

Form ADV Part 2A Disclosure Brochure

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This brochure provides information about the qualifications and business practices of Spectrum Financial Resources. If you have any questions about the contents of this brochure please call us at (284) 643-0033 or email us at dhoban@spectrumfr.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 Spectrum Financial Resources is available on the SEC's website at www.adviserinfo.sec.gov.

Registration as an investment adviser does not imply a certain level of skill or training.

Item 2. Material Changes

Spectrum Financial Resources (SFR) has updated its Form ADV Part 2A (Brochure) to reflect the following material changes to the Brochure since our last updating amendment:

- Item 4 was updated to reflect that as of February 29, 2024, SFR had \$93.198 million in discretionary assets under management and \$104.195 million in non-discretionary assets under management.

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Item 4. Advisory Business

Overview of Spectrum Financial Resources

Spectrum Financial Resource LLC ("SFR" or "firm") offers personalized investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities. The firm's services and fee arrangements are described in the following pages. SFR has been in the investment advisory business since 1987.

SFR is owned by Daniel T. Hoban and Jean Ann Schneider, who are both principals and Managing Members of SFR.

SFR provide its investment advisory services through Investment Adviser Representatives (IARs). SFR's IARs are individuals associated with SFR who are appropriately licensed, qualified and authorized to provide advisory services on SFR's behalf.

SFR's IARs are also registered representatives of United Planners' Financial Services of America (United Planners), a full service securities broker/dealer registered under federal and state securities laws, whose main office is located in Scottsdale, Arizona. United Planners is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investors Protection Corporation ("SIPC"). Securities transactions for United Planners brokerage clients are executed through Pershing, LLC, (based in Jersey City, New Jersey), an unaffiliated securities broker/dealer or, in some cases, directly with the product sponsor.

SFR, through its IAR's provides the following services to the firm's advisory clients:

Financial Planning Services

Financial planning advice will typically involve providing a variety of services, principally advisory in nature, to the client regarding the management of their financial resources based upon an analysis of their individual needs. An IAR of the firm will first conduct a complimentary initial consultation lasting approximately one hour. After the initial consultation, if the client decides to engage SFR for financial planning services, the IAR will conduct a follow-up meeting during which pertinent information about the client's financial circumstances and objectives is collected. After this information is reviewed and analyzed, a written financial plan designed to achieve the clients' stated financial goals and objectives will be produced and presented to the client. The primary objective of this process is to allow SFR to assist the client in developing a strategy for the successful management of income, assets and liabilities in meeting the client's financial goals and objectives.

Financial plans are based on the client's financial situation at the time the plan is presented and is based on financial information disclosed by the client to SFR. Clients are advised that certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. Clients should keep in mind that past performance is in no way an indication of future performance and that SFR cannot offer any guarantees or promises that the client's financial goals and objectives will be met. As the client's financial situation, goals, objectives, or needs change, the client must notify SFR promptly.

Advisory Consulting Services

SFR offers consulting services, where an IAR of SFR provides a professional opinion on specific financial related areas. These areas may include, but are not limited to, retirement planning, risk assessment/management, education funding, investment planning, and/or financial decision-making.

The client acknowledges, in advance, that they only desire consultation in regard to the specific financial area agreed upon to be reviewed and/or analyzed. Under this arrangement, a written financial plan will not be provided to the client.

General Information Regarding the Use of Independent Investment Advisors

SFR has two alternatives by which client accounts may be managed by one or more independent third-party investment advisors. The first alternative, which is referred to below as the Third-party Investment

Advisors Program, is whereby SFR acts as a solicitor for the third-party investment advisor. The second, which is provided for under the Portfolio Management Services section below, is through the Unified Managed Account Program provided by TD Ameritrade (TDA) Inc., member FINRA/SIPC/NFA and Placemark Investments, Inc., a registered investment advisor, whereby the client establishes a brokerage account with TD Ameritrade and, with SFR's assistance, selects one or more independent investment managers/strategists or model portfolios for the management of the client's account. In this case, SFR acts as an investment advisor and not as a solicitor and there is no solicitor fee.

Third-Party Investment Advisors Program

SFR also acts as a solicitor and refers clients to unaffiliated third-party investment advisors (TPIAs) that offer asset management services to clients. When clients undertake a TPIA for the management of their accounts, SFR is paid a portion of the fee charged and collected by the third-party investment advisor in the form of solicitor or consulting fees. Each of SFR's solicitation arrangements with TPIAs is performed pursuant to a written solicitation agreement between SFR and the TPIA and will be in compliance with all applicable regulations governing solicitor relationships.

After gathering information about a client's financial situation and investment objectives, SFR may recommend specific services or programs of one or more TPIAs to clients that are suitable and appropriate for the client based on the clients' individual needs and circumstances, including investment objectives and risk tolerance levels, as they have made them known to SFR. Factors that SFR takes into consideration when making such recommendations include, but are not limited to, the TPIA's performance, methods of analysis and fees. SFR regularly reviews the TPIA and its performance for continued consistency with the client's investment objectives and risk tolerances.

At the time of the referral, clients who are referred to TPIAs will receive the relevant TPIA's Form ADV Part 2 and other relevant disclosure documents. These documents are designed to provide complete disclosure of the TPIA, including services rendered, fee schedules and the compensation to be paid to SFR as a result of the referral.

Portfolio Management Services

SFR provides discretionary and non-discretionary portfolio management services, as selected by the client. The investment advice provided is custom tailored to meet the needs and investment objectives of the client. While Portfolios constructed by SFR generally consist of shares of mutual funds and exchange traded funds, SFR additionally utilizes equity securities, corporate debt securities, municipal securities, and/or U.S. government securities, among others, if SFR determines such investments to be in the best interest of its clients. Alternatively, through the TD Ameritrade Unified Managed Account Program, SFR may recommend and assist the Client in selecting one or more independent investment managers/strategists/model portfolios for the management of the Client's account.

After the establishment of the Client's account, SFR and/or the independent investment manager provides either continuous or periodic supervision or re-optimization of the portfolio as changes in market conditions and client circumstances may require. As of February 29, 2024, SFR had \$93.198 million in discretionary assets under management and \$104.195 million in non-discretionary assets under management.

SFR also provides portfolio management and/or investment advisory services to clients relating to: (1) variable life/annuity products that they may own, and/or (2) their individual employer-sponsored retirement plans. When providing these services, SFR either directs or recommends the allocation of client assets among the various mutual funds or sub-accounts that are available in the variable life/annuity product or the retirement plan. The client assets are held at either the insurance company that issued the client's variable life/annuity product, or at the custodian designated by the sponsor of the client's retirement plan. Investments and service providers relative to Plan offerings are limited to only those available through the respective Plans and are determined by the Plan Sponsor(s). With respect to a Client's Individual Employer Sponsored Retirement Plan, if the account is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), Adviser acknowledges its fiduciary status under ERISA.

Additional Important Information

Fiduciary Status

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts.

Conflict of Interest

The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. For example, if you roll over an IRA or 401k account to our firm or otherwise transfer any other account to our firm, we will charge your account and make money. If you decide to not roll over the IRA or other account to our program, we will not make money. While we therefore have a financial incentive to recommend that you to move your account to our program, SFR has established policies and procedures that are designed to address this conflict between our interests and yours and ensure that all recommendations made to you are in your best interest.

Item 5. Fees and Compensation

Financial Planning Services Fees

Fees for financial planning will consist of a minimum planning fee of \$1500. The minimum fee can provide a plan that covers such topics as: basic cash flow, risk assessment, income projections, tax efficiency and review, tactical asset allocation, and a review of diversification needs. The fee associated with a comprehensive written plan focusing on estate planning issues will be as follows:

<u>Assets</u>	<u>Planning Fee</u>
Less than \$500,000	\$1500
\$500,000 - \$1,000,000	\$3500
\$1,000,001 - \$2,000,000	\$7500
Over \$2,000,000	Negotiable

Fees may be modified at the determination of the SFR, depending upon the complexity of service, resources required, net worth issues, complexity and scope of services. Financial planning fees are determined at the time of engagement and clearly outlined in the Client Agreement.

Fees for Plans are due and payable upon delivery of the Plan. If client circumstances or objectives change such that a new plan is required, there may be an additional charge. SFR will not engage in providing additional time, effort or services before notifying the client that additional fees will apply.

SFR or the client may terminate the financial planning agreement within five days of the date of acceptance without penalty to the client. After the five-day period, either party may terminate the financial planning agreement by providing written notice to the other party. However, the client will incur a charge based on time spent on the financial plan prior to such termination. Refunds are not applicable as fees are payable in arrears.

Advisory Consulting Services Fees

SFR's consulting services are provided at the firm's hourly rate of \$75. The consulting fee is payable at the conclusion of each session.

The client acknowledges, in advance, that they only desire consultation in regard to the specific financial area agreed upon to be reviewed and/or analyzed. Under this arrangement, a written financial plan will not be provided to the client. Furthermore, client agrees to hold SFR harmless from any liability arising out of any area(s) that SFR has not reviewed and/or analyzed.

Implementation of Financial Planning or Advisory Consulting Recommendations

Financial planning services are prepared with the client given the option of implementing recommendations made within the plan through Spectrum or Spectrum's IARs. However, clients are not obligated to do so. If clients elect to have an IAR of Spectrum implement the advice provided as part of the financial planning services, implementation will be made through the client's IAR in the IAR's capacity as a registered representative of United Planners Financial Services of America (United Planners) or as an independent

insurance agent. When clients implement recommended transactions through the IAR in one of these separate capacities, the IAR will receive additional compensation in the form of commissions. This receipt of additional compensation from the implementation of investment advisory recommendations can conflict with the fiduciary duties owed to clients by an investment advisor. Investment advisory clients are under no obligation to purchase from their Spectrum IAR any commissionable securities or insurance products that he or she recommends and may purchase such products from the broker-dealer or insurance company or agent of their choice. When clients purchase commissionable securities or insurance products from a Spectrum IAR, Spectrum may waive or reduce the amount of the financial planning fee as a result of the additional fees and/or commissions being earned. Any adjustment to the financial planning fee is at the discretion of Spectrum and will be disclosed to the client prior to implementing transactions.

Commissions may be higher or lower at United Planners than at other broker/dealers. United Planners registered representatives are restricted to only offering those products and services that have been reviewed and approved for offering to the public by United Planners and for which United Planners has obtained a selling agreement.

While Spectrum has procedures in place that endeavors to at all time to put the interest of the clients first as a part of the Spectrum's fiduciary duty, clients should be aware that the receipt of commissions and additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

Third-Party Investment Advisor Referral Program Fees

SFR will receive compensation as provided for in its agreements with TPIAs for introducing clients. The compensation to SFR is typically equal to a percentage of the investment advisory fee charged by that TPIA or a fixed percentage of your assets and is disclosed to the client in the TPIA's Form ADV Part 2 or Solicitors Disclosure Statement and agreed to in your TPIA agreement.

Since the fee for SFR's services is paid by the independent TPIA, the fee paid to SFR is generally not negotiable. Fees paid by clients to independent TPIAs are established and payable in accordance with the Form ADV Part 2 or other equivalent disclosure provided by each independent TPIA to whom SFR refers its clients, and may or may not be negotiable, as disclosed in the disclosure documents of the TPIA.

Certain programs may charge a "wrap fee", which is single periodic fee that is charged to the client for both brokerage and investment management services. Selection of a wrap fee program may result in the payment of fees by clients that exceed the combined total of separate advisory fees and brokerage commissions the client might otherwise pay if the account was not a wrap fee account. If a wrap fee program is not selected, the client will be charged separately the management fee by the TPIA and transaction charges by the securities broker-dealer.

Clients will sign an advisory agreement directly with the TPIA of the program selected. The advisory relationship may be terminated by the Client, SFR, or the TPIA in accordance with the provisions of those agreements. The client will typically receive a pro-rata refund of any prepaid advisory fees upon termination of the advisory agreement with a TPIA, as specified in the Clients agreement with the TPIA.

Portfolio Management Services Fees

The annual fee for portfolio management services is billed either monthly or quarterly in arrears (billing period), as indicated on the client's Portfolio Management Agreement, based on the market value of the assets on the last day of the billing period. SFR requests that clients authorize SFR to bill portfolio management fees to the client's account. The client's initial fee will be assessed based on the actual portion of the initial billing period that the client's portfolio was under management. In subsequent billing periods, SFR's fees for portfolio management services are based on the following tiered fee schedule or other negotiated level fee not to exceed 2% per year:

Portfolio Management Service Fees

Portfolio Size
\$0 - \$500,000

Maximum Annual Fee
2.00%

\$500,001 - \$1, 000,000	1.75%
\$1,000,001 - \$5,000,000	1.00%
\$5,000,001 or greater	Negotiable

Important Information Concerning the TDA Unified Managed Account Program Available in SFR's Portfolio Management Services

If clients participate in TD Ameritrade's Unified Managed Account Program provided through SFR's Portfolio Management Services, the client should be aware of the following additional items:

- Client will also be provided with Placemark Investments, Inc.'s (Placemark's) Form ADV Disclosure Brochure. Placemark functions as the program Overlay Manager and is compensated through Overlay Management Fees, as discussed below and further disclosed in its Form ADV Disclosure Brochure and the UMA Agreement.
- In addition to SFR's Portfolio Management Agreement, Client will enter into a UMA Agreement with TD Ameritrade as broker/custodian and Placemark as Overlay Manager that specifically establishes respective roles and responsibilities, among other things.
- The following fees will be charged separately to the Client's account and reflected as separate line items on the Client's TD Ameritrade account statement:
 - SFR's investment management fee.
 - A TDA asset-based fee for brokerage and custody services (up to 0.22% of client asset per year, charged quarterly in arrears) with a \$200 per year minimum. This fee will not be assessed on any portfolio assets allocated to non-transaction fee mutual funds (NTFs). If portfolio assets are allocated 100% to NTFs, the minimum annual custodial fee of \$200 will be waived. More complete information concerning TDA's asset-based fee custodial and brokerage fee may be found in the Client's UMA Agreement.
 - A fee charged by Placemark that includes Placemark's Overlay Manager Services (up to 0.20%), optional tax overlay management services (0.10% if applicable), up to a 0.10 % research and due diligence support fee and model portfolio provider/strategist fees. More complete information concerning fees charged by Placemark may be found in the Client's UMA Agreement.
- TD Ameritrade acts solely as broker-dealer and not as an investment advisor in the UMA Program.

Fees for Management of Variable Annuity/Life Insurance Accounts

Fees for portfolio management services relating to Client's variable annuity/life insurance vary according to the client's asset bracket and are payable quarterly after services are provided (i.e., in arrears). The advisory fee chart is reflected below. A client who is introduced by their spouse will receive a \$50 discount for this service. Some accounts do not allow advisory fee deductions and therefore must be paid directly by the client. Clients should note that, as the assets under management increase, the relative fee as a percentage of assets under management decreases. As a result, the percentage of the fee for small accounts is notably more than the percentage of the fee for large account. All fees listed below are annual fees.

<i>Portfolio Size</i>	<i>Maximum Annual Fee*</i>
\$0 - \$500,000	2.00%
\$500,001 - \$1,000,000	1.75%
\$1,000,001 - \$5,000,000	1.00%
\$5,000,000 or greater	____%
Or a level fee of:	____%

*All Fees are subject to negotiation.

Fees for Advisory Services on Client's Individual Employer Sponsored Retirement Plan Accounts

Fees for investment advisory services relating to Client's individual employer sponsored retirement plan accounts vary according to the client's asset bracket and are payable quarterly after services are provided (i.e., in arrears). The advisory fee chart is reflected below. A client who is introduced by their spouse will receive a \$50 discount for this service. Advisory fees for this service will be billed to and must be paid directly by the client. Clients should note that, as the assets under advice increase, the relative fee as a

percentage of assets under advice decreases. As a result, the percentage of the fee for small accounts is notably more than the percentage of the fee for large accounts. All fees listed below are annual fees.

Assets Min	Assets Max	Single Fee		Spouse Fee	
		Annual	Quarter	Annual	Quarter
\$0	\$100,000	\$300.00	\$75.00	\$250.00	\$62.50
\$100,001	\$200,000	\$600.00	\$150.00	\$550.00	\$137.50
\$200,001	\$300,000	\$900.00	\$225.00	\$850.00	\$212.50
\$300,001	\$400,000	\$1,000.00	\$250.00	\$950.00	\$237.50
\$400,001	\$500,000	\$1,250.00	\$312.50	\$1,200.00	\$300.00
\$500,001	\$600,000	\$1,500.00	\$375.00	\$1,450.00	\$362.50
\$600,001	\$700,000	\$1,750.00	\$437.50	\$1,700.00	\$425.00
\$700,001	\$800,000	\$2,000.00	\$500.00	\$1,950.00	\$487.50
\$800,001	\$900,000	\$2,200.00	\$550.00	\$2,150.00	\$537.50
\$900,001	\$1,000,000	\$2,500.00	\$625.00	\$2,450.00	\$612.50
\$1,000,001	\$1,500,000	\$2,800.00	\$700.00	\$2,750.00	\$687.50
\$1,500,001	\$2,000,000	\$3,200.00	\$800.00	\$3,150.00	\$787.50

*All Fees are subject to negotiation.

Restrictions relating to the Management of Variable Annuities and Life Insurance

The management services that SFR provides to variable annuities and variable life insurance contracts (collectively, “variable contracts”) are only available to clients if they did not purchase the variable contract from a SFR IAR in his/her capacity as a registered representative of United Planners. Additionally, no fees may be charged by SFR as long as the client’s variable contract is subject to surrender charges.

Portfolio Management Agreement Termination

SFR or the client may terminate the management agreement within five days of its signing without penalty to the client. After the five-day period, either party, upon seven days written notice to the other, may terminate the portfolio management agreement. The management fee will be pro-rated for the billing period in which the cancellation notice was given and any fees will be due and payable by the client. Refunds are not applicable as fees are payable in arrears.

Negotiability of Fees

In certain circumstances, all fees may be negotiable. In addition, certain affiliated persons of Advisor and family members and personal acquaintances of Advisor’s associated persons may receive advisory services at a discounted rate which is not available to advisory clients generally.

Additional Fees and Expenses

Mutual Fund and Other Internal Investment Charges

When recommending mutual funds in its portfolio management service, SFR generally recommends only no-load or load-waived mutual funds. However, all mutual funds, exchange traded funds and other investment company securities (Funds) incur certain types of charges and expenses, which are paid from the value of the Funds’ shares. These charges and expenses include investment management, transaction, administrative, distribution, transfer agent, custodial, legal, audit and other customary fees. If a client’s account holds any such Fund shares, the client will be indirectly paying these expenses, which are in addition to the client’s portfolio management fee. Clients are encouraged to read the prospectuses of any Funds which are purchased in their account for a more complete explanation of these fees and expenses.

Some mutual funds pay SEC Rule 12b-1 fees to broker-dealers for providing record keeping, shareholder communication and other services on behalf of the mutual fund. For client accounts held at United Planners and Pershing (unless the account is a qualified account under ERISA), United Planners will receive any 12b-1 fees that are paid by mutual funds purchased in the account. In turn, United Planners pays any 12b-1 fees it receives to the client's SFR IAR in the SFR IAR's capacity as a broker-dealer Registered Representative (RR) of United Planners. The receipt by the SFR IAR of this additional financial compensation for recommending mutual funds that pay 12b-1 fees over those that do not is a conflict of interests between the SFR IAR and the client and could cause the SFR IAR to recommend an investment based on the compensation received rather than on the client's needs. The SFR IAR is required to inform clients whenever recommended mutual funds pay 12b-1 fees that the SFR IAR will receive. Clients may determine the amount and type of all fund expenses, including 12b-1 fees, by reviewing the fund's prospectus.

With certain exceptions, clients can purchase shares of Funds outside of their portfolio management account without paying for and receiving the benefit of the portfolio management services. Certain Funds are offered generally to the public without a sales charge and, for those Funds that are offered with a sales charge, the sales charge described in the Fund's Prospectus may be more or less than the portfolio management fee.

Clients should also be aware that the portfolio management fee described above will be imposed on all Fund shares that the client designates as portfolio management assets and place in their portfolio management account, including Fund shares on which they may have previously paid a sales charge. Clients may also be charged redemption fees from mutual funds that were redeemed in order to participate in the portfolio management service. Clients should be aware that any redemptions and exchanges between Funds in their portfolio management account might have tax consequences, which they should discuss with their independent tax advisor.

Brokerage and Custodial Charges

In addition to SFR's Portfolio Management fee, clients will also pay any custodial, ancillary and brokerage costs associated with your account.

With respect to client accounts held at Pershing, SFR or its IARs typically pays for all transactions costs for portfolio management clients. This creates a potential conflict of interest in that, in order to keep transactions costs to a minimum, SFR has an incentive to recommend trading in client accounts less frequently than if the clients had paid the transaction costs. SFR and its IARs make every effort to make recommendations and trades based on the needs of the client, without regard for the costs and expenses associated with the trades.

For more information about SFR's brokerage recommendations and arrangements, please refer to Item 12 of this brochure.

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

SFR does not charge fees based on a share of capital gains up or capital appreciation of the assets in a client's account.

Item 7. Types of Clients

SFR offers its investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

SFR generally requires a minimum account size of \$25,000 to open and maintain a portfolio management account. This account minimum may be reduced or waived in the sole discretion of SFR. Additionally, higher account minimums may be imposed by your custodian, third-party investment advisor or other third-party.

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

Methods of Analysis

SFR uses a combination of the following methods of analysis when analyzing securities for clients: charting, fundamental analysis, technical analysis, and cyclical analysis. SFR uses some or all of the following sources of information in the analysis of securities: financial newspapers and magazines; research materials prepared by others available through the internet or otherwise; corporate rating services; annual reports, prospectuses, and other filings with the Securities and Exchange Commission; and company press releases.

Investment Strategies

While most of SFR's management services primarily use long-term purchases, SFR may occasionally determine that it is in the client's best interest to buy or sell securities on a short-term basis in order to capture profits or protect against loss. SFR may also use, when it deems appropriate, margin transactions and option writing, such as writing covered calls.

Risk of Loss

All investments and investment programs have certain risks that are associated with them and which the investor must bear. Following are the types of risk that may generally arise to clients due to the types of securities that are recommended to or purchased for clients or the investment strategies used by SFR:

Business Risk – the risk that the price of an investment will change due to factors unique to that company, investment or market segment and not the market in general.

Market Risk – the risk that the price of a particular investment will change as a result of overall market conditions that are not specific to that particular company or investment. Unexpected market risk tends to exacerbate all other risk factors and could substantially impair profitability or result in losses.

Interest Rate Risk – the risk that interest rate changes will affect the price of a particular investment. For example, when interest rates rise, the price of bonds generally fall.

Portfolio Turnover – In specific circumstances, SFR may determine that it is appropriate for one or more account to invest for shorter holding periods, which may result in higher portfolio turnover. Higher portfolio turnover generally involves additional expense, including brokerage commissions, dealer mark-ups and other transactions costs on the sale and purchase of securities and other investments.

Securities Believed to be Undervalued or Incorrectly Valued -- Securities we believe are fundamentally undervalued or otherwise incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame we anticipate. As a result, our objectives in establishing a position in the securities may not be achieved, and the position may result in a loss.

Hedging Transactions – While not a primary investment strategy, in certain circumstances, and when appropriate for individual accounts, we may attempt to "hedge" or "neutralize" some or all of the risks associated with the positions in an accounts portfolio. In the event we attempt to hedge a portfolio, certain hedging techniques may not be successful and may cause an account to incur a loss. Hedges are often more difficult to implement than other types of transactions, and the possibility for errors may be greater than for other transactions. In some instances, a hedge may take a substantial period of time to effectuate; during such time the risk the hedge seeks to neutralize will be unhedged, also potentially resulting in a loss to an account. Clients with accounts authorized for options will receive specific option account risk disclosures from their broker-dealer.

Securities Lending Risk. While not a primary investment strategy, in certain circumstances, SFR may purchase positions using margin in client accounts. While this may increase the potential for profit, a decline in account value can substantially increase the potential for loss, including losses potentially greater than the amount of funds that were originally deposited in the margin account. Clients with margin accounts will receive specific margin account risk disclosures from their broker-dealer.

Item 9. Disciplinary Information

SFR and its principals and management personnel have not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management.

Item 10. Other Financial Industry Activities and Affiliations

United Planners

Daniel T. Hoban is an RR with United Planners, a broker-dealer and member of FINRA. In this capacity, Mr. Hoban may offer clients certain securities products provided by United Planners. See Item 5 above for more information about this affiliation, including conflicts of interest.

United Planners is a Limited Partnership in which Daniel T. Hoban is also a limited partner. Limited partners receive a percentage of United Planners' net profit on an annual basis. This presents a potential conflict between the interests of Mr. Hoban and the client because limited partners may recommend products or services that produce more revenue for the firm and thus increase their annual profit distribution.

TPIAs

Because, in its Third-Party Investment Advisor Program, SFR and its representatives receive compensation from the third-party Investment Advisors for referring clients and because such compensation may differ depending upon the individual agreement with each TPIA, SFR and/or its representatives may have an incentive to recommend one of these TPIAs over other TPIAs with which it has less favorable compensation arrangements, or other advisory programs offered by TPIAs with which it has no compensations arrangements. SFR has procedures in place to ensure that TPIAs are recommended based on their interest of the client regardless of the amount of compensation earned. SFR shall not recommend the use of an outside investment advisor unless the investment advisor is registered/notice filed or exempt from registration/notification in the client's home state.

Tax Preparation Services

Daniel T. Hoban provides tax preparation services to clients for a fee. This fee is separate and distinct from any fee charged by SFR for advisory services. SFR also expects that investment advisory clients may be clients for whom Mr. Hoban will provide tax preparation services. Clients of SFR are under no obligation to use these services. Mr. Hoban's involvement in tax preparation services represents less than 5% of his total time.

Insurance Activities

Daniel T. Hoban and other SFR IARs are independent licensed insurance agents and may recommend the purchase of insurance products. As an independent insurance agent, such persons may receive a commission for the sale of insurance products.

The ability of supervised persons of SFR to receive commissions or other compensation from the sale of investment products and insurance products presents a conflict of interest, in that it gives such supervised persons an incentive to recommend these products based on the compensation received, rather than on a client's needs. SFR strictly monitors adherence to its code of ethics that addresses this conflict of interest. Every Client of SFR has the option to purchase recommended investment and insurance products through other brokers or agents that are not affiliated with SFR.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and

Personal Trading

Code of Ethics

SFR has adopted a Code of Ethics (Code) that sets forth standards of business conduct, including compliance with applicable state and federal securities laws, that it requires of its officers, management and employees ("associated persons"). The Code is based on the principle that SFR and its associated persons have an overarching fiduciary duty to, at all times, place the interests of its clients first. The Code establishes that no person employed by SFR shall prefer their own or SFR's interests over those of advisory

clients and, among other things, prohibits the use of material non-public information. A copy of the firm's Code is available upon written request.

Participation or Interest in Client Transactions

SFR or individuals associated with SFR may, for their own accounts, buy or sell securities identical to or different than those that may be recommended to clients. As these situations may, in certain circumstances, present a conflict of interest, SFR has adopted policies setting forth ethical standards of business conduct that it requires of its employees, including compliance with applicable state and federal securities laws. These policies stress that no person employed by SFR shall prefer his/her own interests to those of advisory clients and prohibit the use of material non-public information.

Item 12. Brokerage Practices

Recommendation of Broker/Dealers for Portfolio Management Services

SFR requires that a client in need of brokerage and custodial services direct it to utilize United Planners and Pershing, the clearing firm for United Planners, TD Ameritrade Institutional, a division of TD Ameritrade (TDA) Inc., member FINRA/SIPC/NFA or Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), member SIPC, for brokerage and custody services. SFR is not affiliated with United Planners/Pershing, TD Ameritrade and Schwab. However, as disclosed above, IARs of SFR are Registered Representatives (RRs) of United Planners, a broker/dealer and FINRA member firm and are subject to certain requirements and restrictions on its business that are imposed by United Planners.

As a FINRA member, United Planners has obligations to maintain records and perform other functions regarding certain aspects of the investment advisory activities of its RRs, including Daniel T. Hoban and other SFR IARs, in relation to investment advisory accounts for which the RR executes or directs securities transactions. These obligations required United Planners to coordinate with, and have the cooperation of, the account custodian.

In order to fulfill these obligations, United Planners has established a list of custodian and brokerage firms with which it has made the necessary arrangements and which therefore may be utilized by its RRs for custody of accounts. Pershing LLC, TD Ameritrade and Schwab are on United Planners' list of approved brokerage/custodial firms. In certain instances, United Planners' will collect, as paying agent for SFR, SFR's investment advisory fee remitted by the account custodian and retain a portion of this fee as a charge to the SFR (not the client) for the functions United Planners' is required to carry out by FINRA. This fee will not increase execution or brokerage charges to the client or the fee the client has agreed to pay SFR in the client's advisory agreement.

Clients should be aware of the following important facts regarding SFR's exclusive use of United Planners/Pershing, TD Ameritrade and Schwab:

- This limitation on the use of broker-dealers may affect SFR's ability to achieve most favorable execution of client transactions, and therefore may cost clients more money; and
- Not all investment advisers require clients to use specified broker-dealers.

Please see Mutual Fund and Other Internal Investment Charges in Item 5 above for information about IAR participation in mutual fund 12b-1 service fees paid through Pershing and United Planners.

When SFR is placing transactions for your account at about the same time as for other client accounts, it may aggregate your transaction with the transactions for other clients. This provides each client with average pricing for the transaction, so that no client is disadvantaged by when their account is traded versus when another client's account is traded. If an aggregated order is only partially filled, SFR has procedures in place to ensure that no client is systematically disadvantaged through the allocation process. In instances when SFR is placing multiple client trades in the same security at approximately the same time, SFR has procedures in place to ensure that no single client is systematically disadvantaged by when their transaction is placed versus trades of other clients. Even so, because each transaction is placed separately, not all clients will pay or receive the same price for the security and the price a particular client pays or receives may be higher or lower than that of other clients.

Benefits from United Planners/Pershing and TD Ameritrade

While SFR does not have a formal soft dollar arrangement with any broker-dealer, it does receive certain benefits from its relationship with United Planners/Pershing and TD Ameritrade. These benefits are not contingent on the number of accounts, number of transactions or amount of revenue to the broker-dealer. Both United Planners/Pershing and TD Ameritrade provide brokerage, custodial, administrative support, record keeping and related services that support our firm in its business and in serving the best interests of our clients. Additional services that benefit the firm, but may not directly benefit client accounts, include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution, provide research, pricing information and other market data, facilitate payment of our fees from client accounts, and assist with back-office functions, recordkeeping and reporting.

Benefits from Schwab

Clients may establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. SFR is independently owned and operated and not affiliated with Schwab. Schwab provides SFR with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Advisor Services. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For SFR client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to SFR other products and services that benefit SFR but may not benefit its clients' accounts. These benefits may include national, regional or SFR specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of SFR by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist SFR in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of SFR's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of SFR's accounts, including accounts not maintained at Schwab Advisor Services. Schwab Advisor Services also makes available to SFR other services intended to help SFR manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to SFR by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to SFR. While, as a fiduciary, SFR endeavors to act in its clients' best interests, SFR's recommendation/requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to SFR of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

Incentive to Recommend Brokers/Custodians

Clients are advised there is an incentive for SFR and its IARs to recommend a broker-dealer/custodian over another based on the products and services that will be received rather than the client's best interest.

Due to the nature of its advisory services, SFR does not have the authority or ability to negotiate commissions or obtain volume discounts.

Recommendation of United Planners for Implementation of Financial Planning Recommendations

Because Dan Hoban and SFR's IARs are registered representatives with United Planners, if a client freely chooses to implement financial planning recommendations through them in their capacity as a registered representative, then United Planners will be the broker-dealer that is used.

United Planners has a wide range of approved securities products for which United Planners performs due diligence prior to selection. United Planners' registered representatives are required to select from these products when recommending securities transactions through United Planners. Commissions charged for these products may be higher or lower than commissions clients may be able to obtain if transactions were implemented through another broker/dealer. In addition, certain back-office, operational, technology and other administrative support that United Planners provides SFR's IARs in their capacity as United Planners registered representatives also benefit SFR.

Additionally, sponsors of products such as variable annuities, mutual funds and limited partnerships that are recommended to clients may provide support to SFR. Such support includes research, educational information, and monetary support for due diligence trips and client events.

Item 13. Review of Accounts

Client accounts will be reviewed at least quarterly by the financial advisor who oversees the account. Additional reviews may be triggered by, among other things, changes in economic factors, changes in the client's financial situation, and the client's request.

SFR, through its financial advisors, will present to clients performance reports and asset allocation reports at least annually. Additionally, the client's custodian(s) will provide account statements on at least a quarterly basis. Clients should review these account statements carefully for accuracy.

Item 14. Client Referrals and Other Compensation

Client Referrals

SFR does not have any arrangements where it directly or indirectly compensates other persons for referring clients to SFR.

Other Compensation

SFR IARs in their individual capacities as registered representatives or insurance agents may, from time to time, receive incentive awards for the sale of securities and insurance products. The receipt of these awards may affect their judgment in recommending securities and insurance products to clients.

Item 15. Custody

Client funds and securities are always held with a qualified custodian, such as Pershing LLC, Schwab or TD Ameritrade, who provide clients with an account statement at least each calendar quarter. The account statement, which clients should review carefully, shows the amount of SFR's management fees that are deducted from the client's account during the period covered by the statement.

Additionally, some clients have signed asset transfer authorizations which permit the qualified custodian to rely upon instructions from SFR to direct the transfer of client funds to "third parties", which generally are client-related accounts that are not in the exact same registration or which may include other parties, such as spouses. For example, the transfer of funds from a client's IRA account to a joint account held by the client and the client's spouse or the transfer of funds from certain trust accounts to an individual account would fall in this category. These arrangements are reflected in our response to ADV Part 1, Item 9, but in

accordance with the guidance provided in the SEC's February 21, 2017 Investment Adviser Association No-Action Letter the affected accounts are not subject to an annual surprise CPA examination.

Item 16. Investment Discretion

SFR may manage client accounts on a discretionary basis, whereby the client authorizes SFR in writing to place trades in their account without obtaining specific consent from the client prior to the transactions. This discretionary authorization is limited to the placing of transactions in the client's account. Where clients retain authority to implement non-discretionary recommendations, they are welcome to do so in whole or in part.

Item 17. Voting Client Securities

Proxy Voting

SFR does not vote proxies for client-owned securities and will not take any action or provide any advice with respect to voting of proxies solicited by or with respect to the issuers of client-owned securities. SFR may, on rare occasions and only at the client's request, offer clients advice regarding corporate actions and the exercise of proxy voting rights.

Item 18. Financial Information

SFR does not require or solicit the prepayment of any fees more than six months in advance of services rendered. Additionally, SFR does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.