

**Form ADV Part 2A**

**Scheller Financial Services, Inc.**

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This brochure provides information about the qualifications and business practices of Scheller Financial Services, Inc. If you have any questions about the contents of this brochure, please contact us at (503) 297-5288. 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 Scheller Financial Services, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## **ITEM 2 – MATERIAL CHANGES**

Not applicable. “Item 2 – Material Changes” is only required for annual amendments for Form ADV Part 2A. This is a subsequent amendment to the Scheller Financial Services, Inc.. Form ADV Part 2A annual amendment filed in March, 2011.

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## ITEM 4 – ADVISORY BUSINESS

Scheller Financial Services, Inc (“the Firm”) is a registered investment adviser that provides financial planning and investment counseling services to individuals, corporations, small businesses, 401(k), pensions and profit sharing plans, estates and trusts. The firm provides comprehensive financial planning to clients. This includes the five areas of financial planning, which are Protection, Estate Planning, Income Tax Planning, Retirement Income Planning and Investment Planning.

We have been an SEC registered Investment Adviser since 1990 and manage, as of 12/31/10 \$25,760,733.00 of assets on a discretionary basis and \$7,747,750.00 on a non discretionary basis.

We offer two levels of “Asset Management”, which are explained as follows:

### **BASIC ASSET MANAGEMENT PROGRAM**

The Scheller Financial Services “Basic Asset Management Program” is fee based. On a quarterly basis, the advisor will review all account positions and advise client of recommended actions. Client will receive an account statement from advisor outlining rate of return for previous quarter along with plan of action. Advisor will not work on a discretionary basis. The Firm has discretionary authority on some but not all accounts. In other words, only with prior written authorization will we place any trades, including sells, purchases or exchanges without getting the permission of the client first on non-discretionary accounts.

Investor assets to be monitored by the advisor shall at all times be in physical possession by an independent transfer agent, mutual fund company or brokerage account.

### **ACTIVE ASSET MANAGEMENT PROGRAM**

The Scheller Financial Services “Active Asset Management Program” is fee based. At the discretion of the advisor, all, or a portion of the investor’s assets under the “Advisory Agreement” are (may be) periodically repositioned. The advisor reserves the right to utilize outside advisory firms to administer accounts.

Investor assets to be monitored by the advisor shall at all times be in physical possession by an independent transfer agent, mutual fund company or brokerage account.

Each of our Investment Advisor Representatives may offer all or any combination of the advisory programs described below to our clients (“you”).

### **VISION2020 WEALTH MANAGEMENT PLATFORM – ADVISOR MANAGED PORTFOLIOS PROGRAM**

The Wealth Management Platform – Advisor Managed Portfolios Program (“Advisor Managed Portfolios”) provides comprehensive investment management of your assets through the application of asset allocation planning software as well as the provision of execution, clearing and custodial services through Pershing, LLC (“Pershing”).

Advisor Managed Portfolios provides risk tolerance assessment, efficient frontier plotting, fund profiling and performance data, and portfolio optimization and re-balancing tools. Utilizing these tools, and based on your responses to a risk tolerance questionnaire (“Questionnaire”) and discussions that we have together regarding, among other things, investment objective, risk tolerance, investment time horizon, account restrictions, and overall financial situation, we construct a portfolio of investments for you. This portfolio may consist of mutual funds, exchange traded funds, equities, options, debt securities, variable life, variable annuity sub-accounts (certain restrictions may apply) and other investments.

Each portfolio is designed to meet your individual needs, stated goals and objectives. Additionally, you have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

**For further Advisor Managed Portfolios details, please see the Advisor Managed Portfolios Wrap Fee Program Brochure. We provide this brochure to you prior to or concurrent with your enrollment in Advisor Managed Portfolios. Please read it thoroughly before investing.”**

### **VISION2020 WEALTH MANAGEMENT PLATFORM – MODEL PORTFOLIOS PROGRAM**

The Wealth Management Platform - Model Portfolios Program ("Model Program") offers Clients managed asset allocation models ("Asset Allocation Models") of mutual funds or exchange traded funds ("ETFs") diversified across various investment styles and strategies. The Asset Allocation Models are constructed by managers ("Program Managers") such as Russell Investment Management Company, ICON Advisers, Inc. and Morningstar Associates, LLC.

Based upon the risk tolerance of each Client, the Model Program utilizes a system that selects a specific Asset Allocation Model which may contain either 1) a combination of mutual funds or 2) a combination of exchange traded funds ("ETFs") depending on which Program Manager is used. Together, we will select a recommended Asset Allocation Model. After the Asset Allocation Model is chosen, we, with the assistance of the Model Program sponsor, will open a Model Program account. Your assets will be invested in the specific investments contained within the recommended Asset Allocation Model. You have the opportunity to place reasonable restrictions on investments held within the Model Program account.

**For further Model Program details, including a full list of Program Managers, please see the Model Program Wrap Fee Program Brochure. We provide this brochure to you prior to or concurrent with your enrollment in the Model Program. Please read it thoroughly before investing.**

### **VISION2020 WEALTH MANAGEMENT PLATFORM – SMA AND UMA PROGRAM**

The Wealth Management Platform – SMA and UMA Account Program ("Wealth Managed Account Program" or "WMA") provides you with the opportunity to invest your assets across multiple investment strategies and asset classes by implementing an asset allocation strategy. WMA is a Wrap Account program that offers these advisory services along with brokerage and custodial services for a single, asset-based, advisory fee.

We will present you with a WMA asset allocation model ("WMA Model") for your approval which will consist of: 1) third party money managers ("WMA Managers") who will manage your WMA account according to a particular equity or fixed income model or strategy, or 2) no-load mutual funds ("Funds"), or 3) exchange traded funds ("ETFs") or any combination thereof (individually or collectively, "WMA Investments"). WMA Investments will be managed according to the selected WMA Model. WMA Investments are held within a separately managed account or a series of separately managed accounts (collectively, "SMA Account") or in one, unified managed account ("UMA Account").

We will suggest a WMA Model to you based on your responses to a risk tolerance questionnaire ("Questionnaire") and discussion that we have together regarding among other things, investment objective, risk tolerance, investment time horizon, account restrictions, and overall financial situation. In addition, you have the opportunity to place reasonable restrictions on investments held within your WMA account.

**For further WMA details please see the WMA Wrap Fee Program Brochure. We provide this brochure to you prior to or concurrent with your enrollment in WMA. Please read it thoroughly before investing.**

### **VISION2020 ADVISOR PROGRAM**

We offer the VISION2020 Advisor Program ("V2A") which provides comprehensive investment management of your assets through the application of asset allocation planning software as well as the provision of execution, clearing and custodial services through Pershing.

V2A provides risk tolerance assessment, efficient frontier plotting through a transaction review process, fund profiling and performance data, and portfolio optimization and re-balancing tools. Utilizing these tools, and based on your responses to a risk tolerance questionnaire ("Questionnaire") and/or discussions that we have together regarding among other things, investment objective, risk tolerance, investment time horizon, account restrictions, and overall financial situation, we construct and rebalance a portfolio of investments for you. This portfolio may consist of mutual funds, exchange traded funds, equities, options, debt securities, variable life, and/or variable annuity sub-accounts (certain restrictions may apply) or other investments.

Each portfolio is designed to meet your individual needs, stated goals and objectives. Additionally, you have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

**For further V2A details, please see the V2A Wrap Fee Program Brochure. We provide this brochure to you prior to or concurrent with your enrollment in V2A. Please read it thoroughly before investing.**

### **THIRD PARTY ADVISORY SERVICES**

We offer our clients the services of various third party investment advisors ("Third-Party Advisory Services") for the provision of certain investment advisory programs including mutual fund wrap and separately managed account programs.

*If you are interested in learning more about any of these services, please note that a complete description of the programs, services, fees and payment structure, and termination features is available via the applicable Third Party Advisory Service's disclosure brochures, investment advisory contracts, and account opening documents.*

In connection with these arrangements, we will provide assistance in the selection and ongoing monitoring of a particular Third-Party Advisory Service. Factors that we consider in the selection of a particular third-party advisor may include but may not be limited to: i) our assessment of a particular Third-Party Advisory Service; ii) your risk tolerance, goals, objectives and restrictions, as well as investment experience; and, iii) the assets you have available for investment.

You should know that the services provided by us through the use of Third-Party Advisory Services are under certain conditions directly offered by them to you. The fees charged by Third-Party Advisory Services who offer their programs directly to you may be more or less than the combined fees charged by the Third Party Advisory Service and us for our participation in the investment programs. However, when using the services of Third-Party Advisory Services directly, you do not receive our expertise in developing an investment strategy, selecting a Third-Party Advisory Service, monitoring the performance of your account and changing a Third-Party Advisory Service provider when appropriate.

### **FINANCIAL PLANNING**

Scheller Financial Services through its Investment Advisory Representatives may provide a variety of financial planning services to individuals or families regarding the management of their financial resources, based upon an analysis of the clients needs. Such financial planning services will involve preparing a financial plan (which may or may not be detailed in writing), for clients after analysis of the client's financial circumstances and objectives. This client information normally covers present and anticipated assets and liabilities including insurance, savings, investments, real estate, and anticipated retirement or other employee benefits.

Upon a complete analysis of all required documents the advisor will develop a financial plan for the client with recommendations based upon the client's investment objectives and risk tolerance. Clients who receive financial planning services may also purchase Securities through SagePoint Financial and/or insurance products through Scheller Financial Services, Inc. Investment Advisory Representatives may receive commissions as FA's of SagePoint or Insurance agents in connection with such transactions or may receive fee based compensation for providing ongoing advice. Clients are under no obligation to purchase product recommended by an Investment Advisory Representative through Scheller Financial Services or its affiliates.

## **ITEM – 5 FEES AND COMPENSATION**

Scheller Financial Services offers two management programs, (Active) and (Basic) as described in item 4. The following program fee schedules apply all methods of management found under Item 5.

### **ACTIVE ASSET MANAGEMENT PROGRAM**

<u>Assets Under Management</u>	<u>Up to a Maximum</u>	<u>Annual Fee</u>
\$ 0 to \$100,000		2.25%
\$100,001 to \$350,000		1.75%
\$350,001 to \$1,000,000		1.25%
over \$1,000,000		1.00%

The total fee is accumulated from each rate band. As an example, a total account size of \$400,000 would be billed 2.25% the first \$100,000, 1.75% on the assets from \$100,001 to \$350,000 and 1.25% on the remaining \$50,000.

Clients may also be charged an agreed upon fee based on services rendered. Fee may also be negotiable and can be based upon an hourly rate, or on an annual agreed upon retainer amount.

Fees are assessed directly to investor's assets held under the "Asset Management Agreement" or to a Money Market account established as a "Billing Account."

Any and all commissions and/or 12 b1 fees received by the investment advisor will be fully credited against that client's investment management fees for ERISA accounts, or simply applied as a credit to their respective account balances.

The investor may terminate the "Advisory Agreement" anytime once written notice of termination is received. The investor shall continue to incur Advisory Fees until such notice is received and until subsequent termination takes place. On the termination date, advisor shall complete the outstanding obligations and commitments made by it on behalf of the investor. Client will be responsible for payment of advisory fees incurred up to the date termination is received.

#### Authorization of Limited Discretion:

A participating investor will need to authorize the adviser to effect exchanges on a discretionary basis in investor's present/future holdings within the designated group(s). Adviser must also be given authority to convert to and continue utilizing, any mutual fund group.

The advisory fee will be assessed separately and independent of any and all other investment management services. For instance, there should be a completely independent fee for advisory fees charged by SFS even though the client may also have other accounts managed under other investment advisory programs also involving SFS like Genworth Wealth Management, BTS Asset Management, Curian Capital, Hanlon Investment Management etc. SFS may, however, make adjustments from time to time to reduce the management fee charged to the client at its (SFS) discretion.

#### **BASIC ASSET MANAGEMENT PROGRAM**

Assets Under Management	Up to a Maximum	Annual Fee
\$0 to \$250,000		1.20%
Over 250,000		1.00%

The total fee is accumulated from each rate band. As an example, a total account size of \$400,000 would be billed 1.20% the first \$250,000, 1 and 1.00% on the remaining \$200,000.

Clients may also be charged an agreed upon fee based on services rendered. Fee may also be negotiable and can be based upon an hourly rate, or on an annual agreed upon retainer amount.

When investments placed under the "Basic Asset Management Program" incur a sales cost, wherein a commission is paid to the representative, a credit equal to the commission received will be credited against any advisory fee. Such credit will be applied to the then current advisory fee and remain a credit until exhausted. Fees are assessed directly to investor's assets held under the "Asset Management Agreement" or to a Money Market account established as a "Billing Account."

Any and all commissions and/or 12 b1 fees received by the investment advisor will be fully credited against that client's investment management fees for ERISA accounts, or simply applied as a credit to their respective account balances.

The investor may terminate the "Advisory Agreement" anytime once written notice of termination is received. The investor shall continue to incur Advisory Fees until such notice is received and until subsequent

termination takes place. On the termination date, advisor shall complete the outstanding obligations and commitments made by it on behalf of the investor. Client will be responsible for payment of advisory fees incurred up to the date termination is received.

#### **VISION2020 WEALTH MANAGEMENT PLATFORM – ADVISOR MANAGED PORTFOLIOS PROGRAM**

We offer Advisor Managed Portfolios with separate advisory fees and transaction charges ("Non-Wrap Account"). As such, in addition to the quarterly account fee described below for advisory services, you will also pay separate per-trade transaction charges.

We may also offer Advisor Managed Portfolios as an account where no separate transactions charges apply and a single fee is paid for all advisory services and transactions ("Wrap Account").

You will pay a quarterly account fee, in advance, based upon the market value of the assets held in your account as of the last business day of the preceding calendar quarter. Your account fees are negotiable and will be debited from your account by our custodian. You will receive a full account fee refund in the event that you terminate your client agreement with us within five business days of signing. If you terminate after the first five days, the account fee will be credited back to you on a pro-rata basis for the unused portion of the quarter.

Additional, ancillary fees may apply. Please see the Advisor Managed Portfolios Wrap Fee Program Brochure for further details.

#### **VISION2020 WEALTH MANAGEMENT PLATFORM – MODEL PORTFOLIOS PROGRAM**

We offer the Model Program as an account where no separate transactions charges apply and a single fee is paid for all advisory services and transactions ("Wrap Account").

You will pay a quarterly account fee, in advance, based upon the market value of the assets held in your account as of the last business day of the preceding calendar quarter. Your account fees are negotiable and will be debited from your account by our custodian. You will receive a full account fee refund in the event that you terminate your client agreement with us within five business days of signing. If you terminate after the first five days, the account fee will be credited back to you on a pro-rata basis for the unused portion of the quarter.

Additional, ancillary fees may apply. Please see the Model Program Wrap Fee Program Brochure for further details.

#### **VISION2020 WEALTH MANAGEMENT PLATFORM – SMA AND UMA PROGRAM**

We offer WMAP as an account where no separate transactions charges apply and a single fee is paid for all advisory services and transactions ("Wrap Account").

You will pay a quarterly account fee, in advance, based upon the market value of the assets held in your account as of the last business day of the preceding calendar quarter. Your account fees are negotiable and will be debited from your account by our custodian. You will receive a full account fee refund in the event that you terminate your client agreement with us within five business days of signing. If you terminate after the first five days, the account fee will be credited back to you on a pro-rata basis for the unused portion of the quarter.

Additional, ancillary fees may apply. Please see the WMAP Wrap Fee Program Brochure for further details.

#### **VISION2020 ADVISOR PROGRAM**

We offer V2A as an account billed with separate advisory fees and transaction charges ("Non-Wrap Account"). As such, in addition to the quarterly account fee described below, you will also pay separate per-trade transaction charges. Please see the V2A Wrap Fee Program Brochure for a complete list of transaction charges.

We may also offer V2A as an account where no separate transactions charges apply and a single fee is paid for all advisory services and transactions ("Wrap Account").

You will pay a quarterly account fee, in advance, based upon the market value of the assets held in your account as of the last business day of the preceding calendar quarter. Your account fees are negotiable and will



be debited from your account by our custodian. You will receive a full account fee refund in the event that you terminate your client agreement with us within five business days of signing. If you terminate after the first five days, the account fee will be credited back to you on a pro-rata basis for the unused portion of the quarter.

Additional, ancillary fees may apply. Please see the V2A Wrap Fee Program Brochure for further details.

### **THIRD PARTY ADVISORY SERVICES**

Compensation in connection with Third Party Advisory Services generally consists of five elements: i) management fees paid to Third Party Advisory Services ii) management fees paid to us as outlined below iii) transaction costs – if applicable – which may be paid to purchase and sell such securities; iv) custody fees; v) revenue sharing compensation paid to SagePoint Financial, Inc. (“SagePoint”) the securities broker-dealer to which members of our Firm are associated with; and vi) fees paid to SagePoint for administrative and supervisory services.

For more complete fee details, please see the applicable Third Party Advisory Service’s disclosure brochures, investment advisory contracts, and account opening documents. Please see below for our fee schedule:

### **FINANCIAL PLANNING**

On an hourly basis, ranging from \$265 to \$1,000 per hour, depending on the nature and complexity of each client’s circumstances and are negotiable. An estimate for total hours will be determined at the start of the advisory relationship.

50% of the estimated fee will be due upon signing the advisory agreement, with the balance (based on actual hours) due upon presentation of the plan to the client. Typically the financial plan will be presented to the client within 90 days of the contract date, provided that all information needed to prepare the financial plan has been promptly provided by the client.

### **CONSULTING FEES**

Fees for specific administrative and consulting services that will be billed at an hourly rate of \$265 to \$1,000 per hour, upon mutual agreement with the clients, and shall be due and payable as earned.

### **REFUND AND TERMINATION POLICY**

Client may terminate the agreement at any time and a refund of the unearned fees will be made based on the time and efforts expended by the adviser before termination with the exception that a full refund of any fees paid will be made if the contract is terminated within five (5) business days of signing the agreement. This service terminates upon presentation of the plan.

### **ADDITIONAL FEES AND EXPENSES:**

Mutual fund investments in the programs that we offer are no-load or load at NAV. Your mutual fund investments may be subject to early redemption fees, 12b-1 fees and mutual fund management fees as well as other mutual fund expenses. These fees are in addition to the fees and expenses referenced above. Please review the mutual fund prospectus for full details.

Variable annuity companies generally impose internal fees and expenses on your variable annuity investment, including contingent deferred sales charges and early redemption fees. In addition, variable annuity companies generally impose mortality charges of approximately 1.25% annually. These fees are in addition to the fees and expenses referenced above. Complete details of such internal expenses are specified and disclosed in each variable annuity company’s prospectus. Please review the Variable Annuity prospectus for full details.

In addition to the per-trade transaction charges referenced above, you will also be subject to per-trade confirmation fees as disclosed on your trade confirmation (typically \$4.00 per trade) and an additional fee of \$1.50 for each trade confirmation that you do not elect to receive electronically. You may also be subject to an additional, per-trade transaction charge on the selling of certain securities as disclosed on your trade confirmation (generally less than \$1.00 on trades of \$50,000 or less). These fees are not shared with us but are transaction charges paid to SagePoint and our custodian. Please see Item 10 which explains our relationship with SagePoint.

There are additional fees relating to IRA and Qualified Retirement Plan accounts that you may incur such as maintenance and termination fees. You will find these fees disclosed in the account application paperwork provided to you associated with these accounts.

You may be charged an additional fee of \$1.50 for each trade confirmation that you do not elect to receive electronically. You may also be subject to an additional, per-trade transaction charge on the selling of certain securities as disclosed on your trade confirmation (generally less than \$1.00 on trades of \$50,000 or less). These fees are not shared with us but are transaction charges paid to SagePoint and our custodian. Please see Item 10 which explains our relationship with SagePoint.

There are additional fees relating to IRA and Qualified Retirement Plan accounts that you may incur such as maintenance and termination fees. You will find these fees disclosed in the account application paperwork provided to you associated with these accounts.

All should include (delete references to insurance if not applicable):

In addition to providing advisory services, our Advisory Representatives will likely also sell you securities products and other investment and insurance products in their capacity as registered representatives of SagePoint and as licensed insurance agents. We will receive additional compensation in connection with this activity and the amount of compensation will depend on the type of product purchased. We will have a greater financial incentive to sell certain products as opposed to others (for example, in the case of mutual funds those that have a higher 12b-1 fee than others). While our security sales are reviewed for suitability by an appointed supervisor, you should be aware of the incentives we have to sell certain securities products and are encouraged to ask us about any conflict presented.

Please be aware that you are under no obligation to purchase products or services recommended by us or members of our Firm in connection with providing you with any advisory service that we offer.

#### **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Not applicable. We do not charge performance-based fees.

#### **ITEM 7: TYPES OF CLIENTS**

Most of the Firm's clients are either about to retire or are already retired individuals. We have many clients who have been with the firm for 20 to 25 years. Any client who has a financial, tax or investment problem, or who wishes to plan prudently for their financial future is likely going to benefit the most from our services.

#### **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

##### **METHODS OF ANALYSIS, SOURCES OF INFORMATION, AND INVESTMENT STRATEGIES**

We do not use technical analysis or charting. We do use a fundamental approach, such as economic conditions, earnings, industry outlook, politics (as it relates to investments) historical data, price-earnings ratios, dividends, interest rates, company management and tax benefits. We are not a mutual fund manager. The primary independent companies that we may utilize in researching investments are Morningstar, Inc. and Valueline, Inc. We attempt to select client's investments to harmonize with their financial objectives.

The Firm continually adapts its investment recommendations to market conditions and individual client needs. Decades of experience have shown that no one approach works at all times for all clients. Generally, the Firm holds securities in taxable client accounts for over one year, but, when appropriate, may sell to capture a large gain or harvest a tax loss. We do not typically recommend margin transactions for clients except in special circumstances and at a client's specific request. We may occasionally execute option transactions at the request of a client, but we currently do not employ options or other derivatives in accounts we manage.

#### **ITEM 9: DISCIPLINARY INFORMATION**

This section provides information regarding a settled customer dispute where allegations were made towards a “Managing Person” of the Scheller Financial Services, Inc. on July 28, 2003. Allegations included the alleged breach of duty, negligence, misrepresentations, omissions, unsuitability and violations of the Oregon Securities Act. In summation the allegations are without proof and, In fact are contrary to the actual events and circumstances. Claim was settled to avoid cost of protracted litigation. Settlement should not be deemed an admission of guilt or liability.

#### **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

All representatives of our firm that provide advice to you (“Advisory Representatives”) are associated with SagePoint Financial, Inc. (“SagePoint”) as Registered Representatives. SagePoint is a diversified financial services company registered with the Financial Industry Regulatory Authority (“FINRA”) as a broker-dealer engaged in the offer and sale of securities products. Our Advisory Representatives may recommend the purchase of securities offered by SagePoint. If you purchase these products through them, they will receive normal commissions which may be in addition to customary advisory fees. As such, Advisory Representatives may have an incentive to sell you commissionable products in addition to providing you with advisory services. Alternatively, an advisory representative may have an incentive to forego providing you with advisory services when appropriate, and instead recommend the purchase of commissionable investments, if they deem that the payout for recommending the purchase of these investments would be higher than providing management advice on these products for an advisory fee. Therefore, a conflict of interest may exist between their interests and your best interests.

While our security sales are reviewed for suitability by an appointed supervisor, you should be aware of the incentives we have to sell certain securities products and are encouraged to ask us about any conflict presented.

Please be aware that you are under no obligation to purchase products or services recommended by us or members of our Firm in connection with providing you with any advisory service that we offer.

#### **ITEM 11: CODE OF ETHICS**

We have adopted a Code of Ethics (the “Code”) to address securities-related conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes our policies and procedures developed to protect your interests in relation to the following topics:

- The duty at all times to place your interests first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the Code and to avoid any actual or potential conflict of interest or any abuse of an employee’s position of trust and responsibility;
- The fiduciary principle that information concerning the identity of your security holdings and financial circumstances are confidential; and
- The principle that independence in the investment decision-making process is paramount.

We will provide a copy of the Code to you or any prospective client upon request.

We may recommend securities to you or buy or sell securities for your account at or about the same time we may buy or sell the same securities in our own account. As such, there may be instances where our interests may appear to be placed ahead of yours. To mitigate this conflict, our firm policy prohibits us from receiving a better price on our order, if you and us invest in the same security on the same side of the market on the same day.

#### **ITEM 12: BROKERAGE PRACTICES**

As described in Item 10, our Advisory Representatives are also Registered Representatives of SagePoint, a FINRA registered broker-dealer. In order to meet its FINRA supervisory obligations, SagePoint requires that all investment advisory activities that we conduct be processed through SagePoint's clearing relationships with Pershing LLC ("Pershing"). As a result, we do not have the discretion to choose the broker-dealer or commission rates to be paid. However, we do believe that Pershing's blend of execution services, commission and transaction costs as well as professionalism will allow us to seek best execution and competitive prices.

In connection with the provision of Third Party Advisory Services, our choice of custodian will be limited to those choices offered by the Third Party Advisory Service.

We may aggregate your orders with those of other clients in a bunched trade or trades when securities are purchased or sold. For each account that we include in the bunched trade, we must reasonably believe that the bunched order is consistent with our duty to seek best execution and may benefit you and each client participating in the aggregated order. The average price per share of each bunched trade is allocated to each account that participates in the bunched trade. Accounts that participate in the same bunched trade are charged transaction costs, if applicable, in accordance with their advisory contracts.

If a bunched order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation. Partial fills will be allocated in a way that does not consistently advantage or disadvantage particular client accounts and are generally filled pro-rata among participating accounts.

## **ITEM 13: REVIEW OF ACCOUNTS**

### **REVIEW OF ACCOUNTS**

The Firm's financial advisors and compliance officer continuously monitor accounts to identify and correct any transaction or valuation errors, and to implement investment strategies that serve each client's investment objectives. At a minimum, a review is conducted the day of and the day after any securities transaction in an account and after the end of each month. After the end of each month, the compliance officer reviews account statements and all investment professionals review investment performance, which is tracked quarterly for each advisory account. More frequent account reviews are triggered by such factors as: a) awareness of a material change in a client's circumstances or investment objectives, b) significant changes in market conditions, c) changes in the portfolio manager's assessment of a security held in an account, and d) divergence of an account's investment performance from management's expectations. The Firm holds approximately (538) accounts for which it provides investment supervisory services. Three investment professionals have review responsibility for these accounts.

### **REPORTS TO CLIENTS**

The Firm arranges for its clearing firm, Pershing LLC, to furnish clients with confirmations of trades or debit/credit advice promptly after completion of any portfolio transaction for which the Firm has placed an order. The confirmations detail the principal amount, any commissions, and any SEC fees for each transaction. In addition, the Firm arranges for each client and/or client designated representative to receive monthly account statements showing the activity in each of the client's accounts and the market value of each security in the accounts. The Firm, upon request, may provide additional reports showing the industry and sector diversification of a portfolio, the cost basis of securities held, realized capital gains and losses, and other portfolio information. In addition, through meetings, telephone calls, and letters, the Firm regularly keeps clients informed of the investment policy and strategy for achieving clients' investment objectives. The nature and frequency of these reports and other communications are determined primarily by the particular needs of each client.

The Firm posts its proxy policy, privacy policy, business disruption recovery plan, this pamphlet, and other disclosures on its website at [www.schellerfinancialservices.com](http://www.schellerfinancialservices.com) and offers at least annually to send them clients.

#### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

As discussed previously, all our Advisory Representatives are Registered Representatives of SagePoint. This arrangement requires us to offer you advisory services and programs sponsored or approved by SagePoint. SagePoint sets limits on how much we can charge you for these advisory services. Some advisory programs have higher fee limits than others. As such, there may be an incentive for us to recommend to you advisory services or programs with higher limits. In addition, SagePoint may charge us certain usage fees and expenses to use their advisory programs which may decrease the amount of money we make when offering investment advice to you. Therefore, there may be an incentive to provide you with advisory programs and services that may be cheaper for us to use but not as suitable to your needs as other advisory programs that SagePoint sponsors which may be more expensive for us to use.

In addition, SagePoint offers our Advisory Representatives educational, training and incentive programs for those Advisory Representatives that meet certain sales production goals. There may be an incentive for us to manage your account in ways that assist us in meeting these production goals even if such strategies may not always be suitable for your account.

Certain Third Party Advisory Service programs may provide our Advisory Representatives with the opportunity to attend training or education conferences. Such conferences include the payment or reimbursement of travel, meals and lodging expenses for attendees. Payment/reimbursement of expenses is not contingent upon sales targets or contests, but rather on total assets managed on their respective Third Party Advisory Service platforms. We may have an incentive to recommend Third Party Advisory Service programs that provide us with the above referenced opportunities over those that do not.

When we offer you a Wrap Account, the fee for transactions executed in your account are included in your quarterly account fee. However, SagePoint will still assess the transaction charges to us. This may influence us to charge you a higher quarterly account fee than we would otherwise charge you in an effort to recoup from you the transaction charges SagePoint charges us. We may also have incentive to trade your account less often to lessen our transaction fees or to trade your account with certain securities where SagePoint reduces or eliminates the transaction charges (such as the Focus Elite and FundVest Programs mentioned below) to us even if such trading strategies may not always be suitable for your account.

Our Advisory Representatives participate in the Focus Elite and FundVest Programs, provided by SagePoint. In these programs, transaction charges for purchasing securities that participate in these programs may be reduced or waived. This may provide us with incentive to invest your account in these securities over securities that do not participate in these programs to reduce our transaction costs even if such investments may not always be suitable for your account.

SagePoint has provided some of our Advisory Representatives with funding in the form of loans as incentive to establish, maintain or expand our broker-dealer relationships with SagePoint. Such loans are typically used to assist in the transition and expansion of our practice. All or a portion of the loans require cash repayments of principal and interest if specific production levels are not achieved over a specified time frame. Any year in which the practice achieves its production levels initiates pro rata loan forgiveness by SagePoint. Thus, there may be an incentive for us to offer advisory services and programs to you that may not be suitable in an effort to achieve specific production levels.

While our security sales are reviewed for suitability by an appointed supervisor, you should be aware of the incentives we have to sell certain securities products and are encouraged to ask us about any conflict presented.

We may pay referral fees to unaffiliated third parties (Solicitors) equal to a percentage of the advisory fees collected from clients that Solicitors referred to our Advisory Representatives. Specific terms and obligations of the Solicitor and our Advisory Representatives are outlined in a written solicitation agreement.

#### **ITEM 15: CUSTODY**

Not applicable, we do not maintain custody of your assets. Your account assets are maintained at Pershing, LLC.

#### **ITEM 16: INVESTMENT DISCRETION**

We may manage your accounts on a discretionary basis upon obtaining your consent. Your consent is typically granted and evidenced in the client agreement that you sign with us. We define discretion as: the ability to trade your account, without obtaining your prior consent, the securities and amount of securities to be bought or sold, and the timing of the purchase or sale. It does not extend to the withdrawal or transfer of your account funds.

#### **ITEM 17: VOTING CLIENT SECURITIES**

We do not have the authority to vote proxies solicited by, or with respect to, the issuers of securities held in your account. Typically, proxy materials will be forwarded to you by our custodian. We will forward proxy materials that we may receive to you. Please contact us at any time with questions you may have regarding proxy solicitations.

#### **ITEM 18: FINANCIAL INFORMATION**

In certain circumstances our Advisory Representatives may use investment discretion in your account, subject to your approval. We are well capitalized in full compliance with applicable regulations and do not foresee any financial conditions that may impair our fulfillment of reasonable obligations or contractual commitments to you.

#### **Item 19: Requirements for State-Registered Advisers**

Not applicable. We are an SEC registered investment adviser.