



PHYSICIANS FINANCIAL SERVICES

CRD #118519

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03/29/2024

This Brochure provides information about the qualifications and business practices of Physicians Financial Services, Inc. If you have any questions about the contents of this Brochure, please contact us at 919.863.2355. 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. Physicians Financial Services, Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about Physicians Financial Services, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

The March 29, 2024 Brochure is an annual updating amendment of our Brochure. There has not been a material change in our business since the last Brochure which was dated March 30, 2023.

Pursuant to SEC Rules, we will provide you with one or more of the following:

- An updated annual brochure that includes a summary of any material changes to the brochure during the course of the previous business year within 120 days of business fiscal year. Our business fiscal year end is December 31st;
- A summary of material changes within 120 days of the close of our business fiscal year that includes an offer to provide a copy of the full annual updated brochure and information on how you may obtain the brochure from us;
- An interim amendment to the brochure if new information in response to Item 9 of Part 2A regarding disciplinary information is available; and
- An interim amendment resulting from any material change that could affect the relationship between you and us.

We will provide, *free of charge*, a new brochure at any time at your request, or as may become necessary based on material changes.

Currently, this Brochure may be requested by contacting Dawn E. Leonard at 919.863.2381 or Dawn@physiciansfs.com.

Additional information about Physicians Financial Services, Inc., is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Physicians Financial Services, Inc., who are registered, or are required to be registered, as investment adviser representatives of Physicians Financial Services, Inc.

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Brochure Supplement(s)

Item 4 – Advisory Business

Advisory Services

4. A. Advisory Firm Description

Physicians Financial Services, Inc. was formed in February 1987 by Con T. McDonald. Physicians Financial Services, Inc.'s focus is on Individualized Money Management Services for individuals, high net worth individuals, pension and profit sharing plans, corporations, charitable organizations and trusts. Physicians Financial Services also provides tax, investment and financial planning.

Principal Owner and Manager: Con T. McDonald

4.B Types of Advisory Services

Wealth Analysis and Planning Services:

Wealth Analysis and Planning Services are based on: financial goals and objectives, cash flow, income tax liability, retirement, educational needs, estate tax and insurance requirements (excluding property and casualty insurance and medical insurance – Physicians Financial Services, Inc. strongly recommends utilizing a specialist for these services). After careful review, compilation and analysis of the data supplied by the client, Physicians Financial Services, Inc. prepares a plan which includes alternative recommendations for future investment. The recommendations of the plan can be addressed through our financial services or utilized through an outside service. Actual implementation is entirely at the discretion of the client which may require professional assistance (i.e. an accountant, attorney, etc.). Recommendations may be in both generic and specific form. The specific recommendations may include products offered by an associated brokerage firm and/or investment advisory firm depending on the particular goals and objectives of the client.

Money Management Services:

The Money Management Services are designed to meet the desires, objectives and needs of a particular client or entity. This process includes determining risk tolerance and an in-depth understanding of the client's investment objectives. An investment objective and suitability questionnaire may be used in determining the investment parameters. From the investment questionnaire, an Investment Policy Statement and/or investment directive may be compiled based on the questionnaire and discussion results.

From this process an appropriate money management strategy will be determined. Depending on the client's desires, objectives, and needs, we determine which manager(s) or combination of manager(s), stocks, bonds, exchange-traded funds, and/or mutual funds to be utilized. The client may choose to utilize our services (referred to as "internal") and/or select from a list of "external" managers.

Internal Money Management (Stocks, Mutual Funds, Bonds, Exchange-Traded Funds and Cash):

Physicians Financial Services, Inc. classifies its internal money management services as a "contrarian/ value" manager, which is an investment philosophy and investment program of purchasing stocks and bonds of financially strong "value" companies, currently considered out-of-favor in the financial markets. We further utilize mutual funds or exchange-traded funds for other asset sector exposure – small-cap, mid-cap, large-cap, bond and foreign exposure. This is done to provide more of a "balanced" approach, if a client desires.

The program is based on investing, compounding of interest, dividend reinvestment and multiplication of stocks. If the client decides to deposit additional capital, Physicians Financial Services, Inc. will invest the funds when deemed appropriate by market conditions. In addition to a client's investment objectives and risk level, market conditions will dictate the allocation between stocks, mutual funds, bonds, exchange-traded funds, and cash.

We only give investment advice in the stock, mutual fund, exchange-traded fund, and bond markets after we have determined that the client has sufficient capital and can assume the inherent risks involved with these markets in the manner in which we invest their dollars. We do not recommend Initial Public Offerings (IPOs) for clients due to the inherent risk associated with IPOs.

Unless a client directs us otherwise, our "internal" money management services are executed through Charles Schwab serving as a third party custodian. Schwab, or other custodian(s), will provide the client with confirmations of all trades and at least quarterly account statements.

External Money Managers (Stocks, Mutual Funds, Bonds, Exchange-Traded Funds, and Cash):

Physicians Financial Services, Inc. may refer clients to a third party manager as part of its External Money Managers program. Physicians Financial Services, Inc. negotiates fee compensation to be received by our firm directly with the client and does not receive additional or higher

compensation from clients by selecting one money manager over another. Physicians Financial Services, Inc. seeks to identify money managers who provide a different approach for money management than our firm to help clients achieve their investment objectives and goals. Physicians Financial Services, Inc. reviews third party manager(s) for strategy, performance, and fees relative to the client's investment objectives and goals.

Physicians Financial Services, Inc. relies on good faith representations and full disclosure from each money manager and various monitoring services to report accurate, timely and factual materials, performance numbers and other information. Physicians Financial Services, Inc. believes all information received from the outside money managers and monitoring services to be accurate and true but we have no way of verifying or guaranteeing the accuracy or completeness of the information received. Physicians Financial Services, Inc. does not warrant any representations made by any external money manager or monitoring service. Each external money manager is responsible for compliance with applicable laws, regulations and disclosure matters deemed to be in their control. Past performance information provided by money managers and various monitoring services is not verified or audited; therefore, no assurance can be given that the performance information is accurate. Past performance is not a guarantee of future results.

This level of money management may be executed through Charles Schwab due to the coordination needed between the money manager, the clearing operation and Physicians Financial Services, Inc. In addition to external money management through Charles Schwab services, we also utilize other various external money management firms that do not use the services of Charles Schwab. These various money management firms may be their own custodian. All of these manager services and structures are explained in their ADV.

Charles Schwab or other custodian(s), provide the client with confirmations of all trades and at least quarterly account statements.

For each external money manager being considered, we provide a copy of their current ADV Part 2 to each client, which provides a description of services, fees, conflicts of interest and risk. The client may terminate the relationship with the external money manager by giving written notice without penalty, subject to the payment of any fees incurred.

4.C. Client Investment Objectives/Restrictions

Based on client interaction (personal discussions, questionnaires, etc.), Physicians Financial Services, Inc. will make every effort to tailor investment services within mutually agreed parameters. Depending on each client's situation, it is possible for a client to impose reasonable

restrictions on the account if desired. With respect to external money managers, clients may or may not be able tailor or impose restrictions on the account depending on each individual external money manager.

4.D. Wrap-Fee Programs

Adviser does not participate in, nor is it a sponsor of, any wrap fee programs.

4.E Assets Under Management as of 12/31/2023

Discretionary basis: \$359,884,359

Non-Discretionary basis: \$3,837,913

Item 5 – Fees and Compensation

Advisory Contracts and Fees

5.A. Adviser Compensation

Wealth Analysis and Planning Fee Schedule:

A client is charged a wealth analysis and planning fee for services by one of two methods: a fixed fee or an hourly rate. Fixed fees range from \$850 to \$5,000 based on the complexity of a client's personal and business financial situation and level of service. If a client's situation dictates an hourly fee arrangement, then the client is charged at the rate of \$200 per hour. The total fee for an hourly case is \$200 times the number of hours Physician Financial Services, Inc. spends on the case. Fees for this service are negotiable.

Fee payment is required when the work is completed, which is normally within 90 days. A client may terminate an agreement within five (5) business days after signing, without penalty. After the five (5) day period expires, a client may terminate a contract by written notice to adviser.

If an outside consultant (attorney, accountant, etc.) is required for additional analysis and advice, the outside consultant's fee will be in addition to the amounts disclosed in the above fee schedule.

Money Management Services Fee Schedules:

While Physicians Financial Services' management fees are generally competitive with other firms in the marketplace, lower fee arrangements may be available from other sources in the marketplace.

Internal Money Management:

Our Money Management Fee Schedule (including a combination of stocks, mutual funds, bonds, exchange-traded funds, and cash) for “internal” money management is based upon a percentage of assets under management. All clients are billed quarterly in arrears. Fees shall be calculated quarterly based upon fair market value of the portfolio (priced as of the trade date, not settlement date) of the client assets under management by Physicians Financial Services, Inc. as of the last business day of the month of the quarter ended to be billed, applying the appropriate percentage and dividing the resulting amount by four. The basic fee structure is as follows:

| <u>Assets Under Management</u> | <u>Annual Rate</u> | <u>Quarterly Rate</u> |
|--------------------------------|--------------------|-----------------------|
| Up to \$500,000 | 1.75% | 0.4375% |
| \$500,001 to \$1,500,000 | 1.50% | 0.3750% |
| \$1,500,001 to \$3,000,000 | 1.25% | 0.3125% |
| \$3,000,001 to \$5,000,000 | 0.90% | 0.2250% |
| \$ 5,000,001 and above | negotiated | |

All fees may be negotiated depending on account variables and extenuating circumstances. A client may terminate an agreement within five business days after signing, without penalty. Employees and family members of employees of Physicians Financial Services may not be charged a management fee, and this arrangement is not available to the general public. The broker-dealer/custodian is compensated by account holders through commissions, transaction-related fees for securities trades and/or other account maintenance fees. Neither Physicians Financial Services, Inc. or its related parties receive any direct compensation from the broker-dealer/custodian.

Transaction Fees/Cost (the trading cost), charged by the clearing broker-dealer or custodian and internal cost of mutual funds (12b-1 costs, administrative costs, cost of operation and expense ratio, etc.) are not included in the above fee schedule.

External Money Managers:

For clients utilizing external money managers, the fee(s) are based on full transparency and are broken out into three separate charges: Physicians Financial Services, Inc.’s fee(s), the external manager(s) fee(s) and the custodian fee(s).

Physicians Financial Services, Inc.’s fees range up to one and one-half percent (1.50%) depending on the size of the account and additional money under management. The second

component is the fee each external manager charges based on its own fee schedule. Then the third fee is the third party custodian fee (Charles Schwab or American Funds). These brokerage and custody services are at their published institutional rate. Market forces and market rates are the major factors in determining pricing for a client. All fees may be negotiated depending on account variables and individual circumstances.

Physicians Financial Services, Inc. reserves the right to impose a minimum annual fee for Internal Money Management and /or External Money Management.

Other Advisory Fee Arrangements

5.B. Direct Billing of Advisory Fees

Each client may have their account debited for our Money Management services by signing a Letter of Authorization or clients have the option of being billed directly by Physicians Financial Services, Inc. Fees shall be calculated quarterly based upon fair market value of the portfolio (priced as of trade date, not settlement date) of the client assets under management as of the last business day of the month of the quarter to be billed, applying the appropriate percentage and dividing the resulting amount by four.

Client will receive notification of fees withdrawn from their account on the statements they receive from the custodian.

With respect to fees associated with external money managers, these external money managers may bill the client in arrears or in advance and they may utilize automated debiting or direct billing depending on each individual external money manager per their management agreement.

With respect to Wealth Analysis and Planning, clients will be invoiced upon completion of the work. Typically, clients pay for such services by check.

5.C. Other Fees and Expenses

In addition to Physicians Financial Services, Inc.'s investment advisory fee(s), the client may be assessed other fees by the broker-dealers and/or custodians of client's assets. The client may also incur, relative to certain investment products, charges imposed directly at the investment product level. These charges include but are not limited to: brokerage fees/commissions charged to the client for security trades and executions, mutual fund expenses, custodial fees, wire transfer and electronic fund fees, etc. These additional fees may be billed to the client's account directly by the broker-dealer or custodian of record from the client's assets. Any such fees are exclusive of, and,

in addition to, Physicians Financial Services, Inc.'s compensation. Physicians Financial Services, Inc. does not receive any portion of these fees.

Client may establish an account(s) with the broker-dealer/custodian of their choosing. By signing the account application, client acknowledges and accepts the commission/fee schedule of the broker-dealer/custodian where he/she establishes those accounts.

See Item 12A for further discussion on selection of broker-dealer/ custodian for client's assets.

5.D Advance Payment of Fees

Physicians Financial Services, Inc. bills all accounts in arrears and does not receive any advance payment. External money managers billing may be done in arrears or in advance. The external money manager's policy relating to the refund of pre-paid fees is disclosed in the respective money manager's Form ADV which is provided to client.

5.E Compensation for Sale of Securities or Other Investment Products

Mr. McDonald is a Registered Representative of Capital Investment Brokerage, Inc. and Capital Investment Group, Inc. Mr. Parker is also a Registered Representative of Capital Investment Group, Inc. These two entities are both broker-dealers registered with Financial Industry Regulatory Authority (FINRA), SEC, MSRB and applicable states. In addition, Mr. McDonald holds a North Carolina Insurance License and is appointed with numerous insurance companies for various lines of insurance. In the capacity of a Registered Representative and/or an insurance agent, Mr. McDonald and Mr. Parker receive commissions and/or premiums from the sale of investment products.

A client of Physicians Financial Services, Inc. may request Mr. McDonald or Mr. Parker to execute a securities transaction outside the scope of money management services for compensation, payment of which is based upon the published schedule of compensation through Capital Investment Brokerage, Inc. and/or Capital Investment Group, Inc. Clients are advised that they have the option to purchase the recommended securities product(s) through a broker that is not affiliated with Physicians Financial Services. Mr. McDonald owns a one percent interest in Capital Investment Brokerage, Inc. and Capital Investment Group, Inc.

Mr. McDonald, when requested to do so, will assist clients with the implementation of insurance products. Mr. McDonald receives the usual and customary commissions associated with the implementation of these insurance products through the broker-dealer or a separate independent insurance brokerage firm. Clients are advised that they have the option to purchase the

recommended product(s) through a broker or agent that is not affiliated with Physicians Financial Services, Inc.

The receipt of commissions and/or premiums presents a conflict of interest by giving Mr. McDonald or Mr. Parker an incentive to recommend investments and/or insurance based on compensation rather than the client's needs. Physicians Financial Services, Inc. has taken several proactive steps to alleviate these conflicts of interest. The firm has adopted a Code of Ethics, which comprehensively addresses conflicts of interests and fiduciary responsibilities. Mr. McDonald, Mr. Parker and Physicians Financial Services, Inc. do not receive commissions on any money management transactions through the custodian. All money management compensation is based on a percentage of assets under management. Clients are also advised that they have discretion on the broker/agent and financial firm to utilize in implementing recommendations.

Physicians Financial Services, Inc. does not reduce asset management fees to offset any of the commissions discussed above.

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

Physicians Financial Services, Inc. does not utilize Performance-Based Fees in its client relationships and does not receive performance-based fees.

Item 7 – Types of Clients

Physicians Financial Services, Inc. serves as a wealth manager and an investment adviser specializing in money management for individuals, high net worth individuals, charitable organizations, businesses, pension and profit sharing plans and trusts. Our focus is to attempt to tailor client portfolios based on each client's situation, needs and objectives. The common denominator shared by all clients is a degree of financial success and recognition of the need to coordinate different pieces of an investment portfolio into an overall well-managed investment structure and portfolio. Our firm has not established any minimum account size or other requirement for opening and maintaining an account.

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

8.A. Methods of Analysis and Investment Strategies

Our Methods of Analysis are based on accessing publicly available information and doing further research on chosen stocks, bonds, mutual funds, exchange traded funds, and other outside money managers. We utilize publications including Forbes, Morningstar, Value Line, Wall Street Journal,

and Barron's, as well as numerous others, as our main research sources. Our research is designed to review, analyze and provide additional insight into the operations of a company.

Our internal Investment Strategy is based on a philosophy that is contrarian by nature. We do not try to predict markets. We recommend taking what the market gives us by looking for financially strong and undervalued securities. We pinpoint those stocks, bonds, exchange-traded funds, and mutual funds which suit our investment criteria then position our portfolios for long-term holding periods, thus taking advantage of the volatile and cyclical nature of the markets. We emphasize securities that have high levels of cash with little to no debt. Our firm's investment strategy focuses on a company's liquid assets, earning power, real estate holdings and the management of the company.

By using our resources and research, our portfolio approach is designed to preserve capital and provide consistent, stable investment performance over the long run.

Our investment strategy is further based on a five-point program:

POINT 1: BARGAIN PRICED STOCKS

We prefer to buy high quality, financially strong securities selling at or near their lows. Investing in securities that are currently out-of-favor can protect the downside while increasing the upside potential of the investment.

POINT 2: REINVESTMENT OF DIVIDENDS

Consistent reinvestment of dividends to make additional purchases and dollar cost average into the market has provided maximum performance for our clients, although, this strategy can be altered to meet individual needs.

POINT 3: TAX CONSIDERATIONS

Generally, all taxes on market gains are paid separately by the client, not from the portfolio. We strive to create long-term capital gains and have the client pay the lower capital gains tax rate versus paying a higher ordinary income tax rate on the gains. We ultimately do not want the taxes to impede growth in the portfolio.

POINT 4: SAVINGS AND PREMIUMS

Flexibility is designed into the program permitting additional deposits on either a random or systematic basis which allows additional growth and utilizes dollar cost averaging.

POINT 5: MULTIPLICATION OF STOCKS

Securities bought at a low price are sold at a higher price; then we multiply that into two, three, or four different securities at lower prices.

With respect to the use of external money managers, the managers are chosen based on their ability to complement the client's overall portfolio in an effort to help a client "balance" their investment strategy. For specific strategies of the chosen outside managers, clients are directed to read the information (prospectus, ADV, Morningstar, Manager's Brochure, etc.) that has been provided to them.

8.B. Material Risks of Investment Strategies

There can be no guarantee of success of the strategies offered by Physicians Financial Services, Inc. Investment portfolios may be adversely affected by general economic and market conditions such as interest rates, availability of credit, inflation rates, changes in laws, national and international political circumstances and numerous other issues that cannot be predicted. These factors may affect the level and volatility of security pricing and the liquidity of an investment.

Trading in the portfolios may affect investment performance, particularly through increased transaction costs and taxes.

Our strategies do not employ limitations in particular sectors, industries, countries or regions.

8.C. Material Risks of Securities Used in Investment Strategies

As with any security, investment(s) and/or investment strategy, all investing carries a high degree of risk. Investing in securities involves a risk of loss that clients should be prepared to bear.

Common risk associated with investing include but are not limited to: 1) loss of capital; 2) economic and market risk; 3) adverse income tax consequences; 4) currency risk; and 5) reinvestment risk (i.e. future proceeds from investments may have to be reinvested at a potentially lower rate of return). In addition to these risks, there are other risks inherent in equities, bonds, exchange-traded fund, and mutual fund products utilized by the firm in managing portfolios.

Investing in equity securities involves various risks. These include: 1) declines in value due to changes in overall market conditions that are not specifically related to a company, such as real or perceived adverse economic or political conditions throughout the world, changes in the general outlook for corporate earnings, changes in interest or currency rates, or adverse investor sentiment generally; 2) declines in market value of a security because of factors that affect a

particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry; 3) declines in market value of an equity due to company-specific news and events, such as profitability or earnings forecasts, dividend policy changes, adverse legal rulings, management turnover, increase real estate or operating costs, competitive pressures, delays in product launches, or any other matter that could impact the current or future financial health of the company which is being invested; 4) equity investments may underperform particular sectors of a given market or the equity market as a whole. The value of your investment will fluctuate daily and cyclically based on movements in the stock market and the activities of each individual company.

Investing in bonds involves various risks. These include: 1) upgrades or downgrades in the corporate rating of a bond; 2) the solvency and ability of a company to timely make coupon payments; 3) changes in interest rate can significantly impact the market value and rates of return of a bonds; and 4) prepayment risk whereby a company decides to purchase outstanding bonds it has issued.

Mutual fund and exchange traded fund investing allows one to invest in a bundle of securities of various companies, financial products, or to track a financial index. This allows a level of diversification that could not otherwise be achieved by investing in a single company. There are inherent risks to investing in mutual funds. Among these are: 1) performance will be negatively impacted for mutual funds with higher expenses; 2) performance can be impacted by macro-economic, government, and political events that affect the overall market; 3) the individual composition and focus of a mutual fund, such as focuses on specific countries, sectors, industries, etc., may create circumstances where a mutual fund underperforms financial indexes whether due to news or events affecting a region or industry or otherwise; 4) a higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when fund shares are held in a taxable account; and 5) specific risk factors of securities underlying the portfolio of a mutual fund. Key differences do exist between mutual funds and exchange-traded funds including, among others, how the products are priced, potential fees, and tax efficiency.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of them or the integrity of their management. Physicians Financial Services, Inc. is not aware of any legal or disciplinary action being taken against the company, its officers nor its Investment Adviser Representatives.

Item 10 – Other Financial Industry Activities and Affiliations

10.A. Registered Representatives

Mr. McDonald is a registered representative of Capital Investment Brokerage, Inc. and Capital Investment Group, Inc. and Mr. Parker is a registered representative of Capital Investment Group, Inc. Capital Investment Brokerage, Inc. and Capital Investment Group, Inc. are broker-dealers. A client of Physicians Financial Services, Inc. may request that Mr. McDonald or Mr. Parker effect a securities transaction for compensation, payment of which is based upon the published schedule of compensation for securities' sales made through Capital Investment Brokerage, Inc. and/or Capital Investment Group, Inc. Mr. McDonald owns a one percent interest in Capital Investment Brokerage, Inc. and Capital Investment Group, Inc.

10.B. Other Registrations

Neither Physicians Financial Services, Inc. nor its management are registered with, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or as an associated person of the foregoing entities.

10.C. Material Relationships or Arrangements

See Item 12 A. Selection of Broker-Dealers in reference to utilizing Charles Schwab or American Funds as a broker-dealer/custodian of clients' assets.

10.D. Recommendation of Other Investment Advisers

As a general rule Physicians Financial Services, Inc. does not recommend or select other investment advisers for clients unless another investment adviser would offer a service to complement Physicians Financial Services, Inc.'s services; that is another money manager can offer a different investment style, as discussed earlier.

Mr. McDonald, President of Physicians Financial Services, Inc., has another Investment Advisory firm, The Wealth Group, Ltd., specializing in helping non-physicians with their financial concerns. In general, clients are not referred to The Wealth Group, Ltd. unless a client is not a physician and could receive additional services at The Wealth Group, Ltd. that could not be rendered through Physicians Financial Services, Inc. Mr. Parker is also an Investment Adviser Representative for The Wealth Group, Ltd.

Item 11 – Code of Ethics

We have a Code of Ethics, both written and implied, that is adhered to strictly, supervised and overseen by Mr. McDonald. A copy of the Code of Ethics is available upon request by a client or prospective client.

11.A. Recommendations of Securities and Material Financial Interests

A Code of Ethics directs and is used as the basis of all business offerings and transactions, Physicians Financial Services, Inc. and each of its Access Persons shall be governed by the following principles and guidelines in order to ensure its compliance of the fiduciary responsibilities to clients:

- (1) High standards of commercial honor shall be applied in all dealings with clients and the public by Physicians Financial Services, Inc., Access Persons, and Related Parties including but not limited to: not buying or selling a security for their personal or related portfolios until pre-approved by a member of the compliance committee;
- (2) All conflicts of interests, including appearances of such, shall be avoided by Physicians Financial Services, Inc. and Access Persons.
- (3) Physicians Financial Services, Inc. and Access Persons must conduct themselves in a manner in which the client's interests are of paramount concern and client interests are placed ahead of those of the Adviser and Access Person, including the offering of investment opportunities to clients first prior to any Access Person acting on them for their pecuniary interest.
- (4) Physicians Financial Services, Inc. and Access Persons emphasizes the unrestricted right of the client to:
 - a) decline to implement any advice rendered and
 - b) choose a broker-dealer, custodian or insurance company for implementation and execution.
- (5) Physicians Financial Services, Inc. and Access Persons must obtain all pertinent financial and investment objective information prior to executing a trade in a Client's account.

- (6) All activities of Physicians Financial Services, Inc. and Access Persons must be in accordance with and in compliance with Federal securities laws and state regulations governing in Registered Investment Advisory practices.
- (7) All activities of Physicians Financial Services, Inc. and Access Persons shall be consistent with these Code of Ethics and policies or procedures of the Adviser. Any individual not in observance of any of the above may be subject to immediate termination.

11.B. Material Financial Interest

Neither Physicians Financial Services, Inc. nor related parties recommend securities in which a related person has a material financial interest.

11.C & D. Personal Trading and Timing of Recommendations to Clients

Officers, Access Persons and Related parties of Physicians Financial Services, Inc. may have an interest or position in securities which may also be recommended to clients. These personal security transactions may be the same as client transactions and may be executed at different times and/or prices.

Officers, Access Persons and Related parties of Physicians Financial Services, Inc. shall not buy or sell securities for their personal or related portfolios where their decision is substantially derived by the firm's research committee without pre-approval by a member of the investment and/or compliance committee. Physicians Financial Services, Inc. requires all employees to place trades either at the same time client trades are placed or the employee must wait until all clients' trades have been executed for the day before a personal trade can be placed.

Physicians Financial Services, Inc. maintains a list of all securities holdings for anyone associated with the firm. These holdings and transactions are reviewed on a regular basis by the Chief Compliance Officer.

Item 12 – Brokerage Practices

12.A. Selection of Broker-Dealers

Physicians Financial Services, Inc. mainly utilizes Charles Schwab as broker-dealer/custodian for its internal money management services program. The client, however, may elect to use a different broker-dealer/custodian. All trading, transaction and custody fees are based on the

published rates, conditions and terms of the broker-dealer/custodian where the client's assets reside.

Physicians Financial Services, Inc. and Related Parties do not receive direct "material" benefit from outside parties. It may be deemed that Physicians Financial Services, Inc. receives "immaterial" direct economic benefits from related parties and Charles Schwab or American Funds. There is no direct link between the investment advice given and participation with Charles Schwab or American Funds. Physicians Financial Services, Inc. does receive benefits which include: receipt of duplicate client confirms and bundled duplicate statements; access to a trading desk service provided exclusively for participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; access to research; ability to have investment advisory fees deducted directly from clients' accounts, access to an electronic communications network for client order entry and account information; receipt of compliance publications; and access to mutual funds not generally available to the public.

In addition, Charles Schwab and American Funds make available other services intended to help Physicians Financial Services, Inc., manage, administer and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. These benefits may be deemed to create, or be perceived as, a conflict of interest for acting in a client's best interest by creating incentive to recommend broker-dealers/custodians who provide research or other products or services to Physicians Financial Services, Inc. We feel the overall benefits available and delivered by Charles Schwab and American Funds greatly outweigh any perceived conflict and allows us to better act in our overall clients' best interest as well as each client's best interest. The benefits received by Physicians Financial Services, Inc. through participation with Charles Schwab and American Funds do not depend upon the amount of transactions directed through these entities. The benefits received by Physicians Financial Services, Inc. are utilized to service all clients.

It may be deemed that additional indirect benefits (copy, fax, telephone, internet, health insurance, and office space) are provided to Mr. McDonald, by a Related Party of Physicians Financial Services, Inc. - Capital Investment Companies (Capital Investment Brokerage, Inc./Capital Investment Group, Inc.). These additional indirect benefits are paid directly by Mr. McDonald to Capital Investment Companies.

12.B. Aggregation of Orders

All money management account transactions are compiled individually; however, when a purchase or sale is made, all accounts that qualify may be bunched together to obtain the same execution price. However, when accounts are traded on an individual basis, clients may receive different pricing on the same security due to execution times.

Accounts held outside of Schwab may be executed after orders for discretionary accounts at Schwab have been executed, which may affect the timing and the price of execution.

Item 13 – Review of Accounts

For internal managed accounts, accounts may be reviewed quarterly or on a more frequent basis by a designated supervisor or management personnel of the firm. Provisions are made for more frequent review should market conditions and a change in client's objectives dictate.

For external managed accounts, each manager has its own review process and it is recommended all clients review the ADV of the proposed manager or the prospectus of the fund adviser.

Physicians Financial Services does not send out regular reports to clients on their accounts.

Item 14 – Client Referrals and Other Compensation

Physicians Financial Services, Inc. may enter into agreement(s) with solicitors detailing compensation, terms, and conditions for referring client to Physicians Financial Services, Inc. Each client that is referred to Physicians Financial Services, Inc. from a solicitor signs a Money Management Services Agreement acknowledging the solicitor payment arrangement. A client will not incur higher or additional fees or expenses as a result of the solicitor arrangement than if the client had sought and obtained services directly from Physicians Financial Services, Inc. Compensation paid to the solicitor is a portion of the overall fee paid by the client to Physicians Financial Services, Inc.

Item 15 – Custody

Physicians Financial Services, Inc. does not maintain custody of client assets. The qualified custodian will provide account statements to clients quarterly, if not more frequently. Physicians Financial Services, Inc. urges clients to carefully review such statements. Clients are further urged to compare account statement provided by the qualified custodian with any statements provided by Physicians Financial Services, Inc.

Item 16 – Investment Discretion

Physicians Financial Services, Inc. manages clients' accounts on a discretionary or non-discretionary basis. We obtain a Limited Power of Attorney for each client's account managed on a discretionary basis. This Power of Attorney enables the money manager to determine the quantity and specific security to buy/sell. The Limited Power of Attorney is mainly used in order to make market moves (buys/sells) without having to obtain client's consent. Any limitations on the Limited Power of Attorney shall be written on the Limited Power of Attorney form. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.

Item 17 – Voting Client Securities

17.A. Voting Policies and Procedures

Proxy Voting Policy

Since all client investment positions are held in street name with the broker-dealer/custodian firm and clients receive proxies and re-organization notices, we do not vote proxies or re-organization notices for clients. Client will receive the proxies directly from the custodian. Clients may contact our office to get further information on proxy voting.

If a client chooses to utilize an external manager, each manager chosen has its own policy and procedure regarding voting of proxies and reorganization notices as client's desire.

Item 18 – Financial Information

18.A. Advance Payment of Fees.

Physicians Financial Services, Inc. does not require or solicit prepayment of fees. Our billing of client's accounts is done in arrears. See 5.A. for further insight and discussion.

18.B. Financial Condition

Physicians Financial Services, Inc. has no financial commitments that impair its ability to meet contractual and fiduciary commitments to clients.

18.C. No Bankruptcy Proceedings

Physicians Financial Services, Inc. has not been the subject of a bankruptcy proceeding.

Item 1 – Cover Page

CORNELIUS T. MCDONALD
CRD #1288377

Physicians Financial Services, Inc.

100 E. Six Forks Road, Suite 200
Raleigh, North Carolina 27609
(919) 863-2355
[03-29-24]

This Brochure Supplement provides information about Cornelius T. McDonald, and it is an addendum to Physicians Financial Services, Inc.’s Brochure. You should have received a copy of that Brochure. Please contact Dawn Leonard at 919.863.2381 if you did not receive Physicians Financial Services, Inc.’s Brochure or if you have any questions about the contents of this supplement.

Additional information about Cornelius T. McDonald is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Educational Background and Business Experience

Cornelius T. McDonald, President

Year of Birth: 1955

Education:

University of North Carolina at Chapel Hill, B.S. in Business Administration with a Major in Accounting, 1974–1979

Business Background:

Capital Investment Counsel, Inc. Raleigh, NC
Investment Adviser Representative
07/1987 – 03/2021

Capital Investment Group, Inc. Raleigh, NC
Assistant Vice President/Representative
07/1987 – Present

Capital Investment Brokerage, Inc. Raleigh, NC
Assistant Vice President/Registered Representative
01/1997 – Present

| | |
|---|-------------|
| Physicians Financial Services, Inc. President 02/1987 – Present | Raleigh, NC |
| YMCA of the Triangle Investment Committee 01/2003 - Present | Raleigh, NC |
| The Wealth Group, Ltd. President 07/2010 – Present | Raleigh, NC |

Item 3 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to Mr. McDonald.

Item 4 – Other Business Activities

Mr. McDonald is also President and owner of another Investment Advisory Firm, The Wealth Group, Ltd., specializing in helping non-physician clients. Mr. McDonald is also a Registered Representative of Capital Investment Brokerage, Inc. and Capital Investment Group, Inc. These two entities are both broker-dealers registered with Financial Industry Regulatory Authority (FINRA), SEC, MSRB and applicable states. In addition, he holds a North Carolina Insurance License and is appointed with numerous insurance companies for various lines of insurance.

Mr. McDonald receives commissions based on the sale of securities executed through Capital Investment Brokerage, Inc. and Capital Investment Group, Inc. He also sells various insurance products, which may be executed through either Capital Investment Brokerage, Inc. or Capital Investment Group, Inc. or directly through an independent insurance broker. He receives commission and/or premiums from the appropriate corresponding entity. He also receives investment advisory fees from clients who are managed through Capital Investment Counsel, Inc. and The Wealth Group, Ltd.

The receipt of commissions and/or premiums presents a conflict of interest by giving Mr. McDonald an incentive to recommend investments and/or insurance based on compensation rather than the client's needs. Physicians Financial Services, Inc. has taken several proactive steps to alleviate this conflict of interest. The firm has adopted a Code of Ethics, which comprehensively addresses conflicts of interests and fiduciary responsibilities. Mr. McDonald and Physicians Financial Services, Inc. do not receive commissions on any money management transactions through the custodian. All money management compensation is based on a percentage of assets

under management. Client also has the discretion on the broker/agent and financial firm to utilize in implementing recommendations.

Mr. McDonald owns a one percent interest in Capital Investment Brokerage, Inc. and Capital Investment Group, Inc.

Item 5 – Additional Compensation

No reportable additional compensation.

Item 6 – Supervision

N/A

Item 1 – Cover Page

JAMES C. PARKER
CRD #4026477

Physicians Financial Services, Inc.

210 Malloy Street, Suite 1

Goldsboro, NC 27534

(919) 778-7878

Main Office

100 E. Six Forks Road, Suite 200

Raleigh, North Carolina 27609

(919) 863-2355

[03-29-2024]

This Brochure Supplement provides information about James C. Parker, and it is an addendum to Physicians Financial Services, Inc.’s Brochure. You should have received a copy of that Brochure. Please contact Dawn Leonard at 919.863.2381 if you did not receive Physicians Financial Services, Inc.’s Brochure or if you have any questions about the contents of this supplement.

Additional information about James C. Parker is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Educational Background and Business Experience

James C. Parker, Investment Advisor Representative

Year of Birth: 1951

Education:

University of North Carolina at Chapel Hill

B.S., Business Administration and Accounting, 1973

Business Background:

| | |
|--|---------------|
| Parker and Parker, PA CPA/ Owner 5/1976 – Present | Goldsboro, NC |
| KS Bancorp, Inc. Director 1/1996 - Present | Goldsboro, NC |
| The Wealth Group, LTD. Investment Adviser Representative 5/2011 – Present | Raleigh, NC |
| Capital Investment Group, Inc. Registered Representative 9/1999 – Present | Goldsboro, NC |
| CIC Advisors Investment Adviser Representative 9/1999 – 5 /2011 | Goldsboro, NC |
| Wayne Community College Foundation Trustee 1/2011 – Present | Goldsboro, NC |
| Physicians Financial Services, Inc. Investment Adviser Representative 3/2017 - Present | Raleigh, NC |

Item 3 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to Mr. Parker.

Item 4 – Other Business Activities

He serves as an Investment Adviser Representative for The Wealth Group, Inc., a registered investment advisory firm. He receives investment advisory fees from clients who are managed through The Wealth Group, Ltd. He is also a Registered Representative of Capital Investment Group, Inc., which is a broker-dealer registered with the Financial Industry Regulatory Authority (FINRA), SEC, MSRB and applicable states. His status as a registered representative with Capital Investment Group allows him to establish broker accounts and effect securities transactions for

compensation, payment of which is based upon the published schedule of compensation for securities sales made through Capital Investment Group, Inc. He also receives investment advisory fees from clients who are managed through The Wealth Group, Ltd.

The receipt of commissions presents a conflict of interest by giving Mr. Parker an incentive to recommend investments based on compensation rather than the client's needs. Physicians Financial Services, Inc. has taken several proactive steps to alleviate this conflict of interest. The firm has adopted a Code of Ethics, which comprehensively addresses conflicts of interests and fiduciary responsibilities. Mr. Parker and Physicians Financial Services, Inc. do not receive commissions on any money management transactions through the custodian. All money management compensation is based on a percentage of assets under management. Client has the discretion on the broker/agent and financial firm to utilize in implementing recommendations.

Mr. Parker is a Certified Public Account and a Partner in a CPA firm, Parker & Parker, P.A.. Mr. Parker's accounting services represent his primary occupation and source of income.

Mr. Parker also owns a one percent interest in KS Bancorp, Inc. and is Chairman of the Board.

Item 5 – Additional Compensation

No reportable additional compensation.

Item 6 – Supervision

With respect to investment management, Mr. Parker works under the direction of Mr. Con McDonald, President of Physicians Financial Services, Inc. Under this direction, Mr. Parker refers clients to Mr. McDonald, who, together with his in-house team, performs analysis and disseminates information to clients that is consistent with the Firm's investment strategy, as outlined in Section 8A the Form ADV Part 2A.

Additionally, our firm works closely with clients to ensure that the advice we are giving is consistent with each client's goals, objectives, and risk tolerance.

Supervisory Contact Information: Con T. McDonald, President, Physicians Financial Services, Inc. Phone: 919-863-2355.