



## **Frisch Financial Group, Inc.**

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This Brochure provides information about the qualifications and business practices of Frisch Financial Group, Inc. ("Frisch Financial"). If you have any questions about the contents of this Brochure, please contact us at (516) 694-7900 or [Joyce@frischfinancial.com](mailto:Joyce@frischfinancial.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. Additional information about Frisch Financial Group, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). References herein to Frisch Financial Group, Inc. as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

## **Item 2      Material Changes**

There have been no material changes to Frisch Financial's ADV Part 2A, Firm Brochure since the previous amendment filing on March 27, 2023

## **Item 3      Table of Contents**

Item 1	Form ADV Part 2A - Firm Brochure .....	1
Item 2	Material Changes .....	2
Item 3	Table of Contents .....	2
Item 4	Advisory Business .....	3
Item 5	Fees and Compensation .....	5
Item 6	Performance-Based Fees and Side-by-Side Management .....	6
Item 7	Types of Clients .....	6
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss .....	7
Item 9	Disciplinary Information .....	12
Item 10	Other Financial Industry Activities and Affiliations .....	12
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	13
Item 12	Brokerage Practices .....	14
Item 13	Review of Accounts .....	16
Item 14	Client Referrals and Other Compensation .....	17
Item 15	Custody .....	17
Item 16	Investment Discretion .....	18
Item 17	Voting Client Securities .....	18
Item 18	Financial Information .....	18

## Item 4      **Advisory Business**

Frisch Financial Group, Inc. (“Frisch Financial”) is a corporation formed on June 25, 1999 in the State of New York. Frisch Financial became registered as an Investment Adviser Firm in June 2001. Frisch Financial is principally owned by David A. Frisch, who is also Frisch Financial’s President.

As discussed below, Frisch Financial offers to its clients investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services. Frisch Financial is a fiduciary. This means that Frisch Financial is required to put the interests of its clients first at all times.

### **INVESTMENT ADVISORY SERVICES**

The client can determine to engage Frisch Financial to provide discretionary and/or non-discretionary investment advisory services on a *fee-only* basis. Frisch Financial’s annual investment advisory fee may include both discretionary and/or non-discretionary investment advisory services and financial planning services. In the event that the client requires planning services (to be determined in the sole discretion of Frisch Financial), Frisch Financial may determine to charge for such services, the dollar amount of which shall be set forth in a separate written notice to client.

Before engaging Frisch Financial to provide investment advisory services, clients are required to enter into an *Investment Advisory Agreement* with Frisch Financial setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

To commence the investment advisory process, an investment adviser representative will first ascertain each client’s investment objectives and then allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. Once allocated, Frisch Financial provides ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives, and may rebalance and/or may recommend rebalancing accounts as necessary based on such reviews.

Some clients may receive financial planning services as part of their engagement with Frisch Financial for investment management services. If requested by the client, Frisch Financial may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Frisch Financial. If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. It remains the client’s responsibility to promptly notify Frisch Financial if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Frisch Financial’s previous recommendations and/or services.

### **MISCELLANEOUS**

Fee Differentials. As indicated below, Frisch Financial shall price its services based upon various objective and subjective factors. As a result, Frisch Financial’s clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall investment advisory and/or consulting services to be rendered. As a result of these factors, the services to be provided by Frisch Financial to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

Limitations of Financial Planning and Non-Investment Consulting/Implementation Services. As indicated above, to the extent requested by a client, Frisch Financial can provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, retirement planning, executive compensation strategies, insurance, etc. Frisch Financial's representatives do not serve as attorneys or insurance agents, and no portion of Frisch Financial's services should be construed as legal or insurance implementation services. Accordingly, Frisch Financial does not prepare estate planning documents or sell insurance products. To the extent requested by a client, Frisch Financial may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance, etc.). Clients are reminded that they are under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation made by Frisch Financial or its representatives. If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. It remains the client's responsibility to promptly notify Frisch Financial if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Frisch Financial's previous recommendations and/or services.

Trustee Compensation. In very limited circumstances, upon request of a client, Frisch Financial may agree to provide trustee services to clients. In such cases, Frisch Financial may receive additional compensation as described in the trust documents and permitted by statute.

ByAllAccounts. Frisch Financial, in conjunction with the services provided by ByAllAccounts, Inc., may also provide periodic comprehensive reporting services which can incorporate all of the client's investment assets, including those investment assets that are not part of the assets managed by Frisch Financial (the "Excluded Assets"). The client and/or their other advisors that maintain trading authority, and not Frisch Financial, shall be exclusively responsible for the investment performance of the Excluded Assets. Unless otherwise specifically agreed to, in writing, Frisch Financial's service relative to the Excluded Assets is limited to reporting only. The sole exception to the above shall be if Frisch Financial is specifically engaged to monitor and/or allocate the assets within the client's 401(k) account maintained away at the custodian directed by the client's employer. As such, except with respect to the client's 401(k) account (if applicable), Frisch Financial does not maintain any trading authority for the Excluded Assets. Rather, the client and/or the client's designated other investment professional(s) maintain supervision, monitoring and trading authority for the Excluded Assets. If Frisch Financial were asked to make a recommendation as to any Excluded Assets, the client is under absolutely no obligation to accept the recommendation, and Frisch Financial shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that Frisch Financial provide investment management services for the Excluded Assets, the client may engage Frisch Financial to do so pursuant to the terms and conditions of the Investment Advisory Agreement between Frisch Financial and the client.

Retirement Plan Rollovers – No Obligation / Potential for Conflict of Interest: A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Frisch Financial recommends that a client roll over their retirement plan assets into an account to be managed by Frisch Financial, such a recommendation creates a conflict of interest if Frisch Financial will earn an advisory fee on the rolled over assets. No client is under any obligation to roll over retirement plan assets to an account managed by Frisch Financial.

Non-Discretionary Service Limitations. Clients that determine to engage Frisch Financial on a non-discretionary investment advisory basis must be willing to accept that Frisch Financial cannot effect any account transactions

without obtaining prior consent to any such transaction(s) from the client. Thus, in the event that Frisch Financial would like to make a transaction for a client's account (including an individual holding or in the event of general market correction), and the client is unavailable, Frisch Financial will be unable to effect the account transaction(s) (as it would for its discretionary clients) without first obtaining the client's consent.

Client Obligations. In performing its services, Frisch Financial shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify Frisch Financial if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Frisch Financial's previous recommendations and/or services.

Disclosure Statement. A copy of Frisch Financial's written disclosure statement as set forth on Part 2 of Form ADV and Form CRS shall be provided to each client prior to, or contemporaneously with, the execution of the applicable form of client agreement.

Frisch Financial does not participate in a wrap fee program.

As of December 31, 2023, Frisch Financial managed a total of \$720,848,515. This includes \$683,631,801 in assets under management on a discretionary basis, and \$37,216,714 in assets under management on a non-discretionary basis.

## Item 5 Fees and Compensation

### A. Fees Charged

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#### INVESTMENT ADVISORY SERVICES

The client can determine to engage Frisch Financial to provide discretionary and/or non-discretionary investment advisory services on a negotiable *fee-only* basis. Frisch Financial's annual investment advisory fee shall vary (up to 2.0% of the total assets placed under Frisch Financial's management/advisement, subject to a quarterly minimum fee of \$2,500, as set forth in Item 7 below) and shall be based upon various objective and subjective factors, including, but not limited to, the amount of the assets placed under Frisch Financial's direct management, the amount of the assets placed under Frisch Financial's advisement (assets that are generally managed directly by the client or by other investment professionals engaged by the client) for which Frisch Financial provides review/monitoring services, but does not have trading authority, the complexity of the engagement, the level and scope of the overall investment advisory services to be rendered, and the portion of the assets placed under Frisch Financial's direct management held as equities, fixed income and/or cash or cash equivalent assets. In calculating the market value of a client's assets, assets allocated to cash or a cash proxy, such as a money market account, will be included in the calculation of assets under management. *See also* Fee Differential disclosure in Item 4 above.

### B. Fee Payment

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Frisch Financial's advisory fees are deducted from the client's custodial account. Both Frisch Financial's *Investment Advisory Agreement* and the custodial/clearing agreement authorizes the custodian to debit the account for the amount of Frisch Financial's investment advisory fee and to directly remit that management fee to Frisch Financial in compliance with regulatory procedures. In the limited event that Frisch Financial bills the client directly, payment is due upon receipt of Frisch Financial's invoice. Frisch Financial shall deduct fees and/or bill

clients quarterly in advance, based upon the net market value of the assets on the last business day of the previous quarter. This means that we will divide your annual rate by four. This result will then be multiplied by the asset value to achieve the quarterly fee. For example, 1% divided by four equals 0.25%. If your asset value is \$1 Million, your quarterly fee would be \$2,500.

### **C. Other Fees**

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Custodians charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). Transactions fees the custodian charges may vary depending on type of product and/or whether or not the client elects to receive paperless statements. In addition to Frisch Financial's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

### **D. Pro-Rata Fees**

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Frisch Financial's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter, with the exception of the first bill. The first bill will be calculated based upon capital flows; prorated for the time the assets are held in the managed accounts. Frisch Financial uses third party software to determine the market value of client assets when calculating fees. The applicable form of agreement between Frisch Financial and the client will continue in effect until terminated by either party by written notice in accordance with the terms of such agreement. Upon termination of the *Investment Advisory Agreement*, Frisch Financial will refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

### **E. Compensation for the Sale of Securities**

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Neither Frisch Financial, nor its representatives accept compensation from the sale of securities or other investment products.

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

Neither Frisch Financial nor any supervised person of Frisch Financial accepts performance-based fees.

## **Item 7 Types of Clients**

Frisch Financial's clients shall generally include individuals, high net worth individuals, business entities, trusts, estates, charitable organizations, and pension and profit sharing plans. Frisch Financial generally requires a minimum asset level of \$1,000,000 and a minimum quarterly fee of \$2,500 for investment advisory services. Frisch Financial, in its sole discretion, may reduce its investment management fee and/or reduce or waive its minimum asset or fee requirement based upon certain criteria (i.e. dollar amount of assets to be managed, related accounts, account composition, etc.). Clients subject to the minimum quarterly fee are advised that they may receive similar services from a different adviser for lower costs.

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

The basic investment philosophy of Frisch Financial is to invest in investments that, in our opinion, represent good, long-term investment opportunities. In constructing an investment portfolio, Frisch Financial identifies a broadly diversified universe of eligible securities. Through diversification, we work to reduce many of the risks listed below. The practice of allocating money between different investments to reduce risk is known as diversification. An investor may be able to limit their losses and reduce the fluctuations of investment returns without sacrificing too much potential gain by picking the right group of investments. A diversified portfolio should be diversified both between asset categories and within asset categories. Frisch Financial works to identify investments in segments of each asset category that may perform differently under different market conditions when constructing a portfolio. Frisch Financial monitors the investments and investment allocation to make tactical changes as needed, taking into consideration current economic conditions, asset class return assumptions, the potential transaction charges and tax consequences. In the event that economic circumstances warrant an increase or decrease to a specific asset class or subclass allocations, changes are implemented.

Frisch Financial may utilize the following methods of security analysis:

- ▶ Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- ▶ Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- ▶ Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- ▶ Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

Frisch Financial may utilize the following investment strategies when implementing investment advice given to clients:

- ▶ Long Term Purchases (securities held at least a year)
- ▶ Short Term Purchases (securities sold within a year)
- ▶ Trading (securities sold within thirty (30) days)
- ▶ Option writing
  - Frisch Financial 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 or ETF) 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 are calls and puts.
    - A call gives the holder the right to buy an asset at a certain price within a specific period of time. We may buy a call if we believe that the price of the underlying security may increase before the option expires.
    - A put gives the holder the right to sell an asset at a certain price within a specific period of time. We may buy a put if we believe that the price of the underlying security may fall before the option expires.
  - We may sell puts and calls as well, or employ other more sophisticated options strategies. We may use options to “hedge” a purchase of the underlying security or related positions; in other words, we may use an option purchase to limit the potential upside and/or downside of a security or related positions we have purchased for your portfolio.

- We may use “covered calls”, in which we sell an option on a security owned within a portfolio. In this strategy, you receive a premium for making the option available, and the person purchasing the option has the right to buy the security from you at a predetermined price.
  - We may also utilize two or more options at the same time, to take advantage of the difference between them, called a “spread”. For example, a put option that you buy and a put option that you sell for the same underlying security. This can provide partial downside protection by giving the adviser the ability to limit some of the variables of price, time and other factors. We typically use this kind of strategy to provide downside protection for a portfolio, but may also utilize the concept of option spreads to generate returns if the client’s portfolio and market conditions warrant such a strategy.
- Use of Third-Party research providers. Frisch Financial utilizes the services of third-party research providers. These advisors are engaged to provide information, which may include buy/sell recommendations, regarding securities.

**Please Note: Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Frisch Financial) will be profitable or equal any specific performance level(s).

As with any investment that invests in stocks, your investment will fluctuate in value, and the loss of your investment is a risk of investing. Your portfolio will fluctuate due to changes in the market prices of its investments. Also, your portfolio may not grow as fast as the rate of inflation and stocks tend to be more volatile than some other investments, such as bonds. Some additional general risks:

- Market Risk (Systematic Risk) Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities to rise or fall. Because the value of your portfolio will fluctuate, there is a risk that you will lose money.
- Unsystematic Risk Unsystematic risk is the company-specific or industry-specific risk in a portfolio. The combination of systematic (market risk) and unsystematic risk is defined as the portfolio risk that the investor bears. While the investor can do little to reduce systematic risk, he or she can affect unsystematic risk. Unsystematic risk may be significantly reduced through diversification. However, even a portfolio of well-diversified assets cannot escape all risk.
- Value Investment Risk Value stocks may perform differently from the market as a whole and following a value-oriented investment strategy may cause the portfolio to at times underperform growth stocks.
- Growth Investment Risk Prices of growth stocks tend to be higher in relation to their companies’ earnings and may be more sensitive to market, political and economic developments than other stocks, making their prices more volatile.
- Small Company Risk Securities of small companies are often less liquid than those of large companies and this could make it difficult to sell a small company security at a desired time or price. As a result, small company stocks may fluctuate relatively more in price. In general, small capitalization companies are more vulnerable than larger companies to adverse business or economic developments and they may have more limited resources.
- Commodity Risk The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs, and international economic, political, and regulatory developments.
- Foreign Securities and Currencies Risk Foreign securities prices may decline or fluctuate because of: (a) economic or political actions of foreign governments, and/or (b) less regulated or liquid



securities markets. Investors holding these securities are also exposed to foreign currency risk (the possibility that foreign currency will fluctuate in value against the U.S. dollar). Frisch Financial may invest in securities that hedge foreign currency risk.

- ▶ Interest Rate Risk Fixed income securities are subject to interest rate risk because the prices of fixed income securities tend to move in the opposite direction of interest rates. When interest rates rise, fixed income security prices fall. When interest rates fall, fixed income security prices rise. In general, fixed income securities with longer maturities are more sensitive to these price changes.
- ▶ Credit Risk Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value, and thus, impact performance. Credit risk is greater for fixed income securities with ratings below investment grade (BB or below by Standard & Poor's Rating Group or Ba or below by Moody's Investors Service, Inc.). Fixed income securities that are below investment grade involve higher credit risk and are considered speculative.
- ▶ Income Risk Income risk is the risk that falling interest rates will cause the investment's income to decline.
- ▶ Call Risk Call risk is the risk that during periods of falling interest rates, a bond issuer will call or repay a higher-yielding bond before its maturity date, forcing the investment to reinvest in bonds with lower interest rates than the original obligations.
- ▶ Purchasing Power Risk Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply. Rising inflation means that if you have \$1,000 and inflation rises 5 percent in a year, your \$1,000 has lost 5 percent of its value, as it cannot buy what it could buy a year previous.
- ▶ Political Risks Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- ▶ Regulatory Risk Changes in laws and regulations from any government can change the market value of companies subject to such regulations. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- ▶ Risks Related to Investment Term Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not what we believe it is truly worth. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value.
- ▶ Timing of Investment Decisions for Held Away Assets Investment recommendations for assets managed on a non-discretionary basis that are held away from Frisch Financial's recommended custodian may not be implemented as promptly as recommendations for discretionary clients. Implementation is at the client's discretion as to the timing of the implementation and whether the recommendation is accepted. Frisch Financial cannot be responsible for investment recommendations for held away assets that are not implemented on a timely basis.
- ▶ Accuracy of Information for Held Away Assets Investment recommendations for assets managed on a non-discretionary basis that are held away from Frisch Financial's recommended custodian are based on the information Frisch Financial has regarding the client's current financial circumstances, including the identity and value of investments in the held away accounts. If the information in Frisch Financial's possession with regard to the held away assets is not current or accurate, investment recommendations for the held away assets may not be appropriate.
- ▶ Restrictions on Management of Retirement Accounts Assets managed by Frisch Financial that are held in employer retirement accounts may be subject to certain restrictions as to the frequency of

trading, investment options, and ability to execute trades.

- ▶ Options The use of options transactions as an investment strategy involves a high level of inherent risk. Although the intent of the options-related transactions that may be implemented by Frisch Financial is to hedge against principal risk, certain of the options-related strategies (i.e., straddles, short positions, etc), may in and of themselves, produce principal volatility and/or risk. A client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, a client may direct Frisch Financial, in writing, not to employ any or all such strategies for his/her/their/its accounts.
- ▶ Transition Risk As assets are transitioned from a client's prior advisers to Frisch Financial there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Accordingly, these investments will need to be sold in order to reposition the portfolio into the asset allocation strategy selected by Frisch Financial. However, this transition process may take some time to accomplish. Some investments may not be unwound for a lengthy period of time for a variety of reasons that may include unwarranted low share prices, tax concerns, restrictions on trading, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities or investments that are never able to be sold. The inability to transition a client's holdings into recommendations of Frisch Financial may adversely affect the client's account values, as Frisch Financial's recommendations may not be able to be fully implemented.
- ▶ Information Risk. All investment professionals rely on research in order to make conclusions about investment options. This research is always a mix of both internal (proprietary) and external (provided by third parties) data and analyses. Even an adviser who says they rely solely on proprietary research must still collect data from third parties. This data, or outside research is chosen for its perceived reliability, but there is no guarantee that the data or research will be completely accurate. Failure in data accuracy or research will translate to a compromised ability by the adviser to reach satisfactory investment conclusions.
- ▶ ESG Risk. ESG is considered upon client request. When investing using ESG considerations, there is no guarantee that Frisch Financial will successfully implement and make investments that create positive environmental, social or governance ("ESG") impact while enhancing long-term growth and achieving financial returns. Considering ESG qualities when evaluating an investment may result in the selection or exclusion of certain investments based on Frisch Financial's view of certain ESG-related factors. As a result, the integration of ESG-related data carries with it the risk that these investments may underperform investments that do not take ESG-related factors into account.
- ▶ Self Directed Investments: From time to time, clients may make their own investment decisions, without, or even against, the advice of Frisch Financial. If a client makes any investment outside the management of Frisch Financial, doing so can impact the overall success of the client's portfolio. We will take into consideration these self-directed investments when we make the remaining recommendations for investment allocations. Clients should be specifically aware that investments in alternative assets, such as pooled investment vehicles (private funds such as hedge funds, private equity funds, real estate funds and other similar vehicles) are likely to have contractual liquidity limits among a host of other risk factors and considerations. These factors make incorporating these investments into your overall asset allocation difficult, as we are unable to liquidate and change the allocation as may be advisable. Clients should thoroughly understand any investment they are making on a self-directed basis, including alternative assets.

Frisch Financial's methods of analysis and investment strategies have their own inherent risks, as does every method of analysis. To perform an accurate market analysis Frisch Financial must have access to current/new market information. Frisch Financial has no control over the dissemination rate of market information; therefore, unbeknownst to Frisch Financial, certain analyses may be compiled with outdated market information, severely limiting the value of Frisch Financial's analysis. Furthermore, an accurate market analysis can only produce a

forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Frisch Financial's primary investment strategies - Long Term Purchases, Short Term Purchases, Trading and Options - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period involves a very short investment time period but may incur higher transaction costs when compared to a short term investment strategy, and substantially higher transaction costs than a longer term investment strategy. Options carry the potential to hedge significant drops in a security's value, but also have increased costs and risks.

If a client desires ESG related investments, Frisch Financial will seek to add investments to the client's portfolio that align with these objectives. This process is imperfect, because each ESG-related mutual fund has its own investment program and screening tools, whereby one ESG fund's included security may be another ESG fund's excluded security. In addition, the fund's screens may develop or change over time. Accordingly, though Frisch Financial will endeavor to make recommendations based on the client's ESG-related wishes, there is no guarantee that the criteria utilized by Frisch Financial, or any judgement exercised by Frisch Financial, will reflect the beliefs or values of any particular client at any time.

Currently, Frisch Financial primarily allocates client investment assets among various individual equity (stocks), debt (bonds) and fixed income securities, mutual funds and/or exchange traded funds ("ETFs") (including inverse ETFs and/or mutual funds that are designed to perform in an inverse relationship to certain market indices), and options on a discretionary and non-discretionary basis in accordance with the client's designated investment objective(s). (See Item 4 above for additional information of inverse ETFs and/or mutual funds).

Each type of security carries some risk:

#### Equity Securities

Equity securities tend to be more volatile than other investment choices. The value of an individual mutual fund or ETF can be more volatile than the market as a whole. This volatility affects the value of the client's overall portfolio. Small and mid-cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product lines, financial resources, and less management experience than larger companies. Smaller companies may also have a lower trading volume, which may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.

#### Fixed Income

The issuer of a fixed income security may not be able to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation. If a rating agency gives a debt security a lower rating, the value of the debt security will decline because investors will demand a higher rate of return. As nominal interest rates rise, the value of fixed income securities held by the Fund is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate.

#### ETFs

The performance of ETFs is subject to market risk, including the possible loss of principal. The price of the ETFs will fluctuate with the price of the underlying securities that make up the funds. In addition, ETFs have a

trading risk based on the loss of cost efficiency if the ETFs are traded actively and a liquidity risk if the ETFs have a large bid-ask spread and low trading volume. The price of an ETF fluctuates based upon the market movements and may dissociate from the index being tracked by the ETF or the price of the underlying investments. An ETF purchased or sold at one point in the day may have a different price than the same ETF purchased or sold a short time later.

#### Mutual Funds

The performance of mutual funds is subject to market risk, including the possible loss of principal. The price of the mutual funds will fluctuate with the value of the underlying securities that make up the funds. The price of a mutual fund is typically set daily therefore a mutual fund purchased at one point in the day will typically have the same price as a mutual fund purchased later that same day.

#### Options Contracts

Investments in options contracts have the risk of losing value in a relatively short period of time. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses.

## Item 9 Disciplinary Information

Frisch Financial has not been the subject of any disciplinary actions.

## Item 10 Other Financial Industry Activities and Affiliations

### A. Broker-dealer

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Neither Frisch Financial, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

### B. Futures Commission Merchant/Commodity Trading Advisor

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Neither Frisch Financial, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

### C. Relationship with Related Persons

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This item is not applicable, as Frisch Financial has no relationships with related persons in the financial services industry that would pose a conflict of interest.

### D. Recommendations of Other Advisers

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Frisch Financial does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

### **A. Code of Ethics**

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Frisch Financial maintains an investment policy relative to personal securities transactions. This investment policy is part of Frisch Financial's overall Code of Ethics, which serves to establish a standard of business conduct for all of Frisch Financial's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, Frisch Financial also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Frisch Financial or any person associated with Frisch Financial.

### **B. Recommendation Involving Material Financial Interests**

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Neither Frisch Financial nor any related person of Frisch Financial recommends, buys, or sells for client accounts, securities in which Frisch Financial or any related person of Frisch Financial has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Client**

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Frisch Financial and/or representatives of Frisch Financial may buy or sell securities that are also recommended to clients. This practice may create a situation where Frisch Financial and/or representatives of Frisch Financial are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Frisch Financial did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of Frisch Financial's clients) and other potentially abusive practices.

Frisch Financial has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Frisch Financial's "Access Persons". Frisch Financial's securities transactions policy requires that an Access Person of Frisch Financial must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings within ten (10) days after becoming an Access Person. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), certain employee trades must be pre-cleared through the Chief Compliance Officer or his/her designee. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the Access Person receives no added benefit. A quarterly list of transactions for each Access Person are reviewed to confirm compliance with the trading procedures and annual Holdings must be given to the Chief Compliance Officer or his/her designee within 30 days of the end of each calendar year.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

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Frisch Financial and/or representatives of Frisch Financial can buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Frisch Financial and/or

representatives of Frisch Financial are in a position to benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, Frisch Financial has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Frisch Financial's Access Persons.

## Item 12 Brokerage Practices

In the event that the client requests that Frisch Financial recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Frisch Financial to use a specific broker-dealer/custodian), Frisch Financial generally recommends that investment management accounts be maintained at Charles Schwab & Co., Inc. ("Schwab"). Prior to engaging Frisch Financial to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Frisch Financial setting forth the terms and conditions under which Frisch Financial shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Frisch Financial considers in recommending *Schwab* (or any other broker-dealer/custodian) to clients include historical relationship with Frisch Financial, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Frisch Financial's clients shall comply with Frisch Financial's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Frisch Financial determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Frisch Financial will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Frisch Financial's investment management fee. Frisch Financial's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

### 1. Soft Dollar Arrangement

In return for effecting securities transactions through a designated broker-dealer/custodian, Frisch Financial can receive certain investment research products or services which assist Frisch Financial in its investment decision making process for the client pursuant to Section 28(e) of the Securities Exchange Act of 1934 (generally referred to as a "soft-dollar" arrangement). Investment research products or services received by Frisch Financial may include, but are not limited to, analyses pertaining to specific securities, companies or sectors; market, financial and economic studies and forecasts; financial publications, portfolio management systems, and statistical and pricing services. Although the commissions paid by Frisch Financial's clients shall comply with Frisch Financial's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Frisch Financial determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Frisch Financial will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. Although the investment research products or services that may be obtained by Frisch Financial will generally be used to service all of Frisch Financial's clients, a brokerage commission paid by a specific client may be used to

pay for research that is not used in managing that specific client's account. With respect to investment research products or services obtained by Frisch Financial that have a mixed use of both a research and non-research (i.e., administrative, etc.) function, Frisch Financial shall make a reasonable allocation of the cost of the product or service according to its use - the percentage of the product or service that provides assistance to Frisch Financial's investment decision-making process will be paid for with soft dollars while that portion which provides administrative or other non-research assistance will be paid for by Frisch Financial with hard dollars. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Frisch Financial's investment management fee.

#### Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Frisch Financial may receive from *Schwab* (or another broker-dealer/custodian, investment platform, independent manager, vendor, and/or mutual fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist Frisch Financial to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Frisch Financial may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Frisch Financial in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist Frisch Financial in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Frisch Financial to manage and further develop its business enterprise.

Frisch Financial's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding commitment made by Frisch Financial to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

#### 2. Charles Schwab Advisor Network.

Frisch Financial receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through Frisch Financial's participation in Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with Frisch Financial. Schwab does not supervise Advisor and has no responsibility for Frisch Financial's management of clients' portfolios or Advisor's other advice or services. Frisch Financial pays Schwab a portion of the fees it receives from clients referred to Frisch Financial through the Service. Frisch Financial's participation in the Service raises potential conflicts of interest described below.

Frisch Financial pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a separate one-time Transfer Fee on all accounts that are transferred to another custodian. The Transfer Fee creates a conflict of interest that encourages Frisch Financial to recommend that client accounts be held in custody at Schwab. The Participation Fee paid by Frisch Financial is a percentage of the value of the assets in the client's account. Frisch Financial pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee and any Transfer fee is paid by Frisch Financial and not by the client. Frisch Financial has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Frisch Financial charges clients with similar portfolios who were not referred through the Service.

The Participation and Transfer Fees are based on assets in accounts of Frisch Financial's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, Frisch Financial will have incentives to recommend that client accounts and household members of clients referred through the Service maintain custody of their accounts at Schwab.

3. Frisch Financial does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Frisch Financial will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Frisch Financial. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Please Note: In the event that the client directs Frisch Financial to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Frisch Financial. Higher transaction costs adversely impact account performance. Please Also Note: Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

To the extent that Frisch Financial provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless Frisch Financial decides to purchase or sell the same securities for several clients at approximately the same time. Frisch Financial may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Frisch Financial's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Frisch Financial shall not receive any additional compensation or remuneration as a result of such aggregation.

## **Item 13      Review of Accounts**

For those clients to whom Frisch Financial provides investment supervisory services, account reviews are conducted on an ongoing basis by Frisch Financial's Principals and/or staff. All investment supervisory clients are advised that it remains their responsibility to advise Frisch Financial of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with Frisch Financial on an annual basis.

Frisch Financial may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Frisch Financial may also provide a written periodic report summarizing account activity and performance.



## Item 14 Client Referrals and Other Compensation

### A. Economic Benefit Provided by Third Parties for Advice Rendered to Client

As referenced in Item 12 above, Frisch Financial receives direct economic benefits from *Schwab*, and may receive other indirect economic benefits from *Schwab* including support services and/or products without cost or at a discount.

Frisch Financial's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding commitment made by Frisch Financial to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

Frisch Financial also participates in the *Schwab Advisor Network* services as referenced in Item 12 above, through which it may receive client referrals from *Charles Schwab*. Please refer to Item 12 above for a complete description of the *Schwab Advisor Network* and the way in which Frisch Financial addresses any potential conflicts of interest which may arise as a result of this arrangement.

### B. Compensation for Client Referrals

Some clients of Frisch Financial were referred to Frisch Financial by a solicitor. In these cases, Frisch Financial pays that solicitor a referral fee in accordance with the requirements of Rule 206(4)-1 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Frisch Financial's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to Frisch Financial by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of their solicitor relationship, and shall provide each prospective client with a copy of Frisch Financial's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between Frisch Financial and the solicitor, including the compensation to be received by the solicitor from Frisch Financial.

TD Ameritrade AdvisorDirect – Frisch Financial historically participated in the TD Ameritrade AdvisorDirect ("AdvisorDirect") program which provided client referral to Frisch Financial. Frisch Financial paid TD Ameritrade an ongoing fee for each successful client referral. This fee was usually a percentage (not to exceed 25%) of the advisory fee that the client paid to Frisch Financial or a percentage of the client's assets under management. These fees are now being paid to Schwab, as Schwab acquired TD Ameritrade.

Frisch Financial may obtain referrals from The National Association of Personal Financial Advisors and various Internet website(s) which assist Frisch Financial in locating prospective clients. Frisch Financial remits an annual nominal fee to be included on this/these Internet website(s).

Additionally, Frisch Financial may obtain referrals from WealthRamp, a company in which the firm has also invested.

## Item 15 Custody

There are two avenues through which Frisch Financial has custody of client funds; by directly debiting its fees from client accounts pursuant to applicable agreements granting such right, and by acting as a trustee on behalf of clients. Clients whose fees are directly debited will provide written authorization to debit advisory fees from

their accounts held by a qualified custodian chosen by the client. The client will receive a statement from their account custodian showing all transactions in their account, including the fee.

We encourage clients to carefully review the statements and confirmations sent to them by their custodian, and to please alert Frisch Financial of any discrepancies.

With regard to a very limited number of clients, a Frisch Financial principal acts as a trustee on behalf of client trust(s). This means that Frisch Financial has custody of those clients' assets. Frisch Financial has engaged an independent accountant to conduct an annual surprise examination in compliance with Rule 206(4)-2.

## **Item 16 Investment Discretion**

The client can determine to engage Frisch Financial to provide investment advisory services on a discretionary basis. Prior to Frisch Financial assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming Frisch Financial as the client's attorney and agent in fact, granting Frisch Financial full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage Frisch Financial on a discretionary basis may, at any time, impose restrictions, in writing, on Frisch Financial's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Frisch Financial's use of margin, etc.).

## **Item 17 Voting Client Securities**

Frisch Financial does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities 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 will receive their proxies or other solicitations directly from their custodian. Clients may contact Frisch Financial to discuss any questions they may have with a particular solicitation.

## **Item 18 Financial Information**

Frisch Financial does not solicit fees of more than \$1,200 per client, six months or more in advance.

Frisch Financial is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.

Frisch Financial has not been the subject of a bankruptcy petition.