

**Item 1 Cover Page**

**Part 2A of Form ADV: *Firm Brochure***

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1/31/2024

This brochure provides information about the qualifications and business practices of Pruneyard Financial Group, Inc., a registered investment adviser. 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. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

If you have any questions about the contents of this brochure, please contact us at the telephone number or email address listed above. Additional information about Pruneyard Financial Group, Inc. is available on the SEC's website at [adviserinfo.sec.gov](http://adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 117378.

## **Item 2      Material Changes**

Pruneyard Financial Group, Inc. is required to advise you of any material changes to our brochures and disclosure documents from our last annual update, identify those changes on the cover page of our brochure or on the page immediately following the cover page, or in a separate communication accompanying our brochure.

Since our last annual amendment filing dated 9/15/2023, we have the following changes to report:

- No material changes to report.

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## Item 4      **Advisory Business**

Pruneyard Financial Group, Inc. (PFG) is a registered investment adviser under the Investment Advisers Act of 1940, with principal offices located in Campbell, California since 1995. Pursuant to a corporate restructuring in 2000, an updated registration was approved by SEC in 2001. John D. Masegian and Steven A. Schumaker became the principal shareholders of Pruneyard Financial Group, Inc. in 2016 and represent the second-generation of their respective families to lead the firm.

### **PENSION CONSULTING SERVICES**

We offer the following consulting services to small businesses, corporate clients, pension plans, profit-sharing plans, and 401(k) plans pursuant to the Employee Retirement Income Security Act of 1974 (ERISA).

#### **§ 3(21) Fiduciary Adviser**

Pruneyard Financial Group, Inc. can serve as a knowledgeable advisor to any plan sponsor to properly manage investments:

**Full-Scope engagement** where Pruneyard Financial Group, Inc. effectively serves the role of the plan sponsor in hiring and monitoring all service providers, but without discretionary investment authority. This role is typically performed by an independent fiduciary.

**Limited-Scope engagement** in which Pruneyard Financial Group, Inc. provides counsel and guidance to the plan sponsor but does not have discretion or responsibility for investment decisions including but not limited to recommending investments to the plan sponsor; monitoring those investments and suggesting replacements; providing participant education under the guidelines established in § 404(c); or advising the plan sponsor in following a fiduciary process and investment policy.

#### **§ 3(38) Investment Manager**

ERISA provides that a plan sponsor can appoint a qualified § 3(38) fiduciary (bank, insurance company, or registered investment adviser (RIA) subject to the Investment Advisers Act of 1940) as an investment manager to manage the plan's assets, with responsibility for selecting, monitoring, and replacing investments. This is not the role of a consultant who "advises," "recommends," "assists" or "helps," but is a fiduciary who agrees to and acknowledges its fiduciary status in writing.

As a § 3(38) fiduciary investment manager, Pruneyard Financial Group, Inc. would be engaged to manage a plan's investment management process, with discretionary authority over day-to-day investment decisions at the plan level.

### **PORTFOLIO MANAGEMENT**

Our firm provides discretionary portfolio management to individuals, families, and small business (e.g., investment advice, portfolio management, and financial planning) through the PFG Money Management Program (the "Program"), a wrap fee program managed and sponsored by Pruneyard Financial Group, Inc. Please refer to our [Form ADV, Part 2A, Appendix 1: Wrap Fee Program Brochure](#) for further information.

#### **Regulatory Assets Under Management**

As of 12/31/2023, we managed \$122,991,773 of client assets on a discretionary basis, \$403,662 of client assets on a non-discretionary basis, totaling \$123,395,435 in assets under management.

## **Item 5 Fees and Compensation**

Our advisory fees are negotiated and agreed upon prior to our onboarding a client. Client facts, circumstances and needs are considered in determining the fee schedule, including the complexity of the client, assets to be placed under advisement, related accounts, and account composition and reports, among other factors. The specific fee schedule is identified in each contract between our firm and the client.

### **Retirement Plan Services**

Fees for our retirement plan services are calculated as a percentage of plan assets and range from 0.35% to 1.00% annually, or as a flat fee. Billing and payment terms are determined at the outset of the engagement.

### **Portfolio Management**

Please refer to our [Form ADV, Part 2A, Appendix 1: Wrap Fee Program Brochure](#) for further information.

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

Pruneyard Financial Group, Inc. does not charge performance-based fees or utilize side-by-side management.

## **Item 7 Types of Clients**

Pruneyard Financial Group, Inc. provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit-sharing plans (other than plan participants)
- Corporations or small businesses

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

### **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment strategies:

**Charting.** In this type of technical analysis, we review charts of market and security activity to better identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis.** We analyze past market movements and apply that analysis to the present to better recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk that a poorly managed or financially unsound company may underperform regardless of market movement.

**Quantitative Analysis.** We use mathematical models to better obtain more accurate measurements of a company's quantifiable data, such as the value of share price or earnings per share and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

**Qualitative Analysis.** We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement and predict changes to share price based on that data.

A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

**Mutual Fund and/or ETF Analysis.** We look at the experience and track record of the manager of the mutual fund or ETF to better determine if that manager has demonstrated an ability to invest over a period and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF to better determine if there is significant overlap in the underlying investments held in other fund(s) in the client's portfolio. We also monitor the funds or ETFs to better determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## INVESTMENT STRATEGIES

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases.** We purchase securities with the idea of holding them in the client's account for a year or longer. We typically employ this strategy when:

- We believe the securities to be currently undervalued, and/or
- We want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically less than a year). We do this to better take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

**Options writing.** We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative because it derives its value from an underlying asset.

The two types of options we utilize are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time, and other factors.

## **RISK OF LOSS**

Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal.

### **Item 9 Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

- Our firm and our management personnel have no reportable disciplinary events to disclose.

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

Pruneyard Financial Group, Inc. is not registered, nor does it have an application pending to register as a broker-dealer, futures commission merchant, commodity pool operator, or commodity trading advisor.

Furthermore, no Pruneyard Financial Group, Inc. control person is registered or has a pending application to become registered as, or licensed with, any such foregoing entity.

Pruneyard Financial Group, Inc. is registered separately with the State of California as an accountancy corporation, with services incidental of conduct of its advisory business. Accordingly, management personnel and other employees, in their separate capacities as accountants or associates, may also provide tax planning and preparation services to advisory clients for separate yet customary compensation.

Pruneyard Financial Group, Inc.'s accounting services do not include the authority to sign checks or otherwise disburse funds on any of our advisory client's behalf. Advisory clients are not under any obligation to engage the firm or these individuals for accounting services.

John D. Masegian, CPA, anticipates dedicating approximately 50% of his time engaged in providing accounting and tax planning and preparation services in his capacity as the firm's Tax Partner, for which he will receive separate yet customary compensation.

Steven A. Schumaker, in his capacity as an Enrolled Agent, can represent taxpayers before the IRS and provide tax preparation services, for which he will receive separate yet customary compensation. It is anticipated that he will spend approximately 10% or less of his time engaged in the tax practice.

Mr. Schumaker is also separately licensed in the State of California as an insurance agent for various insurance companies, and as such can purchase certain insurance products (including medical, term life and annuity products) for clients for which he would generate separate, yet customary compensation.

Mr. Schumaker will be recommended to clients or potential clients of Pruneyard Financial Group, Inc. in need of such services; however, advisory clients are under no obligation to engage him in his separate capacity. It is anticipated that he will spend approximately 10% or less of his time engaged in these other activities.

The receipt of additional compensation by Pruneyard Financial Group, Inc. and/or its control persons or employees creates a potential conflict of interest that may impair the objectivity of the firm and Mr. Schumaker when providing advisory services. To eliminate this potential conflict, Mr. Schumaker will



not actively engage in activities as a licensed insurance agent on behalf of the firm's advisory clients.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Pruneyard Financial Group, Inc. and our personnel owe a duty of loyalty, fairness, and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons.

Our firm and/or individuals associated with our firm may buy or sell for their personal account(s) securities identical to or different from those recommended to our clients. However, no person employed by our firm may purchase or sell any security prior to a transaction being implemented for an advisory account, thereby preventing such employees from benefiting from transactions placed on behalf of advisory accounts.

We aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

Our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Furthermore, our personnel are reminded that the use of material non-public information in a personal or professional capacity (i.e., insider trading, professional networks) is prohibited and will result in disciplinary action.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [service@pruneyardfinancial.com](mailto:service@pruneyardfinancial.com), or by calling us at 408 377 4444.

## **Item 12 Brokerage Practices**

### **The custodian and brokers we use.**

As disclosed in Item 4, our portfolio management services are provided through a wrap-fee program sponsored and managed by Pruneyard Financial Group, Inc. We do not maintain custody of your assets that we manage but are deemed to have custody of your assets if you give us authority to withdraw assets from your account e.g., our fee (see Item 15—Custody). Therefore, your assets must be maintained in an account at a “qualified custodian,” usually a broker-dealer. We require our wrap-fee program clients use either Fidelity Investments (Fidelity) and/or Charles Schwab & Co., Inc. (Schwab), registered broker-dealers, members SIPC, as an account's qualified custodian.

Fidelity or Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we require that you use Fidelity or Schwab as custodian/broker, you will decide whether to do so and will open your account with Fidelity or Schwab by entering into an account agreement directly with them. We do not open an account for you, although we may assist you in doing so. Even though your account is maintained at Fidelity or Schwab, we can still use other brokers to execute trades for your account as described below (see “Your brokerage and custody costs”)

**How we select brokers/custodians.**

We use custodians/brokers that will hold your assets and execute transactions. When considering whether the terms that the custodian provides are, overall, most advantageous to you when compared with other available providers and their services, we consider a wide range of factors, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds, etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, security, and stability
- Prior service to us and our clients
- Availability of other products and services that benefit us, as discussed below (see “Products and services available to us from our custodians”).

**Your brokerage and trading costs.**

Schwab and Fidelity each offer services to independent investment advisers which include, among others, custody of securities, trade execution, clearance, and settlement of transactions. There is no direct link between our firm's participation in the programs and the investment advice we give to our clients, although we receive economic benefits through our participation in the programs that are typically not available to Schwab or Fidelity retail investors.

The fee paid to us by our clients participating in the wrap-fee program covers administrative expenses, custody charges, and most transaction fees incurred by Pruneyard Financial Group, Inc. as a participant in the institutional customer programs offered by Fidelity and Schwab.

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

Where we choose to execute a trade with different broker-dealer but where the securities bought or the

funds from the securities sold are deposited (settled) into your account, Schwab or Fidelity usually charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, to minimize your trading costs, we have Schwab or Fidelity execute most trades for your account. We are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. Although we are not required to execute all trade through Schwab or Fidelity, we have determined that having Schwab or Fidelity execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How we select brokers/ custodians”). By using another broker or dealer you may pay lower transaction costs.

#### **Products and services available to us from the custodians.**

Schwab Advisor Services™ is Schwab’s business serving independent investment advisory firms like ours. Fidelity also has a similar business unit. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab or Fidelity without going through our firm. Schwab and Fidelity also make available various support services. Some of those services help us manage or administer our clients’ accounts, while others help us manage and grow our business. Schwab and Fidelity’s support services are generally available at no charge to us. Following is a more detailed description of the support services:

#### **Services that benefit you.**

Schwab and Fidelity’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab and Fidelity include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab and Fidelity’s services described in this paragraph generally benefit you and your account.

#### **Services that do not directly benefit you.**

Schwab and Fidelity also make available to us other products and services that benefit us but do not directly benefit you or your account. These products and services assist us in managing and administering our clients’ accounts and operating our firm. They include investment research, both Schwab and Fidelity’s own and that of third parties. We use this research to service all or a substantial number of our clients’ accounts, including accounts not maintained at Schwab or Fidelity. In addition to investment research, Schwab and Fidelity also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients’ accounts
- Assist with back-office functions, record keeping, and client reporting

#### **Services that generally benefit only us.**

Schwab and Fidelity also offer other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events

- Consulting on technology and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting and support

#### **Our interest in Schwab and Fidelity's services.**

The availability of these services from Schwab and Fidelity benefits us because we do not have to produce or purchase them. We don't have to pay for the services and are not contingent upon us committing any specific amount of business to either Schwab or Fidelity in trading commissions or assets in custody. The fact that we receive these benefits from Schwab and Fidelity is an incentive for us to custody with Schwab and Fidelity rather than making such decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that taken in the aggregate, our use of Schwab and Fidelity as our preferred custodians and brokers is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab and Fidelity's services (see "How we select brokers/custodians") and not the services that benefit only us.

Pruneyard Financial Group, Inc. is independently operated and owned and is not affiliated with either Schwab or Fidelity. Additional information regarding the PFG Wrap Fee Program is provided in our Form ADV, Part 2A, Appendix 1: Wrap Fee Program Brochure.

#### **Self-Directed/Separate Pension Account Trading**

A plan sponsor may engage Pruneyard Financial Group, Inc. as a § 3(38) fiduciary investment manager and require the firm to utilize established systems and protocols made available by the plan's record-keeper for the execution of securities transactions on behalf of a plan irrespective of the plan's regular business operations, loan processing, or payroll deferrals. Such transactions may include asset re-allocation, fund rebalance, or fund exchange. Otherwise, the client is responsible for the implementation of securities transactions for these accounts. Plan recordkeeping systems we have worked with include Nationwide Financial, PCS Retirement, Charles Schwab & Co., and Fidelity Investments.

#### **Portfolio Trading**

##### **Trade Allocations & Aggregation**

Pruneyard Financial Group, Inc. will aggregate trades into blocks where possible and when advantageous to clients. This allocation process permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, and generally allows us to execute equity trades in a timely, equitable manner, at an average share price.

Key components of our block trading policy and procedures are as follows:

1. No client or account will be favored over another.
2. If the order cannot be executed in full at the same price or time, the securities purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts.
3. Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with us or firm policy.

## **Item 13      Review of Accounts**

### **PENSION CONSULTING SERVICES**

Our Advisers will review a retirement plan's investment management process, including Investment Policy Statement, whenever the client advises us of a change in circumstances regarding the needs of the plan. Generally, we will conduct an informal review of plan options and holdings monthly, and a formal review on a quarterly basis, with a comprehensive review of the plan performed on at least an annual basis. The comprehensive annual review will be conducted in concert with the plan record-keeper and published to the plan sponsor as a report.

Clients will receive reports as contracted for at the inception of the advisory relationship. At least annually, a member of the Pruneyard Financial Group, Inc. investment team will meet with the plan sponsor to review the written results of the annual report.

### **PORTFOLIO MANAGEMENT**

Specific information for clients who participate in our wrap fee program can be found in the Pruneyard Financial Group, Inc. Form ADV, Part 2A, Appendix 1, Wrap Fee Program Brochure.

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

It is Pruneyard Financial Group, Inc.'s policy not to engage solicitors or to pay related or non-related persons to refer potential clients to our firm.

It is Pruneyard Financial Group, Inc.'s policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards, or other prizes, from a non-client in conjunction with the advisory services we provide to our clients. Pruneyard Financial Group, Inc. does not have any soft-dollar arrangements and does not receive any commissions or other revenue from outside asset managers or brokerage firms.

## **Item 15      Custody**

We previously disclosed in Item 5 that under securities regulations, we are deemed to have custody of your assets when you authorize us to instruct the custodian to deduct our advisory fees directly from your account, or to disburse funds to a third party under a standing letter of instruction.

The custodian maintains actual custody of your assets. You will receive brokerage account statements directly from the custodian at least quarterly. They will be sent to the email or postal mailing address you provided to the custodian. You should carefully review those brokerage account statements promptly when you receive them.

We also urge you to compare the brokerage account statements with the periodic portfolio reports you will receive from us. Reports issued by our firm include a reminder to compare the account statements received from the qualified custodian with those received from our firm. Clients are encouraged to contact us with any questions or concerns about the report within 30 days of receipt.

## **Item 16 Investment Discretion**

As previously disclosed, PFG will act as a § 3(38) fiduciary investment manager when appointed by a plan sponsor, with discretionary authority over day-to-day investment decisions at the plan level.

Clients participating in our wrap fee Program give us discretionary authority over buying and selling decisions in their accounts. Program clients may limit, change, or amend this authority by presenting us signed written instructions. However, Pruneyard Financial Group, Inc. and its Principals reserve the right to reject the instructions and end the engagement. Please refer to the Form ADV, Part 2A, Appendix 1 Wrap Fee Program Brochure for more comprehensive information regarding the Program.

## **Item 17 Voting Client Securities**

As a § 3(38) fiduciary investment manager with responsibility for a plan's investment management process, we would have authority to vote client securities (proxies). The plan sponsor would forward proxies to our offices for evaluation. Following evaluation, a formal decision to vote for the securities would be documented, or the proxies would be destroyed and not voted.

We do not vote proxies on behalf of clients. Our policy is for clients to maintain exclusive responsibility for (1) directing the way proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are contractually responsible for instructing each custodian to forward directly to them copies of all proxies and shareholder communications relating to their investments.

Should a client fail to provide such instructions to the custodian, or the instructions are disregarded causing proxy and/or shareholder materials to be delivered to our firm, while we will not vote the proxies on the client's behalf, we will forward the materials to the client and request that the client promptly instruct the custodian to deliver all future proxy and shareholder materials directly to the client. Thereafter, Pruneyard Financial Group, Inc. will destroy, and not vote on, any proxies we subsequently receive. However, we may provide clients with assistance regarding proxy issues if they contact us with questions.

## **Item 18 Financial Information**

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations.

- We have no such financial circumstances to report.

Under no circumstances do we require or solicit payment of fees of more than \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

- We have not been the subject of a bankruptcy petition at any time during the past ten years.