

## **Form ADV Part 2A Disclosure Brochure**

### **Shiraishi Financial Group Advisors**

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This brochure provides information about the qualifications and business practices of Shiraishi Financial Group Advisors. If you have any questions about the contents of this brochure please call us at (808) 951-67185 or email us at [info@shiraishifinancialgroup.com](mailto:info@shiraishifinancialgroup.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 Shiraishi Financial Group Advisors is available on the United States Securities and Exchange Commission's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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

## **Item 2. Material Changes**

Since this disclosure brochure's last annual updating amendment, the following changes have been made to it:

- Place of business has moved from 1585 Kapiolani Boulevard, Suite 928, Honolulu, HI 96814 to 1357 Kapiolani Boulevard, Suite 1140, Honolulu, HI 96814.
- Item 4 has been updated to reflect that, as of December 31, 2023, SFGA has \$120,334,459 in discretionary assets under management and \$4,663,777 in non-discretionary assets under management.

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## **Item 4. Advisory Business**

### **Overview of Shiraishi Financial Group Advisors**

Shiraishi Financial Group Advisors (SFGA) is the primary business name for SFGA LLC, a limited liability company established in July, 2013 for the purpose of providing a variety of investment advisory services to its clients. These services include financial planning, financial consultations, portfolio management, referrals to third-party investment advisors and retirement plan services. Herbert Shiraishi is the firm's sole owner.

Individuals associated with SFGA will provide its investment advisory services. These individuals are appropriately licensed, qualified, and authorized to provide advisory services on behalf of SFGA. Such individuals are known as Investment Advisor Representatives (IARs).

### **Financial Planning and Consulting Services**

#### ***Financial Planning Services***

SFGA provides a financial planning service designed to assist clients in identifying and taking steps to meet their financial and related goals. This service is provided through series of one-on-one meetings with a SFGA representative in which the client provides information concerning their financial situation, identifies goals and objectives, is informed of relevant financial concepts and strategies, including how to more efficiently handle specific financial areas, and is given specific recommendations. The primary objective of this process is to allow SFGA to assist the client in developing a strategy for the successful management of income, assets and liabilities in meeting the client's stated financial goals and objectives.

Depending on the client's situation and needs, SFGAs financial planning services may include advice in one or more of the following areas:

- Retirement Planning
- Income Planning
- Tax Planning
- Asset Protection and Risk Management
- Investment Planning
- Estate Planning
- Educational Planning
- Other areas at client's request and agreed to by SFGA

Financial planning and consulting services are based on financial and other information disclosed by the client to SFGA. 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 SFGA 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 financial needs change, the client must notify SFGA promptly.

#### ***Financial Consultation Services***

SFGA may also provide financial consultation services. Financial consultation services will typically involve providing a variety of services, principally advisory in nature, to clients regarding the management of their financial resources based upon an analysis of their individual needs. Specific areas of analysis will be determined and agreed upon through a series of meetings and may include one or more of the following areas: retirement planning, income planning, children's education, estate planning, disability, life and long term care insurance, investment strategies/allocation/reallocation, and cash management. SFGA may provide consultation services on others areas depending on the needs of the client.

Financial consultation clients will be requested to provide personal and financial information necessary to complete the analysis. Once such information has been reviewed and analyzed, either oral or written recommendations designed to achieve the clients' stated goals and objectives will be presented to the client.

Financial consultation service recommendations are based on the client's financial situation at the time they are presented and are based on the financial and other information disclosed by the client to SFGA. Clients are advised that certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. SFGA 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 SFGA promptly.

At SFGA's sole determination, SFGA may provide financial planning and/or financial consultation services to Portfolio Management and Third-Party Investment Advisor Services clients without charging an additional fixed fee for the financial consultation services.

### **Portfolio Management Services**

SFGA provides active investment management services using a tactical asset allocation methodology with the objective of maintaining returns while lowering risk and volatility of client portfolios. The investment advice provided is custom tailored to meet the client's individual needs, risk tolerance, and personal situation. SFGA will gather information from the client including current investments (if any) and current financial condition, and obligations. SFGA will then recommend investments to construct a portfolio suited to meet the client's identified goals, financial needs, and investment objectives in light of general economic and market conditions.

### ***Model Overview***

Following are descriptions of the various models currently provided by SFGA:

**Active Model:** This model trades between three main funds – High Yield Bond Funds, Government Bond Funds and Money Market Funds – based on ongoing analysis of the markets. Depending on market conditions, a Balanced Fund may be substituted by the advisor for a High Yield Bond Fund. Investment strategies under this model are not restricted in terms of their Balanced Fund allocation. However, accounts in the Income Portfolio are subject to a maximum Balanced Fund allocation of 50%. Balanced funds' equity exposure typically is around 60% of the balanced funds' portfolio, although the equity exposure may vary depending on market conditions and other factors.

**Seasonal Model:** This model trades in Large-Cap Equity Funds and funds in the Active model. While this strategy generally participates in the Large-Cap Equity Funds during the months of November through April due to historically favorable performance, the advisor maintains flexibility in terms of timing the entry/exit points for this model. For the months of May through October, this model generally uses the Active model to allocate funds. Trading is primarily based on long-term trending for this model. The maximum equity exposure in this model is 100%.

**Sector Model:** This Model uses both Equity and Bond Sectors. When risk is high in the Equity market, the Model switches to Bond Sectors. If both Domestic and International Equities do not have a positive outlook, the Model can select Bond Sectors. The maximum equity exposure in this model is 100%.

Portfolios constructed by SFGA generally consist of shares of no-load or load-waived mutual funds or subaccounts of variable insurance products, such as variable annuities and/or variable universal life insurance. Once the portfolio is constructed, SFGA periodically monitors the portfolio as changes in market conditions and client circumstances may necessitate.

SFGA may provide portfolio management services with respect to sub-accounts of variable annuities and variable universal life insurance policies to Financial Planning and Financial Consultation Services clients without charging an additional assets under management fee.

Clients will have the opportunity to place reasonable restrictions on the types of investments which will be made on the client's behalf. In all cases, clients retain individual ownership of all securities.

As of December 31, 2023, SFGA has \$120,334,459 in discretionary assets under management and \$4,663,777 in non-discretionary assets under management.

SFGA does not participate as a portfolio manager in any wrap fee programs.

### **Third-Party Investment Advisors**

SFGA has entered into agreements with various third-party investment advisors (TPIAs). Under these agreements, SFGA offers clients various types of programs sponsored by these advisors. All TPIAs to whom SFGA will refer clients will be licensed or on notice as investment advisors in the client's state of residence.

After gathering information about a client's financial situation and investment objectives, SFGA may recommend specific services or programs of 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 SFGA. Factors that SFGA takes into consideration when making such recommendations include, but are not limited to, the TPIAs performance, methods of analysis and fees. SFGA periodically 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 respective TPIAs Form ADV Part 2 disclosure brochure and/or other relevant disclosure documents. These documents are designed to provide complete disclosure of the TPIA, including services rendered frequency of billing, fee schedules and the compensation to be paid to SFGA as a result of the referral.

### **Retirement Plan Services**

1. SFGA may provide fiduciary and/or non-fiduciary services to retirement plans (i.e., 401k, 403b, etc.). Retirement plans may or may not be subject to the U.S. Department of Labor's Employee Retirement Income Security Act (ERISA). To the extent that SFGA provides fiduciary services to ERISA plans, SFGA acknowledges its status as a fiduciary under ERISA.
2. Retirement plan documents typically designate one or more persons, such as the plan trustee(s), to undertake fiduciary responsibility for the operation of the retirement plan. Such persons are known as Responsible Plan Fiduciaries (RPFs). Neither SFGA nor any SFGA IAR may act in the capacity of an RFP on behalf of a client's retirement plan. Pursuant to a Retirement Plan Services Agreement (RPSA), SFGA can offer the following types of services to a retirement plan. Please refer to the agreement for a more detailed description of these different types of services.
  - a. Fiduciary Services
    - Selection of Investments
    - Assessment of Investments
    - Participant Investment Advice
    - Investment Policy Statement Individually Designed
  - b. Non-ERISA Fiduciary Services
    - Investment Policy Statement Review
    - Performance Monitoring
    - Third Party Service Provider Liaison
    - Employee Enrollment
    - Employee Education
    - Vendor Review/Conversion

## **Item 5. Fees and Compensation**

### **Financial Planning Services Fees**

SFGA charges a fixed fee ranging from \$500 to \$10,000 for its financial planning services. This fee may vary from client to client depending on the complexity of the client's financial situation and financial needs and is agreed upon prior to the start of the financial planning relationship. Fees are due in advance upon execution of the Client Services Agreement. Financial planning services terminate upon presentation of the written plan. In all cases, Financial Planning Services shall be delivered to the client within 6 months of the contract date.

The agreement for financial planning services automatically terminates upon SFGA's delivery of the requested services. Prior to the delivery of the requested services, either SFGA or the client may terminate the Client Services Agreement at any time with written notice to the other. Advisor will refund promptly any unearned, prepaid fees upon the client's written request. Should the Client wish to terminate the Agreement within 5 business days after signing, no penalty will be assessed and all fees will be refunded promptly. All financial planning and consulting services requested will be provided within 6 months of the time the agreement is signed or the Client will receive a refund of unearned fees.

### **Financial Consultation Services Fees**

SFGA provides financial consultation services to clients for a fixed annual fee that ranges from \$500 to \$10,000 per year, depending on the complexity of the client's situation and nature of the client's needs. The annual fee is billed quarterly in advance with the initial payment of one-quarter of the annual fee payable at the time the contract with SFGA is entered into.

The financial consultation engagement is for a term of one year and can be renewed annually. Financial consultation services clients may seek such services at any time during the contract year. Either party may terminate the financial consultation agreement within 5 (five) business days of the date of acceptance without penalty to the client. After the five-day period, either party may terminate the agreement by providing written notice to the other party. In the event the agreement is terminated prior to the end of the contract year, the Firm will promptly refund the unearned financial consultation fees to the client upon the client's written request. Fees are deemed to be earned equally each month over the course of the contract year, with one-twelfth of the annual fee being earned each full month from the contract date.

### **Portfolio Management Services Fees**

The annual fee for portfolio management services is billed quarterly in advance based on the following tiered fee schedules and the market value of the assets (including cash balances) on the last business day of the immediately preceding quarterly period. The client's initial fee will be assessed on the same fee schedule based on the amount placed under management and then pro-rated based on the number of days remaining in the initial quarterly period that the client's portfolio was under management.

#### **Portfolios of Mutual Fund and Sub-Accounts of Non-Commissionable Variable Annuities**

##### **Portfolio Size Maximum Annual Fee**

First \$1,000,000 2.55%

Amounts over \$1,000,000 1.50%

#### **Portfolios of Sub-Accounts of Commissionable Variable Annuity and Variable Universal Life Insurance Policies**

##### **Portfolio Size Maximum Annual Fee**

First \$1,000,000 1.85%

Amounts over \$1,000,000 1.00%

(SFGA generally waives management fees for first 12 months on commissionable VA and VUL products; however, this time period may vary on a case-by-case basis and will be agreed to and specified in the client's advisory agreement.)

The engagement for portfolio management services is for a term of one year and is renewed automatically for successive one year periods unless either party provides at least 30 (thirty) days advance written notice to not renew. Either party may terminate the portfolio management services agreement within 5 (five) business days of the date of acceptance without penalty to the client. In the event the agreement is terminated prior to the end of the contract year, the Firm will promptly refund any unearned portfolio management fees to the client upon the client's written request. A refund of unearned fees will be calculated on a pro-rata daily basis following the notice of cancellation.

SFGA requests that clients authorize SFGA to bill financial consultation and portfolio management fees to the client's account. For such clients, SFGA will send the client an invoice at the same time the client's account custodian is requested to bill the client's account. The client's account custodian will also send the client statements at least quarterly showing all activity in the client's account, including the amount of the advisory fee.

### **Third-Party Investment Advisor Referral Services**

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

Since the fee for SFGA's services is paid by the independent TPIA, the fee paid to SFGA is typically 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 SFGA 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, SFGA, or the TPIA in accordance with the provisions of those agreements. The client will typically receive a pro-rated refund of any prepaid advisory fees upon termination of the advisory agreement with a TPIA, as specified in the Clients agreement with the TPIA.



### **ERISA Fiduciary and Non-Fiduciary Services Fees**

1. As previously referenced in Item 4, SFGA may provide fiduciary and/or non-fiduciary services to retirement plans (i.e., 401k, 403b, etc.). Pursuant to the Retirement Plan Services Agreement (RPSA), SFGA and RPF will select the various services to be provided along with the respective fee to be paid for such services. Fees can be structured in various ways, such as: a Management Fee based on a percentage of plan assets (not to exceed the maximum fee schedule specified in Portfolio management Services Fees above), an hourly fee, a flat rate or a rate per a participant.
2. SFGA may, with the consent of the RPF, bill for out-of-pocket expenses (such as overnight mailings, messenger, translation fees, etc.) at cost. All fees shall be paid by the RPF or the Plan (provided it is authorized in the governing Plan documents) within 30 days of delivery of invoice to RPF.
3. The Retirement Plan may also incur certain fees imposed by third parties other than SFGA in connection with investments made through an account, including among others, the following types of charges: mutual fund management fees, administration service fees, recordkeeping service fees and other service fees. Further information regarding fees assessed by a mutual fund is available in the appropriate prospectus.
4. SFGA may request a deposit to begin work on the engagement with the RPF. If this deposit for services to be rendered is more than \$500, SFGA will render services within six (6) months of the date of the agreement that equal or exceed the deposit. This process should be evidenced on billing statements for this six-month period. If such services do not equal the amount of the deposit during this six-month period, then a prompt refund of any unused portion should be refunded to you.
5. If SFGA has been engaged for ERISA fiduciary services, the compensation arrangement must be levelized. SFGAs compensation will be stipulated pursuant to the RSPA. Neither SFGA nor its IAR will directly or indirectly receive any additional compensation from investment of retirement plan assets over and above the compensation specified in the RSPA. Should SFGA or the IAR receive any such additional compensation, such as 12b-1 fees, or any other similar fee, SFGA will refund such compensation directly to an account designated by the RPF for the Retirement Plan's sole and exclusive benefit, or such amount shall be offset against SFGAs fees.

### **Other Important Information**

#### ***Termination***

With respect to any investment advisory contract signed by a client, unless the client has received the firm's disclosure brochure at least 48 hours prior to signing the investment advisory contract, the investment advisory contract may be terminated by the client within five (5) days of signing the contract without incurring any advisory fees.

#### ***Brokerage and Custodial Charges***

In addition to SFGAs investment management fees, clients are also responsible for paying certain charges imposed by unaffiliated third-parties, such as the client's broker-dealer/custodian. Such charges include, but are not limited to, custodial fees, brokerage commissions, transaction fees, asset-based pricing fees, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. For more information about SFGAs brokerage recommendations and arrangements, please refer to Item 12 of this brochure.

### ***Implementation of Financial Planning and Financial Consultation Recommendations***

Financial planning and financial consultation services are prepared and the client may be given the option of implementing certain recommendations made within the plan through SFGA or SFGAs IARs. If clients elect to have an IAR of SFGA implement the advice provided as part of the financial planning/consultation services, implementation will be made through the client's IAR in the IARs capacity as a registered representative (RR) of Independent Financial Group, LLC (IFG) 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, mutual fund 12b-1 service fees and insurance trail fees. While SFGA has policies in place that endeavor to at all time to put the interest of the clients first as a part of SFGAs 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. Investment advisory clients are under no obligation to purchase from their SFGA 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.

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

### ***Mutual Fund and Other Internal Investment Charges***

When recommending mutual funds in its portfolio management service, SFGA 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. Variable annuities also incur a variety of fees, including management fees, mortality and expense (M&E) fees, administrative fees and rider charges, which are also paid from the value of the client's investment and thus indirectly paid by the client and are in addition to the client's portfolio management fee. Clients are encouraged to read the prospectuses of any Funds and variable annuities which are placed under management for a more complete explanation of these fees and expenses.

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.

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

### ***Tax Consequences of Transactions***

Clients are advised that any redemptions and exchanges between Funds and other securities transactions in the clients portfolio management account might have tax consequences, which clients should discuss with their independent tax advisor.

### ***Negotiability of Fees***

All fees may be negotiable in certain circumstances. In addition, affiliated persons of SFGA and family members and personal acquaintances of SFGAs affiliated persons may receive advisory services at a discounted rate which is not available to advisory clients generally.

SFGA believes its fees are competitive with fees charges by other investment advisers for comparable services, but clients are advised that comparable services may be available from other sources for lower fees than those charged by SFGA.

***Investments Available without SFGAs Services***

With certain exceptions, you can purchase shares of Funds and other investments outside of your Investment Management account without paying for and receiving the benefit of SFGAs management services which are designed, among other things, to assist the client in determining which fund or funds are most appropriate to the client's financial condition and objectives. 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 SFGAs management fee charged over time. Accordingly, the client should review both the fees charged by the funds and the fees charged by SFGA to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided. While SFGA believes its fees are competitive with fees charges by other investment advisors for comparable services, comparable services may be available from other sources for lower fees than those charged by SFGA.

***Changes to Financial Status***

Clients may consult with SFGA at any time concerning their account. Every client is urged to notify SFGA as soon as is practicable of changes in financial status or goals, as these types of changes may affect our recommendations.

***No Legal or Tax Advice***

SFGA does not render legal or accounting services. Our services may involve the review of planning and financial projections/assumptions by legal and accounting advisors. While we can coordinate the communication with these advisors, any billings by Client's other professional advisors are Client's responsibility.

***Verification of and Reliance on Client's Information***

In performing its services, SFGA shall not be required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information.

***No Assignment***

Neither SFGA nor the client may assign the client's agreement without written consent of the other party.

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

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

**Item 7. Types of Clients**

SFGA provides services to individuals, high net worth individuals, trusts, estates, charitable organizations, corporations, and other business entities

SFGA does not impose a minimum level of assets under management that clients' portfolios must meet, but generally recommends that clients have at least \$50,000 under management to allow for proper diversification of their account.

Minimum account sizes for TPIA referral programs vary and are disclosed in their respective disclosure materials.

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

### **Methods of Analysis and Investment Strategies**

In the management of client accounts, SFGA primarily uses a tactical asset allocation approach involving long- and short-term (i.e. holding periods less than one year) purchases of no-load and load waived mutual funds and other investment company securities.

SFGAs investment strategy embraces the tactical reallocation of client accounts based on changing market conditions and utilizes several different asset categories, such as stocks, bonds and cash, in the effort to enhance risk-adjusted returns. SFGAs methodology is designed to provide personalized and diversified investment recommendations that take into consideration time to retirement, risk tolerance, and other personal circumstances.

SFGAs methods of analysis may include fundamental analysis, technical analysis and cyclical analysis. The risk of technical analysis is that historical price movements may not accurately predict future price movements. This view is supported by the efficient market theory which states that the current price of a security reflects all currently known information about the security and that day to day changes in price are random and not predictable. The risk of fundamental analysis is that information obtained to evaluate a specific security may be inaccurate and the resulting analysis may provide an inaccurate estimate of earnings and stock value. The reaction of a stock's price to corrected information may result in unfavorable performance. The risk associated with cyclical analysis is that economic and business cycles, and their resulting effect on securities prices, may not be predictable and regular.

The main sources of information SFGA uses include financial newspapers and magazines, research materials prepared by others, as well as press releases. In selecting specific funds, SFGA considers ratings and recommendations provided by third-party sources, fund availability, the fund's expense ratio, investment style, past performance, and an evaluation of the fund's management.

### **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 arise to clients due to the types of securities that are recommended to or purchased for clients or the investment strategies used by SFGA:

Following are the types of risk that may arise to clients due to the types of securities that are recommended to or purchased for clients or the investment strategies used by SFGA:

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.

Liquidity Risk – the risk associated with the ease of being able to quickly convert the value of a security into an equivalent amount of cash. For example, money market funds are readily convertible (liquid) while certain limited partnership units or real estate are not.

Financial Risk – the risk to specific companies' future earnings due to their use of debt. Companies that borrow money must pay it back at some future date, plus the interest charges. This increases the uncertainty about the company because it must have enough income to pay back this amount at some time in the future.

Exchange Rate (Currency) Risk – the risk that investors in foreign investments may be subject to different exchange rates at the time they wish to convert investment proceeds back to their home currency. If exchange rate risk is high, even though substantial profits may have been made in the foreign markets, a less favorable exchange rate may reduce or eliminate these profits.

Country (Political) Risk – the risk that a major change in the political or economic environment of a foreign country may devalue investments made in that country. This risk is usually restricted to emerging or developing countries that do not have stable economic or political environments.

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.

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.

The specific risks associated with TPIA programs are disclosed in the TPIAs disclosure brochure.

SFGA does not represent, warrant, or imply that the services or methods of analysis employed by the Firm can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

### **Item 9. Disciplinary Information**

SFGA 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**

### **Management Persons' affiliation with IFG**

Herbert Shiraishi and Jason Wong (Management Persons) and other IARs of SFGA are registered representatives (**RRs**) with Independent Financial Group, LLC (IFG), a broker-dealer and member of FINRA. IFG and SFGA are not affiliated. In their capacity as IFG RRs, Management Persons and other IARs may offer clients certain securities products provided by IFG. See Item 5 above for more information about this affiliation, including conflicts of interest.

### **Management Persons' affiliation with Insurance Companies**

Management Persons and other SFGA IARs are also licensed insurance agents appointed with various insurance companies. Herbert Shiraishi is also President and principal owner of SFG, Ltd., a business established to conduct life, health and accident insurance related activities in Hawaii. As licensed insurance agents, Management Persons and other SFGA IARs may offer investment advisory clients the option to purchase life, long-term care and other insurance products through him. If a client purchases insurance products through them, they will receive commissions and related compensation, such as insurance trail fees as a result of the sale. Clients are advised that their receipt of compensation from such recommendations can give these individuals an incentive to recommend products based on the compensation received, rather than on the needs of the client.

Clients should be assured that, as required by SFGAs Code of Ethics, Herbert Shiraishi, Jason Wong and other SFGA IARs make every effort to recommend securities and insurance products that are most appropriate for the client, without consideration of compensation arrangements. Clients are under no obligation to purchase recommended securities or insurance products through SFGA IARs and may purchase such products through the broker-dealer or insurance agency of their choice. See ***"Implementation of Financial Planning and Financial Consultation Recommendations"*** under Item 5 above for more information about SFGA IARs' commissionable securities and insurance activities, including conflicts of interest.

### **TPIAs**

Because SFGA 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, SFGA 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. SFGA requires that TPIAs are recommended based on their interest of the client regardless of the amount of compensation earned. SFGA 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.

### **Additional Information**

No SFGA management persons are registered, or have applications pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

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

### **Code of Ethics**

SFGA 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 SFGA 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 associated person of SFGA shall prefer their own interests to those of advisory clients and, among other things, prohibits the use of material non-public information. A copy of SFGAs Code is available upon written request.

### **Participation or Interest in Client Transactions**

At times, SFGA and/or its associated persons may take positions in the same securities as clients, and in all such cases will seek to avoid conflicts with clients. As the firm typically only manages mutual funds and variable insurance product sub-accounts, the potential for conflicts with clients is minimized.

## **Item 12. Brokerage Practices**

### **Recommendation of IFG/Pershing and/or AAS for Custody and Brokerage Services**

SFGA requires that a client in need of brokerage and custodial services direct it to utilize IFG and Pershing LLC (Pershing), the clearing firm for IFG and/or Axos Clearing LLC, operating under the tradename of Axos Advisor Services (AAS). As disclosed previously in this document, IARs of SFGA are also Registered Representatives (RRs) of IFG, a broker/dealer and FINRA member firm.

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

In order to fulfill these obligations, IFG 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 and AAS are on IFG list of approved brokerage/custodial firms.

Clients should be aware of the following important facts regarding SFGAs exclusive use of IFG/Pershing and AAS:

- This limitation on the use of broker-dealers may affect SFGAs 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.

While SFGA does not have a formal soft dollar arrangement with any broker-dealer, it does receive certain benefits from its relationships with IFG/Pershing and AAS. These benefits are not contingent on the number of accounts, number of transactions or amount of revenue to these firms. IFG/Pershing and AAS 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.

Clients are advised there is an incentive for SFGA and its IARs to recommend a broker/dealer 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, SFGA does not have the authority or ability to negotiate commissions or obtain volume discounts on behalf of any client accounts.

### **Important Information Concerning Recommended Broker-Dealer/Custodian**

SFGAs clients must evaluate any recommended broker-dealer and/or custodian, including IFG/Pershing and AAS, before opening an account. The factors considered by SFGA when making brokerage and/or custodial recommendations are the firm's ability to provide professional services, SFGAs experience with the firm, the firm's reputation, and the firm's quality of execution services and costs of such services, among other factors.

### **TPIA Brokerage Practices**

TPIAs recommended by SFGA have their own brokerage practices that are available for review in their respective disclosure brochures.

### **Item 13. Review of Accounts**

Reviews for financial planning clients are conducted by the client's assigned IAR upon client request. Since the client's agreement for financial planning services terminates upon delivery of the requested services, request for new services, including reviews, are subject to a new client services agreement. The financial consultation client's IAR will meet with the client to review their account, either in person, over the phone or in writing, or any combination of these, at least annually or more often should the client so desire. During each contact, the client's account is reviewed with them to make sure that is continuing to meet the client's objectives. Investment Management client accounts are reviewed by the assigned IAR on an ongoing basis, as economic, market and other situations may warrant.

Clients are provided statements from their selected custodian that reflect all account activity, including SFGA management fee billing, and are responsible for verifying the accuracy of the fees and charges by the custodian and/or SFGA.

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

IARs of SFGA, acting in their capacity as Registered Representatives of IFG may receive 12b-1 fees in connection with investments in certain mutual funds. Please see Item 5 above for more information.

### **Item 15. Custody**

Except for the direct billing of fees to client accounts, SFGA does not have any arrangements by which it accepts or undertakes custody of clients' funds or securities.

Clients' funds and securities are always held with a qualified custodian, such as IFG/Pershing or AAS, who provides account statements at least each calendar quarter. The account statement, which clients should review carefully, shows the amount of SFGAs management fees that are deducted from their account during the period covered by the statement.

### **Item 16. Investment Discretion**

SFGA generally requires clients to provide SFGA with written authority to buy, sell, trade and allocate in and among mutual funds and/or sub-accounts of variable insurance contracts (including variable annuities and variable life insurance) both initially and on an ongoing basis without obtaining the client's specific consent prior to each transaction. This discretionary authorization is limited to the placing of transactions in the clients account.

### **TPIAs**

TPIAs generally take discretionary authority to determine the securities to be purchased and sold for the client. Neither SFGA nor its IARs will have any trading authority with respect to client's managed account with the TPIA.

### **Item 17. Voting Client Securities**

SFGA 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. Clients are responsible for voting all of their own proxies.

### **Item 18. Financial Information**

SFGA does not require or solicit the prepayment of any fees more than six months in advance of services rendered. Additionally, SFGA does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. SFGA has not been the subject of a bankruptcy petition at any time.