for TFS and its representatives to recommend DPI which pays ongoing commission-based revenue. • Third Party Compensation. Some products and sponsors share revenue they earn with TFS when you invest in their products (primarily mutual funds or variable annuities). 	<p><i>When we act as your Investment Advisor,</i> 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 about these conflicts because they can affect the investment advice we provide you. Here is an example of a conflict of interest to help you understand what this means.</p> <ul style="list-style-type: none"> • Third Party Compensation. In limited instances within our BTS program TFS and its investment advisor representatives receive ongoing asset-based revenue from annuity companies.

For complete information on this and other conflicts of interest, and how they may apply to your situation in brokerage or advisory account, please see our Important Notices and Conflicts of Interest.

Conversation Starter: Ask your Financial Professional,

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

How do your Financial Advisors make money?

Brokerage Accounts	Advisory Accounts (Asset Based)
<ul style="list-style-type: none">• Registered Representatives and the firm make money every time a client buys or sells an investment product in your brokerage account.• The fees earned on brokerage accounts varies. Compensation includes product sales commissions that are based on the product sold and the amount of assets purchased.	<ul style="list-style-type: none">• Financial Advisors and the firm make money as a percentage of assets clients invest with us.• The amount of money we charge is based on factors including the amount of client assets and the time and complexity required to meet a client's needs.

Do you or your Financial Advisors have a legal or disciplinary history?

Yes. For more information about this disclosure, as well as additional regulatory information about our firm and our people, visit Investor.gov/CRS for a free and simple search tool to research us and our Financial Advisors. Disclosures are also found in our Firm ADV and available to you upon request.

Conversation starter: Ask your Financial Professional,

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

Additional Information

For additional information about our services, please visit www.thoroughbredfinancial.com, or speak with one of our Financial Advisors. You can obtain additional, up-to-date information or a copy of this disclosure by calling 615-371-0001 and asking for Heather Hale.

Conversation Starter: Ask your Financial Professional,

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

EXHIBIT TO FORM CRS
SUMMARY OF MATERAIL CHANGES

We have updated page 3 section “***What are your legal obligations to me when providing me recommendations as my broker-dealer or when acting as my investment advisor? How else does your firm make money and what conflicts of interest do you have?***”

to include the following:

Brokerage Accounts

Third Party Compensation. Some products and sponsors share revenue they earn with TFS when you invest in their products (primarily mutual funds or variable annuities)

Advisory Accounts

Third Party Compensation In limited instances within our BTS program TFS and its investment advisor representatives receive ongoing asset-based revenue from annuity companies.