



**1505 Kasold Drive  
Lawrence, Kansas 66047**

**Telephone: 785-865-5308  
Facsimile: 785-865-5379**

**[www.RademacherFinancial.com](http://www.RademacherFinancial.com)**

April 03, 2018

**FORM ADV PART 2  
DISCLOSURE BROCHURE**

This brochure provides information about the qualifications and business practices of Rademacher Financial, Inc. If you have any questions about the contents of this brochure, please contact Phillip Rademacher, President and Chief Compliance Officer, at 785-865-5308. 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 Rademacher Financial, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Rademacher Financial, Inc. is 114067.

Rademacher Financial, Inc. is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment dated January 30, 2017 we have the following material changes:

- For our *Investment Management Program for Advisory Clients* (IMPAC) we updated circumstances surrounding processing fees and transaction charges for various investment vehicles as set forth in more detail under Item 5 below *Fees and Compensation*.
  - We clarified and updated our valuation methodology when calculating asset-based fees in the following areas located under Item 13 *Review of Accounts*: Brokerage Statement and Performance/Billing Valuation Differences for Fee-Based Accounts
  - Account Valuation and Pricing; and
  - Pricing of Fixed Income Securities.
- We have updated the *Compensation for the Sale of Securities or Other Investment Products* section in Item 5 to update the conflicts of interest associated with the compensation received in connection with the purchase and sale of securities or other investment products, including asset-based sales charges, and service fees or 12b-1 fees, for the sale or holding of mutual funds. Specifically, persons providing investment advice to advisory clients on behalf of our firm can select or recommend, and in many instances will select or recommend, mutual fund investments in share classes that pay 12b-1 fees when clients are eligible to purchase share classes of the same funds that do not pay such fees and are less expensive. Refer to Item 5 for additional information on this topic.

## Item 3 Table Of Contents

Item 1 Cover Page	Page 1
Item 2 Summary of Material Changes	Page 2
Item 3 Table Of Contents	Page 3
Item 4 Advisory Business	Page 4
Item 5 Fees and Compensation	Page 5
Item 6 Performance-Based Fees and Side-By-Side Management	Page 9
Item 7 Types of Clients	Page 9
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss	Page 9
Item 9 Disciplinary Information	Page 11
Item 10 Other Financial Industry Activities and Affiliations	Page 11
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	Page 11
Item 12 Brokerage Practices	Page 12
Item 13 Review of Accounts	Page 13
Item 14 Client Referrals and Other Compensation	Page 16
Item 15 Custody	Page 16
Item 16 Investment Discretion	Page 16
Item 17 Voting Client Securities	Page 16
Item 18 Financial Information	Page 17
Item 19 Requirements for State Registered Advisers	Page 17
Item 20 Additional Information	Page 17

## Item 4 Advisory Business

### Description of Services and Fees

Rademacher Financial, Inc. is a registered investment adviser based in Lawrence, Kansas. Our firm is organized as a subchapter S-Corporation under the laws of the State of Kansas. We have been providing investment advisory services since 1999. Phillip Rademacher and Rachel Rademacher are our principal owners. Currently, we offer the following investment advisory services, which are personalized to each individual client:

- Investment Management Program for Advisory Clients (IMPAC)
- Financial Planning Services
- Retirement Plan Consulting Services

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. Also, you may see the term Associated Person throughout this Brochure. As used in this Brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

### Investment Management Program for Advisory Clients (IMPAC)

We offer the Investment Management Program for Advisory Clients ("IMPAC"), a fee based account in which you are provided with ongoing investment advice and monitoring of securities holdings. We will manage the account on a non-discretionary basis (or discretionary, provided that certain qualifications are met). We may also invest your assets according to one or more model portfolios from conservative (low risk) to growth (high risk) developed by our firm. You will be provided with ongoing investment advice and monitoring of your securities holdings. IMPAC offers you the ability to pay an asset based advisory fee and a nominal process fee in lieu of a commission for each transaction.

The IMPAC Program is a fee-based account offered and administered through Raymond James Financial Services (RJFS).

### Financial Planning Services

We offer broad-based, modular, and consultative financial planning services. Financial planning will typically involve providing a variety of financial planning services to you regarding the management of your financial resources based upon an analysis of your individual needs. The process typically begins with a complimentary initial consultation. During or after the initial meeting, if you decide to engage us for financial planning services, we will collect pertinent information about your personal and financial circumstances and objectives. As required, we will conduct follow-up interviews for the purpose of reviewing and/or collecting additional financial data. Once we review and analyze the information you provide to our firm, we will deliver a written plan to you (via electronically if authorized by you) designed to help you achieve your stated financial goals and objectives. The primary objective of this process is to allow our firm to assist you in developing a strategy for the successful management of income, assets, and liabilities in meeting your stated financial goals and objectives.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to our firm. You must promptly notify our firm if your financial situation, goals, objectives, or needs change. You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm you choose.

## **Retirement Plan Consulting Services**

We offer retirement plan services on a non-discretionary basis with a focus on education and communications to plan participants of plan sponsors and/or plan trustees. Typically, services involve advice and/or recommendations of investments available in the participant's plan, such as fund selection, investment options, and educational seminars.

## **Wrap Fee Programs**

We do not participate in any wrap fee program.

## **Types of Investments**

We primarily offer advice on investment company securities (mutual funds), and exchange traded funds. We will also provide advice on: equity securities, warrants, corporate debt securities, certificates of deposit, municipal securities, U.S. Government securities, and interest in partnerships investing in real estate. Additionally, we may recommend other types of investments since each client has different needs and different tolerances for risk. We may also advise you on any type of investment held in your portfolio at the inception of our advisory relationship, or on specific types of investments at your request.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

## **Assets Under Management**

As of December 31, 2017, we provide continuous management services for \$97,393,248 in client assets on a discretionary basis, and \$6,200,122 in client assets on a non-discretionary basis. We also manage \$686,417 in client assets on a non-continuous basis.

## **Item 5 Fees and Compensation**

### **Investment Management Program for Advisory Clients (IMPAC)**

The Investment Management program for Advisory Clients (IMPAC) is a fee-based account, offered and administered through RJFS, which offers you, on a non-discretionary basis (or discretionary, provided certain qualifications are met), the ability to pay an advisory fee on the assets in your account and a nominal \$15.00 transaction charge in lieu of a commission for each transaction, with the exception of certain Non-Partner Fund purchases described below. Transaction charges are billed by RJFS. RFI receives no portion of transaction charges.

Select fund companies ("Participating Funds") have agreed to pay RJFS administrative fees. For certain mutual fund purchases, RJFS may use such fees to credit back the Processing Fee charged to Clients' accounts, as required by applicable law. Select fund companies have agreed to pay marketing service and support fees to RJFS ("Partner Funds"). "Non-Partner Funds" do not participate in RJFS's Education and Marketing Support program. Processing Fees are applied to purchases of Partner and Non-Partner Funds.

The Processing Fee for Non-Partner Fund purchases (excluding those Non-Partner Fund purchases made in non-taxable accounts, e.g. ERISA Plans, IRAs, and certain other tax-deferred vehicles, which will be subject to the \$15.00 fee noted above) is \$40.00. Please note that funds may change their Participating, Partner or Non-Partner status at any time; you should consult with RFI to verify the funds' status periodically. You may request a list of Participating Funds and Partner Funds from RFI or visit <https://www.raymondjames.com/legal-disclosures/packaged-product-disclosures/mutual-fund-investing-at-raymond-james/networking-and-service-partners>.

There are no transaction charges for mutual fund redemptions.

The maximum advisory fees for IMPAC Accounts are as follows:

Account Value*	Quarterly Fee	Annualized Fee
First \$500,000	.5625%	2.25%
Next \$500,000	.4375%	1.75%
Next \$4,000,000	.3125%	1.25%
Amounts over \$5,000,000	.2500%	1.00%

*\*Minimum account value of IMPAC is \$25,000*

*Actual fees will vary by portfolio type and will be reflected on the agreement signed by the client.*

For purposes of calculating and assessing asset-based fees, RFI uses the term "Account Value", which may be different than the asset value as reported on brokerage statements provided by RJFS to you. Pursuant to the investment management or advisory agreement, Account Value is defined as the total absolute value of the securities in the Account, long or short, plus all credit balances, with no offset for any margin or debit balances. Please see item 13, "Review of Accounts" for details on the account valuation methodology employed by RFI when calculating asset-based fees.

The annual asset-based fee is paid quarterly in advance as outlined in the Investment Advisory Agreement. The asset-based fee is prorated for the first quarter, based upon the number of days funds are in the account. Thereafter, the quarterly asset-based fee is paid in advance, based on the account asset value as of the last business day of the previous calendar quarter, and becomes due the following business day. Certain eligible variable annuities may be considered for inclusion in the account value for which the advisory fee is assessed.

If cash or securities, or a combination thereof, amounting to at least \$100,000 are deposited to or withdrawn from your account on an individual business day, RFI may: (i) assess asset-based fees based on the value of the assets on the date of deposit for the pro rata number of days remaining in the quarter. Notwithstanding the above \$100,000 adjustment threshold, RFI reserves the right, in its sole discretion, to process or not process fee adjustments when the source and destination of deposits and withdrawals involve a client's other fee-based advisory accounts. For example, a transfer of \$100,000 into a joint IMPAC account funded from two \$50,000 withdrawals from separate IMPAC accounts will have the \$100,000 billed in their joint IMPAC account and each of the separate IMPAC accounts will be refunded previously assessed fees on the separate \$50,000 withdrawals for the pro rata period remaining in the quarter.

You authorize and direct RJA as Custodian to deduct asset-based fees from your account; you further authorize and direct the Custodian to send a statement of securities, in custody, at least quarterly to you which shows all amounts disbursed from your account, including fees paid to RFI. You understand that the account statement will show the amount of the asset-based fee. Please see item 13, "Review of Accounts-Brokerage Statement and Performance/Billing Valuation Differences for Fee-Based Accounts" for details on the account valuation methodology employed by RFI when calculating asset-based fees.

The asset-based fees associated with the IMPAC account programs include all execution and clearing charges except: (1) certain dealer-markups and odd lot differentials, transfer taxes, exchange fees mandated by the Securities and Exchange Act of 1934 and any other charges imposed by law with regard to any transactions in the account; and (2) offering concessions and related fees for purchases of public offerings of securities as more fully disclosed in the prospectus.

Your Agreement may be terminated by you or us at any time upon providing notice pursuant to the provisions of your Agreement. In the event of termination of your Agreement, we will refund to you the prorated portion of the fee for the quarter of termination. There is no penalty for terminating your agreement.

### **Financial Planning Services**

Generally, our financial planning fees may consist of a fixed fee, an hourly fee, or a combination thereof. Currently, our fee schedule, subject to negotiation, is as follows:

- **Fixed Fees:** Our fee for a written financial plan will range between \$200 and \$10,000. The fee is negotiated in advance of services rendered, predicated on the scope and complexity of the requested services, and are payable in advance. We will not require prepayment of a fee more than six months in advance and in excess of \$1,200. Factors that we consider when determining the cost of a financial plan, include but are not limited to:
  1. The scope of the plan (i.e., plans that cover all aspects of a Client's financial plan such as business succession, estate planning, retirement needs, education planning, and successor trusts, among others, would warrant a higher fee than a more simplistic Client situation covering typical financial needs for current money management and retirement).
  2. Complexity of the Client financial situation (i.e., trusts, estates, business ownership, tax brackets and other personal needs).
- **Hourly Fees:** Alternatively, we may charge an hourly fee that ranges between \$175 to \$450, which is negotiable depending on the scope and complexity of the requested services. Hourly fees are payable in advance or in arrears as outlined in the Financial Planning Agreement. We will not require prepayment of a fee more than six months in advance and in excess of \$1,200. The hours needed may vary from Client to Client. *In limited circumstances*, the time/cost could potentially exceed the initial estimate. In such cases, we will notify you in writing and we may request that you approve the additional fee.
- **Annual Financial Planning Services:** After the initial financial planning engagement, you may engage our firm for on-going financial planning and consulting related services, based on an annual term. On-going financial planning services, which will include meetings to review your progress towards stated goals, asset performance and re-balancing, are available upon delivery of the financial plan. For continuing financial planning services, we charge a fee of \$490 payable annually in advance.

Extraordinary research or analysis may involve additional costs, which will be negotiated on an individual basis in advance of such additional services rendered.

Either party may terminate the agreement by providing written notice to the other. You will incur a pro rata charge for services rendered prior to the termination of the financial planning agreement, which means you will incur fees only in proportion to the amount of work performed. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Retirement Plan Consulting Services**

For our retirement plan consulting services, we charge a range from 90 to a maximum of 150 basis points (100 basis points equals 1%) of the participant's retirement plan value payable quarterly in arrears. You may terminate this service by providing written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this Brochure.

### **Compensation for the Sale of Securities or Other Investment Products**

Persons providing investment advice on behalf of our firm are registered representatives with Raymond James Financial Services, Inc. ("RJFS"), a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In their capacity as registered representatives, these persons receive compensation in connection with the purchase and sale of securities or other investment products, including asset-based sales charges, service fees or 12b-1 fees, for the sale or holding, of mutual funds. Compensation earned by these persons in their capacities as registered representatives is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice to advisory clients on behalf of our firm who are registered representatives have an incentive to recommend investment products based on the compensation received rather than solely based on your needs. Persons providing investment advice to advisory clients on behalf of our firm can select or recommend, and in many instances will select or recommend, mutual fund investments in share classes that pay 12b-1 fees when clients are eligible to purchase share classes of the same funds that do not pay such fees and are less expensive. This presents a conflict of interest. You are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm who receives compensation described above.

Persons providing investment advice on behalf of our firm may be investment adviser representatives of Raymond James Financial Services Advisors, Inc. ("RJFSA") an independent SEC-registered investment advisory firm with investment adviser representatives. If you are a client of both our firm and RJFSA, our services and fees are separate and apart from RJFSA's services and fees. This practice may present a conflict of interest because our representatives that are also registered with RJFSA may have an incentive to recommend RJFSA's services with the ability to earn fees as investment adviser representatives of RJFSA. You are under no obligation, contractually or otherwise, to use these representatives in their separate capacity as investment advisers of RJFSA.

Persons providing investment advice on behalf of our firm are licensed as independent insurance agents with Mercury Financial Group. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.



Any material conflicts of interest between you and our firm, or our employees are disclosed in this Disclosure Brochure. If at any time, additional material conflicts of interest develop, we will provide you with written notification of the material conflicts of interest or an updated Disclosure Brochure.

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees.

Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Advisory Business* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We offer investment advisory services to individuals including high net worth individuals, plan participants of pension and profit sharing plans, corporations, and other business entities.

There is a minimum investment of \$25,000 for IMPAC Accounts, although smaller accounts may be accepted based upon the specific circumstances of an account. The advisory fees for IMPAC Accounts are disclosed below at Item 5.

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

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

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- Fundamental Analysis - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.
- Technical Analysis - involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.
- Long Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- Short Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short term price fluctuations.
- Short Sales - a securities transaction in which an investor sells securities he or she borrowed in anticipation of a price decline. The investor is then required to return an equal number of shares at some point in the future. A short seller will profit if the stock goes down in price.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Recommendation of Particular Types of Securities**

As disclosed under the "Advisory Business" section in this Brochure, we primarily recommend mutual funds and Exchange Traded Funds ("ETFs") however; we may recommend other types of investments as appropriate for you since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

**Mutual funds and exchange traded funds (ETFs):** These types of funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Exchange traded funds differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely which can dilute other investors' interests.

**Variable Annuities:** A variable annuity is a form of insurance where the seller or issuer (typically an insurance company) makes a series of future payments to a buyer (annuitant) in exchange for the immediate payment of a lump sum (single-payment annuity) or a series of regular payments (regular-payment annuity). The payment stream from the issuer to the annuitant has an unknown duration based principally upon the date of death of the annuitant. At this point the contract will terminate and the remainder of the funds accumulated forfeited unless there are other annuitants or beneficiaries in the contract. Annuities can be purchased to provide an income during retirement. Unlike fixed annuities that make payments in fixed amounts or in amounts that increase by a fixed percentage, variable annuities, pay amounts that vary according to the performance of a specified set of investments, typically bond and equity mutual funds. Many variable annuities typically impose asset-based sales charges or surrender charges for withdrawals within a specified period. Variable annuities may impose a variety of fees and expenses, in addition to sales and surrender charges, such as: mortality and expense risk charges; administrative fees; underlying fund expenses; and charges for special features, all of which can reduce the return. Earnings in a variable annuity do not provide all the tax advantages

of 401(k)s and other before-tax retirement plans. Once the investor starts withdrawing money from their variable annuity, earnings are taxed at the ordinary income rate, rather than at the lower capital gains rates applied to other non-tax-deferred vehicles which are held for more than one year. Proceeds of most variable annuities do not receive a "step-up" in cost basis when the owner dies like stocks, bonds, and mutual funds do. Some variable annuities offer "bonus credits". These are usually not free. In order to fund them, insurance companies typically impose mortality and expense charges and surrender charge periods. In an exchange of an existing annuity for a new annuity (so-called 1035 exchanges) the new variable annuity may have a lower contract value and a smaller death benefit; may impose new surrender charges or increase the period of time for which the surrender charge applies; may have higher annual fees; and provide another commission for the broker.

## **Item 9 Disciplinary Information**

Rademacher Financial Inc., has been registered and providing investment advisory services since 1999. Neither our firm nor any of our Associated Persons have any reportable disciplinary information.

## **Item 10 Other Financial Industry Activities and Affiliations**

Persons providing investment advice on behalf of our firm are registered representatives with RJFS, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. These persons will earn commission-based compensation for selling securities products, which is separate and distinct from the advisory fees you pay our firm. You are under no obligation, contractually or otherwise, to purchase securities products through our Associated Persons in their separate capacity as registered representatives of RJFS. Please refer to the *Fees and Compensation* section above for additional disclosures on this topic.

Persons providing investment advice on behalf of our firm may be investment adviser representatives of Raymond James Financial Services Advisors, Inc. ("RJFSA") an independent SEC-registered investment advisory firm with investment adviser representatives. If you are a client of both our firm and RJFSA, our services and fees are separate and apart from RJFSA's services and fees. You are under no obligation, contractually or otherwise, to use these representatives in their separate capacity as investment advisers of RJFSA. Please refer to the *Fees and Compensation* section above for additional disclosures on this topic.

Persons providing investment advice on behalf of our firm are also licensed insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. We fully expect that clients to whom we provide advisory services will also be clients to whom insurance products are sold. Insurance commissions earned by these persons are separate from our advisory fees. You are under no obligation, contractually or otherwise, to purchase insurance products through our Associated Persons in their separate capacity as licensed insurance agents. Please refer to the *Fees and Compensation* section above for additional disclosures on this topic.

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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere

strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Our Code of Ethics is available to clients and prospective clients upon request. You may obtain a copy of our Code of Ethics by calling our main number 785-865-5308.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities. In accordance with our fiduciary responsibilities to you, our firm and/or our Associated Persons will generally be "last in" and "last out" for any trading that may occur in securities that are not exempt from federal reporting - e.g. mutual funds and direct obligations of the U.S. Government.

Our firm performs investment advisory services for other clients. We may take action with respect to any of our other clients, which may differ from the advice given or the timing or nature of action taken with respect to your investments. However it is our policy, to the extent practical, to allocate investment opportunities to your account over a period of time on a fair and equitable basis relative to other clients. It is understood that we have no obligation to disclose to you the purchase or sale of any security which we, our principals, affiliates, or employees may purchase or sell for its or their own account or for the accounts of any other client.

## **Item 12 Brokerage Practices**

We recommend the brokerage and custodial services of Raymond James Financial Services, Inc. ("RJFS") a securities broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. We believe that RJFS provides quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by RJFS, including the value of research provided, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of research services and additional brokerage products and services RJFS provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

We receive marketing dollars from various mutual fund companies that are used for client oriented events. The marketing dollars received are used to benefit all of our client accounts, not just those accounts for which commissions may be considered to have been used to benefit the mutual fund company or our firm.

Persons providing investment advice on behalf of our firm are also registered representatives of RJFS. These individuals are subject to FINRA Conduct Rule 3280 that may restrict them from conducting securities transactions away from RJFS. Therefore, these individuals are generally limited to conducting securities transactions through RJFS and its primary clearing firm.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Directed Brokerage**

We routinely request that you direct our firm to execute transactions through RJFS. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage.

Persons providing investment advice on behalf of our firm who are registered representatives of RJFS will recommend RJFS to you for brokerage services. These individuals are subject to applicable rules that restrict them from conducting securities transactions away from RJFS unless RJFS provides the representative with written authorization to do so. Therefore, these individuals are generally limited to conducting securities transactions through RJFS. It may be the case that RJFS charges higher transactions costs and/or custodial fees than another broker charges for the same types of services. If transactions are executed through RJFS, these individuals (in their separate capacities as registered representatives of RJFS) may earn commission-based compensation as result of placing the recommended securities transactions through RJFS. This practice presents a conflict of interest because these registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. You may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through such broker as, we recommend. However, if you do not use RJFS, we may not be able to accept your account. Please see the "Fees and Compensation" section in this Brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

### **Block Trades**

Transactions for each client generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may, but are not obligated to, combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

We combine orders for shares of the same securities purchased for discretionary accounts; however, we do not combine orders for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our firm, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm.

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

Each IAR is responsible for reviewing his/her client's investment portfolios from a centralized platform. IARs will continuously monitor the underlying securities within client accounts as well as any selected third-party managers/programs and perform at least annual formal account reviews. Accounts are reviewed for consistency with client investment strategy, asset allocation, risk tolerance and performance relative to the appropriate benchmark. More frequent reviews may be triggered by changes in an account holder's personal, tax or financial status. Firm-wide investment strategy shifts and significant political and macroeconomic events may also trigger reviews.

We will provide you with additional quarterly reports in conjunction with account reviews. Reports we provide to you will contain relevant account and/or market-related information such as an inventory of account holdings and account performance. In addition, you will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

We will review your financial and/or retirement plan only at your request. Otherwise, we do not review or monitor your 401K investment account(s), review your financial plan, or review statements you receive from your third-party money manager or account custodian. At your request, we may meet with you and/or your third-party money manager(s) to discuss asset allocation, but we will not make recommendations regarding specific investments or provide any regular written reports to you.

### **BROKERAGE STATEMENT AND PERFORMANCE/BILLING VALUATION DIFFERENCES FOR FEE-BASED ACCOUNTS**

The value used to calculate your asset-based advisory fee may differ from the net value shown on the brokerage statement. There are several reasons for these values to differ:

- **Trade Date versus Settlement Date**—The brokerage statement values all securities and cash balances based upon trades not being completed until the settlement date (when the money is due), while the value used for billing is derived from the performance system, which values all securities and cash balances based upon the trade date (initiation of cost basis for performance and tax reporting purposes.) For example, if a recent buy in an account has executed, but not yet settled at quarter end, the trade will still show as a cash position on the brokerage statement. In contrast, the purchased security, and value, will be used for performance and billing calculations.
- **Margin Balances and Short Sales**—Because the brokerage statement reads like a balance sheet, short sells and margin purchases are reflected as liabilities. For example, if a client buys a security on margin (or sells it short), they will have to pay for that security eventually, so it is shown as a liability (negative value) on the brokerage statement. The performance-related value does not view shorts and margin in this manner. Rather, clients who employ margin are in fact utilizing the advisory services of their financial advisor, who in turn is compensated for it. For comparison, a client with a retail commission-based account would be charged a commission on each margin trade/short sale because in essence a security position that did not exist before has been created. While considered a liability on the brokerage statement, these "new" positions are relevant from a performance and billing perspective and are therefore included for performance and billing purposes. As a result, the use of margin or short sells generally results in the largest discrepancy in terms of value between the brokerage statement and performance/billing values. This can be seen in the fact that a client's brokerage statement "net" liquidation value is reduced by liabilities, while the performance/billing value is increased.
- **Options**—Clients who write calls or puts, much like short sales, are creating a potential liability by doing so. While a client may understand that the net value of the account reflects what they would receive today if all securities were liquidated, it does not take into account the advisory or commission aspects of the securities that were "created". Again, clients are charged commissions in retail accounts when writing calls or puts because a security is being created. The correlation in a fee-based account is to value the security based upon the liability of the client by taking the absolute value of the short option. For example, a call writer expects the value of a particular security to decrease. If it does, the liability gradually decreases until it becomes zero. By taking the absolute value of the liability (the opposite of the long option) we value the short option based on the client's potential obligation to pay the option holder, and thus more accurately reflect the true "value" of the position.
- **Administrative-Only Investments**—Clients who hold securities designated as "Administrative-Only" are not assessed advisory fees on these positions. As a result, the Account Value upon which the advisory fee rate is applied will not include the value of these positions, although

these positions will be included on the brokerage statement.

- **Primary Market Distributions**—Clients who purchase initial public offerings and other new issues where Raymond James is a distribution participant will not be assessed advisory fees on these positions for one year from their purchase date. As a result, the Account Value will not include the value of these positions, although they will be reflected on the brokerage statement. Primary market distributions are not available to be purchased in DOL-impacted retirement accounts.

The methodology RFI uses to derive the Account Value is intended to align the calculation of the account performance and advisory fees. Account performance is calculated in a standardized manner, which reflects the initiation and disposition of securities, flows into and out of your account as well as the timing of these flows.

## **ACCOUNT VALUATION AND PRICING**

RFI relies on RJFS to provide pricing services. RJFS relies on third party pricing services to determine the value of client account assets. These values are shown on a client's brokerage statement and are used in preparing the client's performance reports.

While sources used for pricing publicly traded securities are considered by RJFS to be reliable, the process may be based on actual trades, bid/ask information or vendor evaluations. As a result, these prices may or may not reflect the actual trade prices a client may receive in the current market. Pricing for non-publicly traded securities is obtained from a variety of sources, which may include issuer-provided information (such as for limited partnerships, real estate investment trusts and other alternative investments). RJFS cannot guarantee the accuracy, reliability, completeness or availability of this information.

## **PRICING OF FIXED INCOME SECURITIES**

Fixed income securities, including brokered certificates of deposit, are priced using evaluations, which may be matrix- or model-based, and do not necessarily reflect actual trades. These price evaluation suggest current estimated market values, which may be significantly higher or lower than the amount a client would pay (or receive) in an actual purchase (or sale) of the security. These prices, obtained from various sources, assume normal market conditions and are based on large volume transactions.

The bond "market" is largely comprised of dealers that trade over the counter among themselves and very few bonds trade on organized exchanges. While traders are able to trade larger round lot sizes relatively easily (generally for institutional accounts), the process realized for factored mortgage-backed and odd-lot bonds reflect the fact that it is more difficult to obtain a bid for such bonds. Factored mortgage-backed and odd-lot bonds generally exhibit increased dispersion from publicly available pricing, which is typically based on institutional-level pricing. Bond prices are determined by what someone is willing to pay (the "bid") and what the bond owner would like to receive (the "ask"). The difference between the two is referred to as "the spread". With increases in price volatility, this spread may increase, making bond valuation less precise. As a result, bond prices reflected on brokerage statement or available online through RJFS Investor Access portal (or available from RFI) are best efforts estimates and should not be considered as potential sales prices or actual "bids." In cases where there is a need to sell a bond (or bond portfolio), RFI suggests that you contact our office to determine an actual bid(s).

Market prices of fixed income securities may be affected by several risks, including: (i) interest rate risk—a rise (fall) in interest rates may reduce (increase) the value of your investment, (ii) default or credit risk—the issuer's ability to make interest and principal payments, and (iii) liquidity risk—the inability to sell a bond promptly prior to maturity with minimal loss of principal.

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

As disclosed under the "Fees and Compensation" section in this Brochure, persons providing investment advice on behalf of our firm are licensed insurance agents, registered representatives and/or investment adviser representatives with RJFS and/or RJA. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the "Fees and Compensation" section above.

We do not compensate any individual or firm for client referrals.

## **Item 15 Custody**

We directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. We will also provide statements to you reflecting the amount of advisory fee deducted from your account.

You should compare our statements with the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact Phillip Rademacher at 785-865-5308.

## **Item 16 Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a power of attorney, and/or trading authorization forms. You must grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). Please refer to the "Advisory Business" section in this Brochure for more information under IMPAC.

## **Item 17 Voting Client Securities**

We will not vote proxies on behalf of your advisory accounts. However, at your written or verbal request, we may offer you advice regarding the exercise of your proxy voting rights. You will receive proxy materials directly from the account custodian or transfer agent.



## **Item 18 Financial Information**

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

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

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact Phillip Rademacher at 785-865-5308 if you have any questions regarding this policy.

**Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, the trade error will be corrected in the trade error account of the executing broker-dealer and you will not keep the profit.

**Professional Liability Insurance**

We are current with our annual professional liability insurance coverage relating to our investment advisory services as discussed in this Brochure.