

CLARK FINANCIAL SERVICES GROUP, INC.

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Firm Brochure

(Part 2A of Form ADV)

This brochure provides information about the qualifications and business practices of Clark Financial Services Group, Inc. If you have any questions about the contents of this brochure, please contact us at (314) 469-5000 or [moreinfo@clarkfin.com](mailto:moreinfo@clarkfin.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Clark Financial Services Group, Inc. also is available on the SEC'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.

March 30, 2017

## **Material Changes**

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### **Annual Update**

The following summarizes the material changes to this brochure since the last update in January 2017.

None.

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## Advisory Business

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### Firm Description

Clark Financial Services Group, Inc. (“Clark Financial,” “we,” or “our”) was organized in April 1992. Clark Financial offers financial planning and investment supervisory services, including furnishing advice to clients on matters not involving securities.

Typically, our investment strategies primarily involve investing client assets in a portfolio of mutual funds. However, we also recommend investments in individual equities (common and preferred stock), exchange traded funds, and variable life insurance and variable annuities. If requested by a client, and as part of our financial planning services, we also review and provide investment advice with respect to employer stock options, debt securities, and other client investments.

We may recommend other professionals (*e.g.*, lawyers, accountants, insurance agents, real estate agents, etc.) at the request of the client. Other professionals are engaged directly by the client on an as-needed basis even when recommended by Clark Financial. Conflicts of interest will be disclosed to the client and managed in the best interest of the client. No fees or commissions are shared in these arrangements.

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### Principal Owners

Clark Financial is owned by Christopher W. Schulenburg, Chairman and Kevin A. Clark, President and Chief Compliance Officer.

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### Advisory Services

#### *Creation of the Initial Financial Plan*

Our advisory services typically begin with a financial plan tailored to the financial needs and objectives of the individual client. A client who chooses to waive financial planning services will not receive a reduced fee. While each client’s situation is unique, we typically use the following six-step process in developing a client’s initial financial plan:

- ***Identify goals and needs.*** At the outset, one of our advisors will meet with the client to discuss the client’s goals and financial needs.
- ***Gather financial information.*** The financial advisor will gather client financial information, such as bank and brokerage statements, insurance policies, tax returns, retirement plans, and estate documents.
- ***Analyze financial information.*** We analyze this information to understand the client’s financial situation and to determine how to meet the client’s goals and financial needs.

- ***Develop a written financial plan.*** The financial adviser develops a written financial plan that makes recommendations designed to meet the client's objectives and needs. Before the financial plan is presented to the client, all of our financial advisors meet at least once to review and revise the financial plan.
- ***Presentation of financial plan.*** The financial advisor will meet with the client to present and discuss the financial plan. If required, the financial advisor makes additional revisions to the financial plan based on this meeting to ensure that the plan is consistent with the client's goals and expectations.
- ***Implementation of the financial plan.*** The financial advisor implements the investment recommendations contained in the client's financial plan and assists the client in taking the other actions recommended in the financial plan.

#### *Financial Planning Areas*

Depending on the needs and objectives of the client, and the complexity of the client's financial situation, our financial planning services will typically include one or more of the following areas:

- ***Cash flow and tax analysis.*** We analyze a client's current and projected future income, expenses, income taxes, and debt. This may include tax planning and coordination with outside tax professionals. We then recommend steps for the client to take to help optimize the client's resources available to meet his or her financial goals. This may include debt management strategies, assisting in major purchase decisions, cash reserve techniques, and family budgeting.
- ***Investment planning.*** This includes analyzing client investments and recommending steps to assist the client in optimizing the performance of his or her investments to reach future financial goals.
- ***Retirement planning.*** We use financial models to project cash flow needs and income available for a client's retirement, evaluate the client's retirement plan pay-out options, and analyze the potential impact of inflation. This may include assisting the client in determining whether (or to what extent) to participate in any employer-sponsored benefit plan. We may also make recommendations as to what types of other tax-advantaged retirement accounts may be appropriate for the client.
- ***Protection of needs.*** We inventory and review the client's insurance policies, including life, disability, and long-term care. We also analyze the needs of the client and the client's family in the event of the client's death, disability, or long-term care. This may include reviewing the client's asset protection needs and property and casualty insurance policies. Based on our analysis, we may make certain observations about the adequacy of the client's insurance coverage and recommend additional insurance products and coverage.

- ***Estate planning and coordination.*** We assist the client in preparing to pass the client's wealth on to his or her beneficiaries. This may include coordinating with the client's estate planning attorney to ensure that the client's estate plans are consistent with his or her financial goals and expectations. We may also make recommendations designed to ensure that an estate or testamentary trust is able to meet its obligations, such as distribution of assets and payment of estate taxes.
- ***Education funding analysis.*** We evaluate and determine the amount of savings required to meet the client's goals for funding public or private school, college, and/or graduate school education for his or her children, grandchildren, or others. This may also include financial aid analysis.

#### *Ongoing Financial Planning Services*

The creation of a client's financial plan is just the first step of our financial planning process. On an ongoing basis, Clark Financial will monitor the client's progress toward identified goals, and provide the client with periodic written reviews of the client's portfolio. Our ongoing financial planning services also include unlimited telephone support and meetings. Clients are encouraged to meet with their Clark Financial investment advisor periodically to discuss their financial plan, review financial documents, and to evaluate the client's financial situation.

Because a client's financial plan is based on information provided by the client, clients are encouraged to contact their Clark Financial financial advisor promptly to discuss any changes to their financial situation, goals or needs. Clark Financial's ongoing financial planning service includes updates to financial plans.

#### *Implementation of the investment portion of the financial plan*

Once the client has approved of the financial plan, Clark Financial will implement the investment recommendations contained in the financial plan. To do this, Clark Financial typically requests discretionary authority over the client's brokerage accounts. This authority is set forth in the terms of the investment management agreement and brokerage account application signed by the client.

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### **Tailored Relationships**

At Clark Financial, financial planning and advisory services are tailored to the individual needs of clients. Client goals and objectives are clarified in meetings and via correspondence, and are used to determine the course of action for each individual client. Clients may impose reasonable restrictions on investing in certain securities or types of securities. This must be done in writing and be signed by the client and Clark Financial.

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**Managed Assets**

As of December 31, 2016, Clark Financial managed approximately \$166,298,000 in client assets on a discretionary basis, and approximately \$16,184,000 on a non-discretionary basis.

## Fees and Compensation

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### Description

Clark Financial's advisory fee is set forth in its written advisory agreement with the client. In addition to the advisory fee, certain Clark Financial advisers may receive insurance commissions from the sale of insurance products. Additional information about these commissions and fees is described below.

While our advisory fees are not negotiable, we may consider aggregating related accounts or offer a professional courtesy discount.

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### Advisory Fees

#### Discretionary Accounts

Fees for discretionary portfolio management are typically assessed based on assets under management at the following annual rates:

- 2.00% for a Portfolio with up to \$499,999;
- 1.50% for a Portfolio with between \$500,000 and \$999,999;
- 1.00% for a Portfolio with between \$1,000,000 and \$4,999,999;
- 0.90% for a Portfolio with between \$5,000,000 and \$9,999,999; and
- 0.75% for a Portfolio with greater than \$10,000,000.

The above fee rate at each breakpoint applies to the entire account, not just the portion of the account that is within a particular breakpoint. Clark Financial will aggregate a client's advisory accounts for purposes of determining the appropriate fee rate.

#### Fee Billing

Advisory fees are generally deducted directly from the client's account(s), though clients may request to pay these fees by check or some other form. Advisory fees for new clients are deducted (or billed) quarterly in advance, based on the market value of the client's account(s) as of the date Clark Financial first begins advising the account(s), and thereafter as of the first business day of each quarter. Certain existing clients of Clark Financial are billed annually in advance.

Generally, a client may terminate his or her investment management agreement at any time by mailing written notice to Clark Financial. Clients will receive a *pro rata* refund of any advisory fees paid, but not yet earned, as of the date of termination.

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### Financial Planning Fees

Clients may also elect to pay for our financial planning services by paying (a) an hourly fee at a rate of \$250 to \$500 an hour (depending on the experience of the Clark Financial team member or members providing the service), (b) a negotiated flat fee, (c)



a fee based on the client's net worth or income, or (d) some combination of (a) – (c). Financial planning services are also available bundled with Advisory Fees.

A Clark Financial team member will discuss these financial planning fee options with each new client to assist the client in determining which option would work best for them.

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**Insurance Commissions**

Certain Clark Financial advisers are registered insurance agent, and will receive commissions for the sale of insurance products, including those recommended to clients. This presents certain conflicts of interest. Because these advisers receive commissions for the sale of insurance products, they and Clark Financial have an incentive not to recommend the purchase of investments and insurance products that do not pay such compensation (or that pay a lower commission rate). Clark Financial addresses this conflict by fully disclosing to the client, at the time of the sale of the insurance product, that the adviser will receive a commission from the sale. Clients may purchase insurance products recommended by Clark Financial through other agents that are not affiliated with Clark Financial. Clark Financial's advisory fees will not be reduced to offset the payment of insurance commissions.

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**Mutual Fund Fees and Expenses**

Mutual funds charge their own management and other operating expenses, as described in each fund's prospectus. Mutual funds also typically offer multiple share classes with different fee structures. Clark Financial will recommend and invest client assets in the mutual fund share class that it determines offers the most favorable terms for the client, taking into account factors including, but not limited to, trade costs, fund minimums, possible short-term redemption fees, the length of time the account is expected to hold the position, and annual share class expenses (which include any 12b-1 fees).

Clients should understand that, depending on the mutual fund share classes offered by the fund and the amount to be invested, client assets invested in mutual funds could be invested in load-waived Class A shares, which charge a 0.25% 12b-1 fee.

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**Other Fees**

Clark Financial typically recommends that Clients execute transactions for managed accounts through Charles Schwab & Co., Inc. ("Schwab"). As of the date of this Brochure, Schwab charges a transaction fee of \$10 for transaction fee mutual fund trades and no fee for non-transaction fee funds, which typically have a higher expense ratio. For equity trades, Schwab typically charges \$5 per trade (\$10 for broker-assisted trades). Schwab's fees may vary from those disclosed above due to particular circumstances of a transaction, additional or differing levels of servicing required, or

as otherwise contractually agreed upon with clients. Schwab may change its fee schedule and transaction and service fees without notice. Clark Financial and its personnel do not receive any portion of these transaction or service fees paid to Schwab.

Mutual funds and exchange traded funds in which client assets may be invested charge their own management fees and other operating expenses, as described in each fund's prospectus. These fees and expenses are exclusive of, and in addition to, the fees paid by the client to Clark Financial.

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**Past Due Accounts**

Clark Financial may terminate its investment advisory agreement with any client who is more than 60 days' overdue on a fee invoice, or it may elect to automatically deduct past due fees from the Client's account.

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

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### **No Performance-Based Fees**

Clark Financial does not charge performance-based fees (*i.e.*, fees based on a share of capital gains on or capital appreciation of the assets of a client). Clark Financial does not manage clients' accounts and commingled funds on a side-by-side basis.

## **Types of Clients**

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### **Types of Clients and Portfolio Minimums**

Clark Financial generally provides investment advice and financial planning services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and corporations.

Clark Financial's minimum client portfolio size is \$200,000, with an additional \$150,000 minimum for individual stock portfolios. Clark Financial may waive these minimums, or require a higher minimum, in certain circumstances.

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

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### **Methods of Analysis**

Clark Financial's methods of analysis, sources of information, and investment strategies include charting, fundamental analysis, technical analysis, and cyclical analysis. Our primary sources of information include Morningstar reports, fund prospectuses, financial newspapers and magazines, research materials prepared by others, filings with the SEC, and shareholder reports.

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### **Investment Strategies**

Our overall investment philosophy for individuals and families is a long-term financial plan that seeks to balance safety, income, growth, risk and taxes. The objective is to help the client reach his or her financial goals.

Clark Financial uses a variety of investment strategies in managing client accounts. The investment strategy for a specific client is based on the client's financial plan (and, if applicable, the investment strategy selected by the client). A client may request a change in his or her financial plan, or the investment strategy Clark Financial uses in implementing that financial plan, at any time by providing notice to Clark Financial. The client's goals and objectives are recorded during meetings and via correspondence with the client, and are integrated into the client's financial plan.

Clark Financial engages several third party advisers to provide model or tactical portfolios, typically comprised of ETFs and mutual funds that hold or invest in a broad range of stocks, bonds, real estate and other securities or assets, including foreign securities and securities of issuers located in emerging markets. Underlying funds may also invest in equity securities of any market capitalization including micro-, small- and mid-cap companies, real estate, commodities-related assets, fixed income securities of any maturity or credit quality, including high-yield, high-risk debt securities, and they may engage in leveraged or derivative transactions. Although bonds generally present less short-term risk and volatility than stocks, bonds carry interest rate risk (as interest rates rise, bonds prices usually fall and vice versa) and the risk of default (i.e., the issuer is unable to make income or principal payments required by the bond). Additionally, bonds and short-term investments may entail greater inflation risk than stocks (i.e., the risk that the returns will not keep up with inflationary increases in the cost of living).

Clark Financial also engages a third party adviser to provide advice on individual stocks, which Clark Financial relies upon in managing Clients' stock portfolios.

Clark Financial, and not any client, pays the fees of third party investment advisers for access to their model or tactical portfolios and for stock selection.

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**Risk of Loss**

Investing in securities involves risk that all clients should be prepared to bear. Risk refers to the possibility that a client may lose money (both principal and earnings) or fail to make a positive return on an investment. Clark Financial cannot guarantee that it will achieve a client's investment objectives. Each client must be prepared to tolerate price volatility and possibly incur capital losses in the pursuit of the client's investment objective. Certain specific risks related to securities recommended by Clark Financial are described below:

*Management Risk*

Clark Financial's judgment about the attractiveness, growth prospects and value of a particular asset, class of assets or individual security may prove to be incorrect. There is no guarantee that the securities or investment strategies recommended or used by Clark Financial to manage client accounts will perform as anticipated.

*Mutual Fund Risk*

Mutual funds are sold by prospectus. Clients should carefully consider the investment objectives, risks, charges and expenses set forth in a mutual fund's prospectus. Client accounts invested in mutual funds will indirectly bear the fees and expenses payable directly by the mutual fund, including any management, distribution or shareholder servicing fees and operating expenses. Therefore, the client will incur higher expenses, many of which may be duplicative. Investments in mutual funds are subject to the same risks as the underlying securities, described below, in addition to management risk. Mutual fund returns may fluctuate and are subject to market volatility. In addition, the value of a client's investment in a mutual fund will depend on the skill of the mutual fund's adviser, and will be subject to risks arising from the investment practices of the mutual fund. Clark Financial has no control over the investment strategies, policies or management decisions on behalf of mutual funds in which Clients invest, and its only option would be to recommend that Clients liquidate their accounts with a mutual fund in the event of dissatisfaction with its performance or management.

### Equity Investments

- **Common stocks.** The value of a company's common stock generally increases or decreases in value based on factors directly relating to that company, such as demand for the company's products or decisions by management. The value of a company's common stock is also affected by other factors not directly affecting the company, such as general industry or market conditions.
  - **Growth Stock Risk.** The stocks of companies believed to be fast-growing may trade at a higher multiple of earnings-per-share than other stocks. If the adviser's perception of a company's growth potential is incorrect, the value of the company's stock may fall or may never approach the value the adviser has placed on it. Growth stocks may fluctuate in value more than other investments in reaction to changing market conditions.
  - **Value Stock Risk.** Companies that are believed to be undervalued may be subject to special risks or may have suffered adverse developments that have caused their stocks to fall out of favor. If the adviser's perception of a company's prospects is wrong, or if other investors do not agree that a company's stock is undervalued, the value of the stock may fall or may never reach the value the adviser has placed on it.
- **Preferred stocks.** Market prices of preferred stocks are generally subject to changes in interest rates and are more sensitive to changes in an issuer's creditworthiness than are prices of debt securities. Unlike interest payments on debt securities, dividend payments on preferred stock generally must be declared by the issuer's board of directors. An issuer's board of directors is typically under no obligation to pay a dividend (even if dividends have accrued) and may suspend the payment of dividends at any time. Preferred stock shareholders may suffer a substantial loss in value if dividends are not paid.
- **Small- and Mid-Cap Company Risk.** Stocks of small- and mid-cap companies may be more volatile than stocks of larger companies. Small- and mid-cap companies also may lack the managerial, financial or other resources necessary to implement their business plans or succeed in the face of competition. Many of these companies are young and have a limited track record. Thus, small- and mid-cap companies may be more vulnerable to adverse business or market developments than larger companies. Their stock may also trade less frequently and in more limited volume than those of larger companies, which may make it difficult to sell a small- or mid-cap stock on favorable terms.
- **Lack of Diversification.** At times, Clark Financial's or an underlying mutual fund's investment strategy may concentrate investments in the stocks of relatively few companies, which may cause the client's or mutual fund's

portfolio to be more vulnerable to adverse business developments affecting one or two such companies than if the client's or mutual fund's portfolio had been invested more broadly. In addition, it is possible that a single economic event could affect a significant portion of the companies in a client's or mutual fund's portfolio, especially if the client's or mutual fund's holdings are concentrated in related economic sectors or sectors broadly affected by any single economic variable.

#### Fixed-Income Investments

- **Credit Risk.** The issuer of a fixed-income security may be unable or unwilling to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation. If this occurs, or is perceived as likely to occur, the value of the fixed-income security may fall significantly.
- **Change in Rating Risk.** If a rating agency gives a fixed-income security a lower rating, the value of that security will likely fall because investors will demand a higher rate of return.
- **Interest Rate Risk.** As nominal interest rates rise, the value of fixed income securities is likely to decrease. A nominal interest rate is the sum of real interest rates and an expected inflation rate.
- **Government Securities Risk.** Securities of U.S. government sponsored entities, such as Freddie Mac or Fannie Mae, are neither issued nor explicitly guaranteed by the U.S. government. It is possible that the U.S. government would not provide financial support to its agencies or instrumentalities if it is not required to do so by law. If a U.S. government agency or instrumentality in which a client's portfolio invests defaults and the U.S. government does not stand behind the obligation, the value and yield of the security could fall.

#### Foreign Securities Risk

Investment in securities of foreign issuers involves certain special risks. Foreign issuers and markets may not be subject to the same degree of regulation and accounting discipline as U.S. issuers and markets. In addition to credit and market risk, investments in foreign securities involve sovereign risk, which includes fluctuations in foreign exchange rates, future political and economic developments, and the possible imposition of exchange controls or other foreign governmental laws or restrictions. In addition, with respect to certain countries, there is the possibility of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments that could adversely affect investments in those countries. There may be less publicly available information about a foreign company than about a U.S. company. Securities of foreign companies may be less liquid and their prices more volatile than securities



of comparable U.S. companies. Dividend and interest income from foreign securities will generally be subject to withholding taxes by the country in which the issuer is located and may not be recoverable by the client. These risks may be greater in less developed countries, which are sometimes referred to as emerging markets.

*Frequent Trading Risk*

Certain Clark Financial's investment strategies involve frequent trading of securities. Frequent trading may increase brokerage and other expenses or cause a higher current realization of capital gains and a potentially larger tax liability, decreasing the value of a client's portfolio.

## **Disciplinary Information**

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### **Legal and Disciplinary**

Clark Financial has no legal or disciplinary actions to report.

## **Other Financial Industry Activities and Affiliations**

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### **Other Financial Industry Activities**

Clark Financial does not participate in any financial industry activities other than providing financial planning, investment advisory and insurance services.

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### **Financial Industry Affiliations**

Certain of Clark Financial's financial advisors are also licensed as insurance agents, which permits them to offer a range of insurance products as part of a client's complete financial plan. These advisors typically receive commissions for the sale of insurance products.

Occasionally, Clark Financial will refer clients to commercial banks for loans, banking or thrift institutions, accounting firms, law firms, insurance companies or agencies, pension consultants, real estate brokers or dealers. For example, Clark Financial may refer clients to accounting firms for tax preparation services, or to a lawyer or law firm for estate planning services. Clark Financial does not receive any compensation for these referrals.

Please refer to the "*Fees and Compensation*" portion of this brochure for a discussion of certain conflicts of interest related to fees and commissions received by Clark Financial's advisors from the sale of insurance products.

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

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### **Code of Ethics**

Clark Financial has adopted a Code of Ethics (the “Code”) that is applicable to our investment personnel. The Code is built on the principle that we owe a fiduciary duty to our clients. The Code is designed to ensure, among other things, that our investment personnel conduct their investment activities in accordance with applicable law and in a manner where the interests of Clark Financial clients are placed first. The Code includes an insider trading policy to establish principles of conduct and to avoid conflicts of interests that may arise between Clark Financial’s personnel and clients as a result of personal trading activities. The Code also requires investment personnel to report all accounts and securities holdings covered by the Code at the commencement of their employment and annually thereafter. In addition, on a quarterly basis, all investment personnel are required to report all securities transactions executed during the quarter. Certain securities are exempt from the requirements of the Code, including mutual funds, money market funds, money market instruments, and U.S. Government securities. Clark Financial personnel who are CFP® designees are also subject to a Code of Ethics adopted by the CFP® Board of Standards.

A copy of the Code will be provided to any client or perspective client upon request.

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

Clark Financial and its investment personnel may purchase, sell or hold stocks and mutual funds for their own accounts that may also be held or have been or will be purchased or sold for the accounts of Clark Financial’s clients. To address any potential conflicts of interests, trades in stock on behalf of investment personnel and clients executed on the same day will be aggregated and executed at the same time, with the Clark Financial investment personnel and clients paying the same price per share.

Because mutual funds sell their shares based on their daily net asset value, Clark Financial does not believe that investment personnel transactions in mutual funds create a conflict of interest or adversely affect clients.

## Brokerage Practices

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### **The Custodian and Brokers We Use**

Clark Financial does not maintain physical custody of your assets on which we advise. Your assets must be maintained in an account with a “qualified custodian,” generally a broker-dealer, bank or trust company. We typically recommend that our clients use Charles Schwab & Co., Inc., a SEC-registered broker-dealer, and Member FINRA and SIPC, to serve as qualified custodian and to execute securities transactions for their advisory accounts. Clark Financial is independently owned and operated and not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we and/or you instruct them to. While we typically recommend that you use Schwab as custodian/broker, you will decide whether to do so and open your account with Schwab by entering into an account agreement directly with Schwab. We do not open the account for you. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account, as described in the next paragraph.

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### **How We Select Brokers/Custodians**

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared with other available providers and their services. We consider a wide range of factors in recommending a custodian/broker for a client, which may include:

- Combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Availability of investment research and tools that assist us in making investment decisions for client accounts
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- Breadth of investment products made available
- Access to certain mutual funds and mutual fund share classes that generally require higher initial minimum investments or are generally available only to institutional investors
- Reputation, financial strength, and stability of the provider

- Their prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us from Schwab”)

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### **Your Custody and Brokerage Costs**

For our clients’ accounts it maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab’s commission rates applicable to our client accounts were negotiated based on our commitment to maintain a majority of our clients’ assets statement equity in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than would be if we had not made the commitment. In addition to commissions, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade executed by a different broker-dealer but where the securities purchased or funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you may pay to the executing broker-dealer. Because of this “trade away” fee, in order to minimize your trading costs, we have Schwab execute most trades for your account.

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### **Products and Services Available to Us From Schwab**

Schwab provides our clients and us with access to its institutional brokerage-trading, custody, reporting, and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. As described below, some of those services help us manage or administer our Clients’ accounts, while others help us manage and grow our business. These services are available to Clark Financial at no charge to us so long as Clark Financial’s Client assets primarily are maintained with Schwab. Certain other custodian/brokers, in addition to Schwab, may also provide these services.

**Services That Benefit You.** Schwab’s brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which clients might not otherwise have access or that would require a significantly higher minimum initial investment. Schwab has agreed to reimburse Clark Financial’s advisory clients who maintain accounts at other broker-dealers for any transfer of account/exit fees charged by such broker-dealers, if the Client elects to transfer their accounts to Schwab in 2017, in an amount up to \$100,000.

**Services That May Not Directly Benefit You.** Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your

account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. Schwab also has agreed to pay directly to third party service providers engaged by Clark Financial, an amount up to \$100,000 during 2017, for marketing, technology, consulting or research services, which payment was determined based on Clients' assets transferred to Schwab.

Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our advisory fees from our clients' accounts; and
- assist with certain back-office functions, recordkeeping, and client reporting.

**Services That Generally Benefit Only Us.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of the third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment for our personnel.

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### **Our Interest in Schwab's Services**

The availability of these services from Schwab benefit us because we do not have to produce or purchase these services separately. Clark Financial is not required to pay Schwab or certain third party vendors for these services because of the level of Clark

Financial's client assets custodied at Schwab. Clark Financial has a conflict of interest in recommending that clients transfer to, and maintain their accounts with, Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on the interests of clients receiving the best value in custody services and the most favorable execution of client transactions. We believe, however, that our recommendation of Schwab as custodian and broker-dealer is in the best interests of our clients. Our belief is primarily supported by the scope, quality, and price of Schwab's services (based on the factors discussed above).

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**Best Execution**

For accounts custodied at Schwab, or another custodian that also provides brokerage services, we typically have the client's custodian/broker execute trades for the client's account. Given the general nature of these arrangements—including (a) pre-negotiated brokerage costs, (b) operational methodologies that must be employed to trade accounts custodied with these custodians/brokers, and (c) additional "trade away" charges for trades executed through a different broker-dealer—it is often infeasible or impractical for us to execute transactions in these accounts through broker-dealers other than those at which the accounts are maintained.



## **Review of Accounts**

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### **Periodic Reviews**

Client accounts are managed under various management programs depending on the client's investment objectives and risk tolerance. Management programs are monitored on a daily basis. All client portfolios are reviewed at least quarterly by all of Clark Financial's financial advisors: Christopher W. Schulenburg (Clark Financial's Chairman), Kevin A. Clark (Clark Financial's President and Chief Compliance Officer), and T. Nathan Harvell (Clark Financial's Vice President).

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### **Review Triggers**

Additional client account reviews may be triggered by client request, changes in market conditions, new information about an investment, changes in tax laws, or other pertinent events.

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### **Regular Reports**

Consolidated portfolio reports are typically provided to clients on a quarterly basis by Clark Financial. In addition, Clients will receive regular account statements from their custodial broker-dealer.

## **Client Referrals and Other Compensation**

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We receive an economic benefit from Schwab in the form of the support products, services and payments that it makes available to us and other independent investment advisors that have client accounts maintained at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability of Schwab’s products and services to us is not based on our giving particular investment advice such as buying particular securities for our clients.

### **Incoming Referrals**

Clark Financial has been fortunate to receive many client referrals over the years. The referrals have come from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other sources. Clark Financial does not pay for these referrals, except as described below.

Clark Financial has an agreement with a broker affiliated with Cutter & Company, Inc. whereby the broker refers advisory clients to Clark Financial in return for a portion of the advisory fees paid by referred clients.

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### **Referrals to Other Professionals**

If requested by a client, or if Clark Financial believes that legal, accounting tax or other services are required and in the best interests of a Client’s financial plan, Clark Financial will recommend an independent attorney, accountant, tax preparer or other professional. Clark Financial does not pay other professionals for client referrals or enter into arrangements with other professionals for client referrals. However, Clark Financial may be perceived to have a conflict of interest in making these recommendations because it may receive referrals from professionals that it has recommended to clients.

## **Custody**

Clark Financial does not accept physical custody of Clients' securities or other assets. With Client's written permission, Clark Financial may deduct its advisory fees directly from Client's account with an independent custodian.

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## **Account Statements**

Client funds and securities advised by Clark Financial are held by the client's qualified custodian. Client's custodian will provide the client with account statements typically at least monthly. Clients are encouraged to carefully review the statements provided by their custodians and to compare them to any statements provided by Clark Financial.

## **Investment Discretion**

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### **Discretionary Authority for Trading**

Clark Financial generally receives discretionary authority from the client at the outset of the advisory relationship to determine, without obtaining specific client consent, the securities to be bought or sold for the client's account(s). Clients typically execute a limited power of attorney granting Clark Financial authority over their account(s) for trading purposes. Clients may place limitations on Clark Financial's discretionary authority in the written investment advisory agreement or some other written agreement.

## **Voting Client Securities**

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### **Proxy Votes**

Clark Financial does not have the authority to vote proxies relating to securities held in client accounts. Rather, clients retain the authority for voting all proxies. A client's custodian or the security's transfer agent is responsible for providing all proxy notices and proxy-related materials to the client. Clients are encouraged to call or email Clark Financial if they have any questions regarding the process for voting proxies.

## **Financial Information**

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### **Financial Condition**

Clark Financial does not foresee any financial conditions that are reasonably likely to impair our fulfillment of our contractual commitments to our Clients.

An audited balance sheet as of December 31, 2015 is provided on the following page. An audited balanced sheet as of December 31, 2016 will be included in Clark Financial's next ADV update.

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**Balance Sheet**

December 31, 2016

**ASSETS****CURRENT ASSETS**

Cash	\$ 86,042
Accounts Receivable, Less Allowance for Doubtful Accounts	59,636
Prepaid Expenses	3,172
Prepaid Income Taxes	682
Current Portion of Note Receivable	38,000
Deferred Tax Asset	1,500
Total Current Assets	<u>189,032</u>

**PROPERTY AND EQUIPMENT**

Equipment	131,051
Leasehold Improvements	34,451
Total	<u>165,502</u>
Less: Accumulated Depreciation	<u>(155,801)</u>
Total Property and Equipment	9,701

**OTHER ASSETS**

Note Receivable	114,000
Cash Surrender Value of Officers Life Insurance	40,154
Deferred Income Taxes	700
Club Membership	1,000
Total Other Assets	<u>155,854</u>
Total Assets	<u>\$ 354,587</u>

**LIABILITIES AND STOCKHOLDERS' EQUITY****CURRENT LIABILITIES**

Accounts Payable	\$ 6,161
Line of Credit	50,000
Accrued Payroll	5,339
Accrued Profit Sharing Plan	32,375
Accrued Manager Fees	8,875
Deferred Revenue	237,286
Total Current Liabilities	<u>340,036</u>

**STOCKHOLDERS' EQUITY**

Common Stock, \$1 Par Value	
Authorized - 30,000 Shares	
Issued and Outstanding - 1,000 Shares	1,000
Retained Earnings	13,551
Total Stockholders' Equity	<u>14,551</u>
Total Liabilities and Stockholders' Equity	<u>\$ 354,587</u>

## FACTS WHAT DOES CLARK FINANCIAL SERVICES GROUP, INC. DO WITH YOUR PERSONAL INFORMATION?

**Why?** Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

**What?** The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security Number and Income
- Assets and Investment Experience
- Risk Tolerance and Transaction History

**How?** All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Clark Financial chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Clark Financial share?	Can you limit this sharing?
<b>For our everyday business purposes –</b> such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	<b>Yes</b>	<b>No</b>
<b>For our affiliates' every day business purposes –</b> information about your transactions and experiences	<b>Yes</b>	<b>No</b>
<b>For our marketing purposes –</b> to offer our products and services to you	<b>No</b>	<b>No</b>
<b>For joint marketing with other financial companies</b>	<b>No</b>	<b>No</b>
<b>For our affiliates' everyday business purposes –</b> information about your creditworthiness	<b>No</b>	<b>No</b>
<b>For nonaffiliates to market to you</b>	<b>No</b>	<b>We don't share</b>
<b>For our Advisor that transfers to another firm</b>	<b>Yes</b>	<b>Yes*</b>

### To limit our sharing

- Call 314-469-5000 – Ask for our Customer Service Department OR
- Visit us online: [www.clarkfin.com](http://www.clarkfin.com)

**Please note:**

If you are a *new* customer, we can begin sharing information 30 days from the date we sent this notice. When you are *no longer* our customer, we continue to share your information as described in this notice.

*\*In the event your financial representative servicing your account leaves us to join another financial institution, the representative is permitted to retain copies of your information so that he or she can assist with the transfer of your account and continue to serve you at their new firm. The representative's continuing use of your information will be subject to the new firm's privacy policy.*

**Questions?** Call 314-469-5000



## Page 2

### Who we are

Who is providing this notice?	Clark Financial Services Group, Inc.
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### What we do

How does Clark Financial Services Group, Inc. protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does Clark Financial Services Group, Inc. collect my personal information?	We collect your personal information, for example, when you <ul style="list-style-type: none"> <li>▪ <b>Open an account</b> or <b>Seek advice about your investments</b></li> <li>▪ <b>Make a wire transfer</b> or <b>Supply your income information</b></li> <li>▪ <b>Supply your Employment History</b></li> </ul>
Why can't I limit all sharing?	Federal law gives you the right to limit only <ul style="list-style-type: none"> <li>▪ Sharing for affiliate's everyday business purposes – information about your creditworthiness</li> <li>▪ Affiliates from using your information to market to you</li> <li>▪ Sharing for non-affiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p>
What happens when I limit sharing for an account I hold jointly with someone else?	Your choices apply to you, individually, unless you state otherwise.

### Definitions

<b>Affiliates</b>	Companies related by common ownership or control. They can be financial and nonfinancial companies <ul style="list-style-type: none"> <li>▪ <b>Clark Financial Services Group, Inc.</b></li> </ul>
<b>Nonaffiliates</b>	Companies not related by common ownership or control. They can be financial and nonfinancial companies <ul style="list-style-type: none"> <li>▪ <b>Clark Financial Services Group, Inc. does not share with non-affiliates so they can market to you.</b></li> </ul>
<b>Joint Marketing</b>	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. <ul style="list-style-type: none"> <li>▪ <b>Clark Financial Services Group, Inc. does not jointly market.</b></li> </ul>