

## **Item 1 – Cover Page**

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March 29, 2024

This Brochure provides information about the qualifications and business practices of Proctor Financial, Inc. (Proctor). If you have any questions about the contents of this Brochure, please contact us at (781) 235-0405, or by email at: [customerservice@ProctorFinancial.com](mailto:customerservice@ProctorFinancial.com).

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.

Proctor is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Proctor also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Proctor who are registered, or are required to be registered, as investment adviser representatives of Proctor. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Proctor is 122021.

## **Item 2 – Material Changes**

This Item of the Brochure will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. The most recent update of our Brochure was 03/15/2023. We did not have any material changes included in this update.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Tony Proctor, President, at (781) 235-0405.

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## **Item 4 – Advisory Business**

Proctor was founded in 1994, and is owned by Tony Proctor and Stephen Doucette. The firm has been providing advisory services since 1997.

### **Investment Management Services**

Proctor provides a full-service investment management solution, specializing in working with clients at or near retirement. We comprehensively gather important facts, goals, and plans of our clients and build completely customized investment allocation plans. Once the plans are completed, we review the plans with our clients, get approvals, and then actively select, monitor, and modify as needed the specific investments in accounts that are established in our clients' names at nationally-known independent custodians. Periodically we also rebalance our clients' investment accounts as they move closer to their goals, or as market conditions dictate. All aspects of the client's financial affairs are reviewed, including, in some cases, those of their children. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee for Investment Management Services is provided to the client in writing prior to the start of the relationship. An Investment Management engagement includes (as needed): cash flow management; insurance review; investment management (including performance reporting); education planning; retirement planning; estate planning, as well as the implementation of recommendations within each area.

Client assets are often invested in no-load mutual funds, usually through discount brokers. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Discount brokerages may charge a transaction fee for the purchase of some funds.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades. Proctor does not receive any compensation, in any form, from fund companies, and does not receive any portion of the fee charged by discount brokers to execute trades in client accounts.

In addition, at times when Proctor feels conditions are favorable for such actions, the firm negotiates with large investment banks to create customized bonds, commonly known as Structured Notes or Enhanced Investment Notes (Notes), to use in client portfolios. Typically, these Notes provide some type of advantage over investing directly in equity indexes, while still participating to some extent in equity returns.

The advantages often consist of partial to full principal protection; leveraged upside return without corresponding leveraged downside return; access to hard-to-access indexes;

absolute return characteristics where the Notes return a positive return regardless of market direction; and high interest coupons relative to current rates. A particular risk associated with these Notes is creditor risk, which we monitor closely. Liquidity is another unique risk for these Notes, as the only market for these securities is provided by the investment banks that issue them, and they do not guarantee that they will maintain a market for them before they mature. Despite the lack of guaranteed liquidity, issuers may be willing or may intend to redeem these Notes before maturity upon request at current market values, though most Notes are meant to be held to maturity. Typical maturity for the Notes we buy in client portfolios ranges from 6 months to 3 ½ years.

### **Tailored Investment Solutions**

For each of our clients, Proctor creates a completely customized asset allocation plan that is based on their specific cash-flow needs in and before retirement. Utilizing our proprietary Time-weighted Cash-flow Methodology (TCM), we calculate the net present value of the cash-flow needed by a client every year for at least the next 40 years. With this information, we build an asset allocation plan designed to manage short-term risk against the goal of long-term returns. After building the asset allocation plan, we select the specific investments that go in client accounts, and monitor and make changes to those investments as necessary. While it is possible for clients to request restrictions on investing in specific types of securities, Proctor generally feels that clients are best served when relying on Proctor to determine the types and amounts of securities to be purchased and sold.

As of December 31, 2023, Proctor managed approximately \$332,822,197 on a discretionary basis.

### **Incidental Financial Planning Services**

For nearly all of our clients, Proctor also furnishes advice on matters not directly involving investments, such as financial planning matters, taxation issues, college funding issues, insurance planning, and estate planning. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning. Typically, no separate fee is charged for this service.

### **Tax Preparation Work**

Tax preparation work is offered as an additional service for investment management clients only. This work is billed based on the time spent preparing the returns, with an hourly rate of up to \$150 per hour. For clients with managed assets of at least \$2 million as of the end

of a year, tax preparation for that year is offered with no additional cost. Eligible federal and applicable state returns are filed electronically without an additional fee.

### **Retirement Planning Course**

Proctor occasionally teaches a four-part, 10-hour course on retirement planning. This course typically costs between \$44 and \$69, and is open to the public, including current clients. Clients are allowed to attend the course at no cost.

## **Item 5 – Fees and Compensation**

### **Investment Management and Financial Planning Services\***

The annual fee for our investment management and financial planning services is based on a percentage of investable assets as listed below, read top to bottom, from left to right:

1.5% of the first \$500,000	0.76% of the next \$2,500,000
1% of the next \$1,000,000	0.64% of the next \$5,000,000
0.88% of the next \$1,000,000	0.50% of all amounts above \$10,000,000

As an illustration of how the marginal fee schedule above is used to calculate an average fee, we can use the example of a \$4 million account. The annual average fee percentage on a \$4 million account is:

$\$500,000/\$4,000,000 \times 1.5\%$	$= 0.188\%$	+
$\$1,000,000/\$4,000,000 \times 1\%$	$= 0.25\%$	+
$\$1,000,000/\$4,000,000 \times 0.88\%$	$= 0.22\%$	+
$\$1,500,000/\$4,000,000 \times 0.76\%$	$= 0.285\%$	+
<b>Total Average Annual Fee</b>	<b>= 0.943%</b>	

\* All accounts are subject to a minimum fee, which is determined by which advisor a client chooses to have as a primary relationship, and therefore which advisor a client will meet with during annual reviews and other meetings. For clients choosing to meet with a principal of the firm, the minimum annual fee is \$12,500. For clients choosing to work with a non-owner advisor, the minimum annual fee is \$3,750. These fees are not negotiable. Clients whose accounts predate this disclosure document are subject to pre-existing fee arrangements which may differ from the above schedule.

Investment Management and Financial Planning fees are billed quarterly, in arrears, meaning that we invoice clients after the three-month billing period has ended. Almost all clients have fees deducted from (a) designated client account(s) to facilitate billing. All new clients will have fees deducted directly from designated accounts, unless it is impossible to

do so. The client must consent in advance to direct debiting of their investment account. Fees are not negotiable.

Although the Investment Management and Financial Planning Service is ongoing and constant adjustments are required, the length of service to the client is at the client's discretion. The client or Proctor may terminate an Agreement by written notice to the other party. At termination, fees will be billed on a pro rata basis for the portion of the quarter completed using the same method as for non-terminated accounts, adjusted for the number of days during the billing quarter prior to termination. If the client made an advance payment, Proctor will refund any unearned portion of the advance payment.

### **General Information about Investment Fees**

Custodians may charge transaction fees on purchases or sales of certain mutual funds, stocks, and exchange-traded funds, among other things. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security. No fees that custodians may charge are received by Proctor. Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by clients to Proctor.

### **Financial Planning Services**

Financial planning services are typically included for the fees charged for assets under management. However, Proctor may impose additional financial planning fees depending on the degree of complexity associated with the client's situation. All additional fees will be fully disclosed and agreed to before work begins. Fees are not negotiable.

For tax preparation fees and the fee for attending our retirement planning course, see Item 4 above.

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

Proctor does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). All fees are calculated as described above and are not charged on the basis of income or capital gains or capital appreciation of the funds or any portion of the funds of an advisory client.

## **Item 7 – Types of Clients**

Proctor provides personalized confidential financial planning and investment management to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and small businesses.

To work directly with a principal of the firm, the minimum account size is \$1,000,000 of assets under management, which equates to an annual fee of \$12,500.

To work directly with any non-owner advisor at Proctor, the minimum account size is \$250,000 of assets under management, which equates to an annual fee of \$3,750.

Proctor has a strong belief that a proper asset allocation plan should balance risks across entire portfolios, and only by applying its asset allocation methodology to a sufficient portion of a client's portfolio will a client receive the full benefit of its services. Therefore, in addition to minimum asset levels, Proctor also has a guideline that it manages at least 90% of its clients' liquid investment assets.

Proctor has the discretion to waive the account minimum, especially for employees of Proctor and their relatives, or relatives of existing clients. Additionally, Proctor has the discretion to begin a client engagement with less than 90% of a client's liquid investment portfolio under management with the understanding that the client will meet this guideline within 24 months.

Due to our minimum annual fees as outlined above, clients with assets below the minimum account size may pay a higher percentage rate for their annual fees than the fees paid by clients with greater assets under management.

Proctor, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon the following limited criteria: historical relationships, related accounts (e.g. children of clients), family members of employees, and charitable organizations.



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

### **Methods of Analysis**

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, research materials prepared by others, rating services like Morningstar, online data resources, Schwab's research resources, and investment conferences and meetings.

Other sources of information that Proctor may use include annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

### **Investment Strategies**

The primary investment strategy used on client accounts is strategic global asset allocation utilizing a multi-asset class mixture of investments. This means that we use over a dozen different asset classes (e.g. large cap value, mid cap growth, small cap value, etc) to diversify client portfolios. Our portfolios typically also include exposure to alternative investments, which may include hedges against equity declines as well as real estate investments. Portfolios are globally diversified to mitigate the risk associated with investing solely in traditional U.S. markets.

The investment strategy for clients is based upon their cash-flow needs as determined during consultations. Proctor uses the cash-flow needs and its time-weighted cash-flow methodology to then determine a proper asset allocation for its clients. Clients may change their stated cash-flow needs at any time.

Other strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing (including covered options, and less frequently, uncovered options or spreading strategies).

### **Risk of Loss**

**Investing in securities involves risk of loss that clients should be prepared to bear.**

All investment programs have certain risks that are borne by the investor. Our investment approach attempts to recognize and diminish the risk of loss by diversifying assets across a wide range of different types of investments, and different geographical areas. Despite our efforts, investors still face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar next year will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business or Credit Risk:** These risks are associated with a particular industry or a particular company. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like. A specific oil-drilling company could be mismanaged, and could therefore have business problems entirely independent of the typical risks faced by other oil-drilling companies. Therefore, a specific company could have problems meeting its obligations, thereby subjecting investors to credit risk.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## **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 Proctor the integrity of management. Proctor has no information applicable to this Item.

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

Proctor is strictly a fee-only financial planning and investment management firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder's fees are accepted or paid.

Proctor has no arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by clients, with Proctor's guidance as requested, on an as-needed basis. Conflicts of interest will be disclosed to clients in the unlikely event they should occur.

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

Proctor has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. Proctor's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients and sets forth Proctor's practice of supervising the personal securities transactions of employees with access to client information. Individuals associated with Proctor may buy or sell securities for their personal accounts identical or different than those recommended to clients. It is the expressed policy of Proctor that no person employed by the firm shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on investment decisions of advisory clients. In addition to this policy, because the vast majority of investments made in client and employee accounts are open-end mutual funds, it is extremely rare that employees are put in a position where a potential conflict could occur.

To supervise compliance with its Code of Ethics, Proctor requires that anyone associated with this advisory practice with access to advisory recommendations give access to Proctor to his/her investment accounts so Proctor can see annual securities holding reports and quarterly transaction reports. Proctor also requires such access persons to receive approval from the Chief Compliance Officer prior to investing in any IPO's or private placements (limited offerings).

Proctor's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information and protecting the confidentiality of client information. Proctor requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to discipline.

Proctor will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

## **Item 12 – Brokerage Practices**

In selecting brokers and dealers to execute transactions, consideration is given to such factors as the price of the security, the rate of commission, the size and difficulty of the order, the reliability, integrity, financial condition and general execution and operational capabilities of competing brokers and dealers, as well as brokerage and research services provided by them. It is not the policy of Proctor to seek the lowest available commission rate where it is believed a broker or dealer charging a higher commission rate would offer greater reliability or provide better price or execution.

Notwithstanding, the majority of the securities recommended by Proctor to its clients are open-end mutual funds, where best execution is not an issue because they are only priced once at the end of the day.

Proctor will generally ask its clients to custody their assets at Charles Schwab & Co. ("Schwab"), an independent broker dealer. Proctor recommends Schwab for its breadth of investment options, including thousands of mutual funds available to Proctor clients with no transaction fees, efficiency, reputation, technological capabilities, and accuracy of transactions.

Subject to its duty of best execution, Proctor may decline a client's request to direct brokerage if, in Proctor's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently based on a review of each client's investment and tax needs by an advisor at Proctor. As a result, Proctor could be buying or selling similar securities for different clients at approximately the same time, or at different times, with a potential for disparity in price and brokerage expenses among clients.

In the unlikely case of buying or selling individual equities, Proctor may (but is not obligated to) combine or "batch" orders for multiple clients to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among its clients differences in prices

and commissions or other transaction costs that might have been obtained had such orders been placed independently.

Proctor generally does not aggregate any client transactions in mutual fund or other securities. Client accounts are individually reviewed and managed, and transaction costs are not saved by aggregating orders in almost all circumstances in which Proctor arranges transactions.

From time-to-time, Proctor may make an error in submitting a trade order on your behalf. When this occurs, Proctor may place a correcting trade with the broker-dealer which has custody of your account. If an investment gain results from the correcting trade, the gain will remain in your account unless: the same error involved other client account(s) that should have received the gain; it is not permissible for you to retain the gain; or we confer with you and you decide to forego the gain (e.g., due to tax reasons). If the gain does not remain in your account and Schwab is the custodian, Schwab will donate the amount of any gain \$100 or greater to charity. If a loss occurs greater than \$100, Proctor will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

## **Item 13 – Review of Accounts**

### **Periodic Reviews**

Account reviews are performed quarterly by the advisors who have primary responsibility for client accounts. Account reviews are performed more frequently when market conditions dictate. Additionally, the investments held in client accounts, though not necessarily the accounts themselves, are reviewed at least weekly, and most often daily.

### **Review Triggers**

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

### **Regular Reports**

Investment Management clients receive monthly statements from Schwab for their Schwab accounts. In addition, clients are given unique user names and passwords to access a client only section of the Proctor website. On our website, clients are able to view all their account holdings, which are updated daily. Our website also provides our clients with real-time performance data, unrealized gains, realized gains, and asset allocation reports, among other

things. All of these reports are updated daily. Each quarter, clients are also provided with a statement with each account's total value, as well as the total value of all accounts under management. During face-to-face reviews, which Proctor suggests occur at least annually and more frequently if clients have major changes in their circumstances, clients are also offered the opportunity to receive all of these reports in a printed format.

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

Referrals come from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

As indicated under the disclosure for Item 12, Proctor recommends Schwab as custodian for client accounts. Schwab provides Proctor with access to services which are not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis at no charge to them.

These services benefit Proctor, and may help to make Proctor more efficient and more capable of quickly handling client requests, thereby improving the customer service experience for clients. However, these services may not directly benefit clients' accounts.

Additionally, Proctor may receive from Schwab, without cost to Proctor, computer software and related systems support, which allow Proctor to better monitor client accounts maintained at Schwab. Proctor may receive the software and related support without cost, or at reduced cost, because Proctor renders investment management services to clients that maintain assets at Schwab.

Specifically, Proctor may receive the following benefits from Schwab: receipt of duplicate client confirmations, access to client account statements; access to a trading desk that exclusively services investment advisers; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; access to an electronic communication network for client order entry and account information; and portfolio management software.

Proctor may also receive from Schwab, mutual fund companies and investment managers other services intended to help Proctor manage its business, including consulting, publications, information technology, regulatory compliance and marketing. Proctor does not enter into any commitments for transaction levels in exchange for any services or products. While Proctor endeavors to act in its clients' best interest, the availability of some of the foregoing products and services may create a potential conflict of interest.

## **Previous Compensation Arrangements**

Both principals of Proctor have previously received commissions for selling insurance. While no one at Proctor receives transaction-based commissions any longer, some companies continue to pay to the principals what are called “trail” or “renewal” commissions, which are very small commissions for products sold in the past. The total amount of these commissions typically represents less than 1% of the total revenues of Proctor. Because no investment advisory representatives of Proctor currently sell any investments or insurance products with commissions, and because of the very small amount of trail and renewal commissions, there are no conflicts of interest from these past arrangements.

## **Item 15 – Custody**

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains clients’ investment assets. Proctor urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 – Investment Discretion**

### **Discretionary Authority for Trading**

Proctor accepts discretionary authority to manage securities accounts on behalf of clients. Therefore, it has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. This discretionary trading authority facilitates placing trades in client accounts on their behalf so that we may promptly implement the investment policy that we have determined is best for clients’ situations.

A limited power of attorney is a trading authorization for this purpose. Clients sign a limited power of attorney so that we may execute the trades on their behalf.

The client approves the custodian to be used and the commission rates paid to the custodian. Proctor does not receive any portion of the transaction fees or commissions paid by the client to the custodian on any trades.

## **Item 17 – Voting Client Securities**

Unless the client designates otherwise, Proctor votes proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy. A copy of Proctor's proxy voting policy is available upon request.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the Adviser's financial condition. Proctor has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.