

Strasbaugh Financial Advisory, Inc.

ADV Part 2A, Firm Brochure Dated: October 29, 2013

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This brochure provides information about the qualifications and business practices of Strasbaugh Financial Advisory, Inc. If you have any questions about the contents of this brochure, please contact us at (719) 265-4600 or Susan@strasbaughfinancial.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Strasbaugh Financial Advisory, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

References herein to Strasbaugh Financial Advisory, Inc. as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

Item 2 Material Changes

There have been no material changes made to this ADV Part 2A Firm Brochure since the most recent annual amendment filing on February 27, 2013. However, Strasbaugh Financial Advisory, Inc. is in the process of transferring from state to SEC registration status.

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Item 4 Advisory Business

- A. Strasbaugh Financial Advisory, Inc. ("SFA") is a corporation formed on December 3, 2002 in the State of Colorado. SFA became registered as an Investment Adviser Firm in January 1999. SFA is principally owned by Susan H. Strasbaugh and Richard Strasbaugh. Ms. Strasbaugh is SFA's President.
- B. As discussed below, SFA offers to its clients (individuals, pension and profit sharing plans, trusts, estates and charitable organizations, etc.) investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

INVESTMENT ADVISORY SERVICES

Subsequent to the commencement of the initial financial planning services set forth below, the client can determine to engage SFA to provide discretionary investment advisory services on a *fee-only* basis. SFA's annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under SFA's management, generally between 0.50% and 1.20%.

*In the event that the client account is a retirement plan sponsored by client's employer or a variable investment product, the client acknowledges that SFA's investment selection shall be limited to the investment alternatives provided by the retirement plan or the variable investment product. In the event that the client account sponsor or custodian will not permit SFA direct access to the account, and the client provides SFA with the client's password (and log-in information - if the client has not established a log-in identification, SFA is authorized to do so on the client's behalf) to effect account transactions, the client acknowledges and understands that: (1) SFA will not receive any communications from the account sponsor or custodian, and it shall remain the client's exclusive obligation to notify SFA of any changes in investment alternatives, restrictions, etc. pertaining to the account; and, (2) SFA shall not be responsible for any costs, damages, penalties, or otherwise, resulting from the client's failure to so notify SFA.

RETIREMENT CONSULTING

SFA also provides pension consulting services, pursuant to which it assists sponsors of self-directed retirement plans with the selection and/or monitoring of investment alternatives (generally open-end mutual funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. In addition, to the extent requested by the plan sponsor, SFA shall also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. The terms and conditions of the engagement shall generally be set forth in a *Retirement Plan Consulting Agreement* between SFA and the plan sponsor

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent requested by a client, SFA *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis.

Financial Assessment Service. SFA provides a financial assessment service on a fixed fee basis (generally \$950). This service provides the client with an in-person meeting to review certain limited documents and issues as set forth in the *Financial Assessment Agreement* between SFA and the client. The service is a limited engagement. Upon completion of the meeting, SFA's engagement and corresponding responsibilities/obligations shall have concluded. As such, SFA will not, unless engaged to do so, provide any further services, including, but not limited to, investment advice or monitoring services.

Initial and Renewal Financial Planning Services. SFA's initial and renewal planning and consulting fees are negotiable, but generally are a minimum of \$5,000 (exclusive of the fee for investment advisory services) for the initial retainer year and a minimum of \$2,000 (exclusive of the fee for investment advisory services) for each renewal retainer year, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging SFA to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Investment Advisory Agreement* with SFA setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to SFA commencing services. If requested by the client, SFA may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from SFA.

Please Note: If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify SFA if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising SFA's previous recommendations and/or services.

MISCELLANEOUS

Non-Investment Consulting/Implementation Services. To the extent requested by the client, SFA may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither SFA, nor any of its representatives, serves as an attorney, accountant, or licensed insurance agent, and no portion of SFA's services should be construed as same. To the extent requested by a client, SFA may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from SFA. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify SFA if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising SFA's previous recommendations and/or services.

Independent Managers. SFA may recommend that the client allocate a portion of a client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the *Independent Manager[s]* shall have day-to-day responsibility for the active discretionary management of the allocated assets. SFA shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which SFA shall consider in recommending *Independent Manager[s]* include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

Trade Error Policy. SFA shall reimburse accounts for losses resulting from SFA's trade errors, but shall not credit accounts for such errors resulting in market gains. The gains and losses are reconciled within SFA's custodian firm account and SFA retains the net gains and losses.

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

Disclosure Statement. A copy of SFA's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Financial Planning and Investment Advisory Agreement*.

- C. SFA shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, SFA shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on SFA's services.
- D. SFA does not participate in a wrap fee program.
- E. As of October 25, 2013, SFA had \$101,248,670 in assets under management on a discretionary basis.

Item 5 Fees and Compensation

- A. The client can determine to engage SFA to provide discretionary investment advisory services on a *fee-only* basis.

INVESTMENT ADVISORY SERVICES

Subsequent to the commencement of the initial financial planning services set forth below, if a client determines to engage SFA to provide discretionary investment advisory services on a *fee-only* basis, SFA's annual investment advisory fee is negotiable, and shall generally be based upon a percentage (%) of the market value and type of assets placed under SFA's management (between 0.50% and 1.20%) as follows:

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
Up to \$500,000	1.20%
\$500,001-\$1,000,000	1.00%
\$1,000,001-\$3,000,000	0.80%
\$3,000,001-\$5,000,000	0.70%
Over \$5,000,000	0.50%

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

Financial Assessment Service. SFA provides a financial assessment service on a fixed fee basis (generally \$950).

Initial and Renewal Financial Planning Services. SFA's initial and renewal planning and consulting fees are negotiable, but generally range between \$3,000 and \$8,000 for the initial financial plan, plus a minimum of \$2,000 annually, thereafter. These fees are negotiable and vary depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). SFA's initial and renewal planning and consulting fees do not include the separately-charged fee for investment advisory services, which are based upon assets under SFA's management as described above.

*SFA's annual retainer fee is payable in four (4) quarterly installments, in advance.

- B. Clients may elect to have SFA's advisory fees deducted from their custodial account. Both SFA's *Financial Planning and Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of SFA's investment advisory fee and to directly remit that management fee to SFA in compliance with regulatory procedures. In the limited event that SFA bills the client directly, payment is due upon receipt of SFA's invoice. SFA shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter. Certain existing clients of SFA may be subject to a different billing arrangement than set forth above.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, SFA shall generally recommend that TD Ameritrade ("Ameritrade") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Ameritrade* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are

charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to SFA's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

- D. SFA's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. Certain existing clients of SFA may be subject to a different billing arrangement than set forth above. SFA generally requires an annual minimum fee of \$5,000 (exclusive of both the investment advisory fee and financial planning fee) for the initial year and a minimum annual fee of \$2,000 (exclusive of both the investment advisory fee and financial planning fee) for years subsequent to the initial year. SFA, in its sole discretion, may charge a lesser investment management fee and/or reduce and/or waive its annual minimum fee requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The *Financial Planning and Investment Advisory Agreement* between SFA and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Financial Planning and Investment Advisory Agreement*. Upon termination, SFA shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. Neither SFA, nor its representatives accept compensation from the sale of securities or other investment products.

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

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

Item 7 Types of Clients

SFA's clients shall generally include individuals, pension and profit sharing plans, trusts, estates and charitable organizations. SFA generally requires an annual minimum fee of \$5,000 (exclusive of both the investment advisory fee and financial planning fee) for the initial year and a minimum annual fee of \$2,000 (exclusive of both the investment advisory fee and financial planning fee) for years subsequent to the initial year. SFA, in its sole discretion, may charge a lesser investment management fee and/or reduce and/or waive its annual minimum fee requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

- A. SFA may utilize “fundamental” securities analysis, which is an analysis performed on historical and present data, with the goal of making financial forecasts)

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

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Margin Transactions (use of borrowed assets to purchase financial instruments)

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

- B. SFA’s methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis SFA must have access to current/new market information. SFA has no control over the dissemination rate of market information; therefore, unbeknownst to SFA, certain analyses may be compiled with outdated market information, severely limiting the value of SFA’s analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

SFA’s primary investment strategies - Long Term Purchases and Short Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, SFA may also implement and/or recommend use of margin, a strategy that has a high level of inherent risk. (*See discussion below*).

Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. **Please**

Note: To the extent that a client authorizes the use of margin, and margin is thereafter employed by SFA in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to SFA may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential ***conflict of interest*** whereby the client's decision to employ margin *may* correspondingly increase the management fee payable to SFA. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

- C. Currently, SFA primarily allocates client investment assets among various individual equity (stocks), debt (bonds) and fixed income securities, mutual funds and/or exchange traded funds), on a discretionary basis in accordance with the client's designated investment objective(s).

Item 9 Disciplinary Information

SFA has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. Neither SFA, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither SFA, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. SFA does not have any relationship or arrangement that is material to its advisory business or to its clients with any related person.
- D. SFA does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

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

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

- B. Neither SFA nor any related person of SFA recommends, buys, or sells for client accounts, securities in which SFA or any related person of SFA has a material financial

interest.

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

SFA has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of SFA’s “Access Persons”. SFA’s securities transaction policy requires that an Access Person of SFA must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date SFA selects; provided, however that at any time that SFA has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. SFA and/or representatives of SFA *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where SFA and/or representatives of SFA are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, SFA has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of SFA’s Access Persons.

Item 12 Brokerage Practices

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

Factors that SFA considers in recommending *Ameritrade* (or any other broker-dealer/custodian to clients) include historical relationship with SFA, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by SFA's clients shall comply with SFA's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where SFA determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the

determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although SFA will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, SFA's investment management fee. SFA's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. **Research and Additional Benefits**

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

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

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

SFA's Chief Compliance Officer, Susan H. Strasbaugh, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

2. SFA does not receive referrals from broker-dealers.
3. SFA does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and SFA will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by SFA. As a result, client may pay higher commissions or other

transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Please Note: In the event that the client directs SFA to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through SFA.

SFA's Chief Compliance Officer, Susan H. Strasbaugh, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

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

Item 13 Review of Accounts

- A. For those clients to whom SFA provides investment supervisory services, account reviews are conducted on at least an annual basis by SFA's Principal and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise SFA of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with SFA on an annual basis.
- B. SFA *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. SFA may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, SFA may receive an indirect economic benefit from *Ameritrade*. SFA, without cost (and/or at a discount), may receive support services and/or products from *Ameritrade*.

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

- B. SFA does not compensate, directly or indirectly, any person, other than its representatives, for client referrals.

Item 15 Custody

SFA shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. SFA may also provide a written periodic report summarizing account activity and performance.

Please Note: To the extent that SFA provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by SFA with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of SFA's advisory fee calculation.

Item 16 Investment Discretion

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

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

Item 17 Voting Client Securities

- A. SFA does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact SFA to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

- A. SFA does not solicit fees of more than \$1,200 per client, six months or more in advance.
- B. SFA is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. SFA has not been the subject of a bankruptcy petition.

ANY QUESTIONS: SFA's Chief Compliance Officer, Susan H. Strasbaugh, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.