

## **Item 1: Contact Information**



### **Part 2A of Form ADV - Brochure**

The following *Brochure* provides information about the firms' qualifications and business practices of Roof Advisory Group, Inc. as required by the United States Securities and Exchange Commission (SEC). If you have any questions about the contents of this brochure, please don't hesitate to contact us per the information below. 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.

This brochure is as of March 31, 2017.

The office location is:

507 N. Front Street  
Harrisburg, PA 17101

The office contact information is:

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More information about Roof Advisory Group, Inc also is available on the SEC website:  
[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

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**Item 2: Material Changes**

The material changes section of this brochure will be updated annually or when/if material changes occur since the previous release of the firm brochure.

Material changes to the 3/31/2017 update of this form are:

A complete copy of our Firm Brochure is always available for your records, either in hard copy by request or through your ShareFile account.

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## **Item 4: Firm Description and Services Offered**

### **Item 4A: Description of the firm**

Roof Advisory Group, Inc. is an S Corporation organized in January 1998 by E. Jeffrey Roof, founder and principal of the firm. The firm is registered with the United States Securities and Exchange Commission (SEC) as a Registered Investment Advisor. All employees (except for the Administrative Assistant) are registered investment advisor representatives, meaning each employee has successfully passed the Series 65 Exam – Registered Investment Advisor Representative.

What does investment advisor mean? As defined by the Investment Advisors Act of 1940, any person or group that makes investment recommendations or conducts securities analysis in return for a fee, whether through direct management of client assets or via written publications.

An investment advisor who has 100 million plus dollars of assets under management is required to be registered with the SEC and is known as a Registered Investment Advisor, or RIA. Registration does not imply a certain level of skill or training. Investment advisors are prohibited from disseminating advice known to be deceitful or fraudulent and from acting as a principal on their own accounts by buying and selling securities between themselves and a client without prior written consent.

### **Item 4B: Description of the firm's services**

Roof Advisory Group, Inc. provides a variety of investment management, investment advisory and financial consulting/planning services to its clientele. Investment advisory/management fees are typically calculated as a percentage of assets under management or if the assets under management don't meet our minimum, a minimum fee is charged. Financial consulting/planning fees are typically charged on a flat fee/per project basis. Roof Advisory Group, Inc. compensation is derived from fees alone; none of the company's revenue will be in the form of commissions.

#### **I. Investment Management Services:**

Investment management services are provided to both individuals and institutions. A comprehensive initial fact finding and suitability review is completed for each client receiving individualized management. For all investment management services offered by the firm, individual client investment objectives, risk tolerance, return expectations, and liquidity needs are examined in detail.

#### **Active Portfolio Management:**

Based on the above parameters, Roof Advisory Group, Inc. constructs a customized client portfolio, predominantly utilizing a diverse array of individual equities, mutual funds, exchange traded funds and fixed income securities. This service is intended for clients with an excess of \$1,000,000 in investable assets. A client account(s) is established at a selected clearing broker-dealer who maintains custody of account assets. Assets held at other institutional custodians can also be managed via this service.

Roof Advisory Group, Inc. manages the client's portfolio by directing the execution of purchases and sales of various investment holdings in the account(s). As a part of its active portfolio management service, the firm also provides ongoing portfolio evaluation, benchmark performance comparison, and consolidated reporting. Stand-alone advisory and consulting services can also be offered to larger clientele for special needs or projects as listed below.

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### **II. Financial Planning, Investment Advisory and Consulting Services**

Roof Advisory Group recognizes the financial planning needs of clientele vary dramatically based on their individual situations and personal objectives. Consequently, the firm's financial planning, investment advisory, and consulting services can be delivered in a variety of ways. Most clients access the firm's financial planning experience and expertise via comprehensive financial planning engagement:

#### **Comprehensive Financial Planning Engagement:**

Unlike the cookie cutter approach used by other firms, Roof Advisory Group's proprietary comprehensive financial planning process is designed to address each client's unique needs on an individual basis, providing customized solutions with detailed recommendations and specific action steps. Areas of focus for a financial planning engagement can range from addressing broader concerns such as retirement planning, asset accumulation, and business transition to evaluating targeted needs such as future college funding, home/business financing options, and elder care costs. Most often, clients need the firm's expertise in quantifying and prioritizing how to best address their unique combination of issues and objectives.

Whether the initial engagement is a basic 'financial check-up' or a detailed analysis of various retirement funding scenarios, Roof Advisory Group's financial planning clientele know they are receiving professional and unbiased advice from a team of experts that will assist them in reaching their financial goals. A comprehensive financial planning engagement can be contracted singularly, or in conjunction with, the firm's investment management services. Project pricing will be based on each client's need and the scope of the engagement.

Investment advisory and consulting services offered by Roof Advisory Group are custom designed based on specific client needs and expectations. Pricing varies based on the scope of the services provided. For individuals, some customized investment advisory and consulting services offered include:

#### **Individual Portfolio Review:**

For individual clientele, an in-depth portfolio review is typically part of the comprehensive financial planning engagement listed above to assure a client's current portfolio structure appropriately complements both near and long term financial objectives. However, there are situations where this service may be more appropriate ala carte. The portfolio evaluation process not only identifies potential investment risk, hidden costs, and inefficient asset structure, it also quantifies specific areas of underperformance versus benchmark standards and provides step-by-step implementation recommendations to correct whatever deficiency exists.

#### **Wealth Management Services:**

Roof Advisory Group's wealth management services are typically offered in conjunction with the active portfolio management provided for high net worth clientele. However, these can also be customized to meet specific client needs. Wealth management offerings span a broad range of services, some examples include:

##### **-Retirement Income Management:**

Transitioning and coordinating a client's overall asset structure to one that is more appropriately positioned to provide ongoing, predictable and tax-efficient retirement income is one example. Directly managing and implementing a client's preferred distribution method of monthly/quarterly/annual cash flow is another example. The firm's objective is to provide our clientele with seamless and worry-free distribution of their investment income and/or principal regardless of time or location.

##### **-Comprehensive Asset Coordination:**

For many clients, their managed portfolio assets represent only a portion of their overall net worth. Other assets can include real estate interests, business equity, accrued retirement benefits, potential inheritances, and illiquid securities. Coordinating a client's

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broad-based asset mix in a tax efficient manner that assures appropriate wealth preservation and liquidity while also optimizing growth, limiting risk, and maintaining tax-efficiency is a critical and ongoing wealth management function.

**-Intergenerational Investment Planning:**

Many of the firm's relationships include members from multiple generations within the same family. Each family has its own unique set of priorities and expectations involving both current and future wealth transfer to family members, charities, etc. The firm is often involved in working closely with a client's extended family and other professional advisors to assure continuity in both the management of investments and the implementation of long term objectives.

For institutions, some customized investment advisory and consulting services offered include:

**Institutional Portfolio Review:**

Institutions, including corporations, associations, not-for-profits, endowments and foundations, engage the firm for comprehensive portfolio reviews and independent, in-depth analysis of their current investment strategy, investment policy and/or portfolio managers. When engaged in this consultative role, the firm maintains its independence and integrity by not pursuing any direct investment management business with the hiring organization during the period of engagement.

The firm's institutional portfolio review services can be designed to assist institutional 401(k) and other retirement plan sponsors fulfill their fiduciary obligation by providing independent investment reviews and recommendations regarding the retirement plan investment options offered to participants. Whether provided on an ongoing or periodic basis, Roof Advisory Group's expertise adds both value and peace of mind to plan sponsor and participant alike.

The following investment advisory and consulting service is offered to both individuals and institutions:

**Expert Analysis & Testimony:**

The firm is periodically engaged to provide expert witness analysis and/or testimony in legal matters relating to investment management. Each situation is thoroughly reviewed prior to accepting an engagement to determine if the firm can add substantial value. Examples of past engagements has ranged from assessing the appropriateness of the portfolio management strategy applied to a plaintiff's account by a large banking/brokerage organization to quantifying the direct cost/return lost by elderly retirees when they were inappropriately sold multiple, high-commission products by an insurance representative.

**Item 4C: Client relationships**

All of the firm's services are delivered based on the individual needs and specific situation of each client. Whether a client's primary relationship with the firm is driven by investment management, financial planning, investment advisory or consultative services; each client's goals and objectives are used to determine the most effective course of action and appropriate firm services to be offered.

For clients utilizing the firm's investment management services, a formal written investment policy is completed to detail mutual agreement as to the general portfolio and asset allocation parameters that will be used during the ongoing investment management process. These parameters are regularly reviewed with each investment management client to assure the agreed upon investment policy standards continue to remain appropriate for that client's objectives and situation.

Clients of Roof Advisory Group should expect to be fully engaged participants in the relationship. Open, honest and ongoing bi-directional communication among all parties is critical to a successful working relationship. Clients can expect regular communication from the firm in the form of phone calls, emails

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and in-house written market commentary. We will also offer to meet with you in person no less frequently than once per year for a portfolio review.

**Item 4D: Wrap fee programs**

Roof Advisory Group, Inc. doesn't participate in wrap fee programs.

**Item 4E: Assets under management**

Assets under management (AUM) refer to the market value of assets that an investment advisor manages on behalf of investors. The AUM total of the firm is influenced by two factors: growth/decline due to capital appreciation/depreciation and overall account dollar inflow/outflow. As of December 31, 2016, firm assets under management totaled \$426,135,000. This total is comprised of two separate components: discretionary and non-discretionary assets.

Discretionary assets are assets the firm actively manages in a client's portfolio/account on an ongoing basis, including directly buying and selling securities during the management process. The client must sign a discretionary disclosure form as documentation of the clients consent for this management to occur. Typically, discretionary assets are referred to as a "managed account". As of December 31, 2016, Roof Advisory Group actively managed over \$393,482,000 in discretionary assets.

Non-discretionary assets include assets that are periodically reviewed or advised on by the firm. The firm does not initiate any investment or account transactions for non-discretionary assets. As of December 31, 2016, Roof Advisory Group had non-discretionary assets totaling \$32,653,000..



## **Item 5: Fees and Compensation**

### **Item 5A Fee structure with minimums for each service**

#### **Investment Management Services:**

##### **Active Portfolio Management**

Fees for active portfolio management services are as follows:

- 1.00% of assets managed of the first \$1,000,000
- .75% of assets managed on next \$2,000,000 up to \$3,000,000
- .60% of assets managed on the next \$2,000,000 up to \$5,000,000
- .50% of assets managed above \$5,000,000

Minimum annual fee is \$10,000 and may be waived at our sole discretion.

\*Fees shown exclude any transaction costs/custodial fees, if applicable.

#### **Financial Planning, Investment Advisory and Consulting Services:**

Fees for financial planning/investment advisory/expert witness:

All engagements are priced per project (minimum \$3,500)

### **Item 5B Billing information**

Asset-based investment management fees are collected at the beginning of each quarterly billing period, are typically prorated per each client account, and then debited directly from each respective account. The first quarterly fee is prorated to coincide with the current billing month once the assets have been received. Fees are billed in advance and invoice statements are delivered to clients electronically whenever possible. Financial planning, investment advisory and consulting services fees are billed on a per project basis as services are provided and are due upon receipt by check and are billed separately from investment management fees.

### **Item 5C Miscellaneous fee information**

Roof Advisory Group, Inc. receives no commission compensation from any broker-dealer relationship. Participation with several broker-dealers may provide certain benefits such as; access to software links, trading and portfolio management programs, investment brochures, investment research materials and educational opportunities.

Institutional custodians may charge client accounts transaction fees for the purchase/sale of individual equities, mutual funds, exchange traded funds (ETFs). As noted above, our firm receives no portion of these transaction fees whatsoever. Transaction fees for individual equities and ETFs can range from \$4.95 to \$12.95 per transaction, with the price range based on overall asset level and/or if the client receives the statements, trade confirmations, and information from the custodian either in printed hard copy or electronically via a secure website connection. Fees for mutual fund purchase/sale may range from \$0.00 to \$49.95, depending upon the fund and amount of time the fund has been held by the client.

Roof Advisory Group, Inc. may pay a portion of its advisory fee to certain unaffiliated persons or entities meeting the definition of "solicitor". The fees paid by clients of Roof Advisory Group, Inc. are not increased due to payment of a solicitor's referral fee. Any payments to a solicitor comply with all applicable SEC rules and state regulations and are directly disclosed in advance to any client affected. The firm currently has no ongoing solicitor arrangement with any outside firm.

#### **Item 5D Termination of services**

Investment management service relationships are able to be terminated by either the client or Roof Advisory Group, Inc. upon receipt of written notice. Any prepaid fees will be prorated based on the date of termination, with the difference refunded to the client. Clients may also terminate, without penalty, an agreement within five (5) business days of signing.

#### **Item 5E Sales charges and/or service fees from mutual funds**

Roof Advisory Group does not receive any sales charges or service fees from mutual funds or any other investments used in our portfolio management process. The firm's compensation is solely from fees paid directly by clients. Likewise, the firm does not receive commissions based on the client's purchase of any financial product. No commissions in any form are charged or accepted by Roof Advisory Group, Inc.

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

The firm's fee structure is detailed in Item 5A and does not include any technically defined 'performance-based fee compensation'. Such fees are based solely on a high percentage of account gains and are often used in hedge funds and other pooled investments. Performance-based fees have the potential to create a conflict of interest and may create an incentive for an investment manager to use investments with a higher degree of risk than appropriate for an individual client. Roof Advisory Group's asset-based fee structure is standard among registered investment advisors and means the firm's fees will go up or down with increases or decreases in overall client portfolio value.

### **Item 7: Types of Clients**

We generally provide services to individuals, banks or thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities other than those listed above. Client relationships vary in scope and length of service.

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

#### **Item 8A Methods**

Roof Advisory Group's professional portfolio management process is focused and disciplined. It is designed to control downside portfolio risk while optimizing overall investment return when compared to clearly identified benchmarks. Clients receive non-biased professional portfolio management they can trust, reflecting the firm's core concepts of integrity, expertise and service.

Roof Advisory Group utilizes an expansive variety of diverse research sources. Research reviewed ranges from economic forecasting to in-depth individual security analysis. Primary sources include: Standard & Poor's, Argus Research, Credit Suisse, FactSet, Morningstar, Reuters/First Call, and Dow Jones. Secondary sources include: Briefing.com, Charles Schwab, Merrill Lynch, and numerous other providers.

From time to time, Roof Advisory Group, Inc. and/or its employees, and/or its retirement plan(s) may invest in the same securities and mutual funds bought, sold or held in client accounts. The majority of securities and mutual funds used by the firm are widely held and publicly traded, thereby eliminating conflicts of interest. It is also the policy of Roof Advisory Group, Inc. to place client's interest before those of the firm or its employees. Reasonable attempts will be made to execute client transactions in a particular fund or security before those of the firm or its employees if there is a clear limitation in trading volume.

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**Item 8B Investment Strategy and Selection**

A comprehensive initial fact finding and suitability review is completed for each client receiving individualized management. Client investment objectives, risk tolerance, return expectations, and liquidity needs are examined in detail.

Based on these parameters, Roof Advisory Group, Inc. constructs a customized client portfolio, predominantly utilizing a diverse array of individual equities, mutual funds, exchange traded funds and fixed income securities. A client account(s) is established at a selected clearing broker-dealer who maintains custody of account assets. Roof Advisory Group, Inc. manages the portfolio by directing the execution of purchases and sales in this account. As a part of its advisory service, the firm also provides ongoing portfolio evaluation, benchmark performance comparison, and consolidated reporting. The client's goals and objectives are recorded during meetings and via correspondence with the client.

Each client's investment situation is unique and addressed as such. Our clientele look to us to proactively manage their assets in a way that maximizes return within jointly determined risk parameters. Toward this end, a comprehensive, three-tier approach is taken in the firm's portfolio management process.

Initially, most new clients have never developed a clear investment strategy, much less a defined investment policy. This is the first step of our management process. Areas of focus in formulating an appropriate investment strategy/policy are outlined below:

Investment Strategy/Policy: Long-term goals  
Financial objectives  
Risk tolerance  
Income/principal needs  
Return expectations  
Document any investment restrictions

Once an appropriate investment policy is developed for a specific client, the firm's method of disciplined management seeks to effectively optimize portfolio return within the client's quantified risk guidelines. Essential to this process is developing, implementing, and monitoring each client's portfolio/asset allocation and structure versus key benchmarks. Diversification at all levels is critical. Several of these benchmarks are listed below.

Portfolio/Asset Allocation: Asset class/style exposure  
Industry sector exposure  
Maturity/rate exposure  
Historic variation  
Projected volatility  
Comparative performance

Finally, a defined security selection process is utilized in both the initial establishment and ongoing management of a client's portfolio. This applies to both equity and fixed income investments. Highlights of the selection process are listed below.

Security Selection: Quality-driven, risk control  
Buy/sell discipline  
Performance versus peers  
Performance versus benchmark  
Existing constraints

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Additional detail on the firm's equity and fixed income selection process is outlined below:

**Equity Selection:** Based on the size of each individual account, the firm may use individual equities, mutual funds, exchange traded funds or a combination thereof in constructing the equity portion of a clients' portfolio. Regardless of account size, the firm recognizes the benefit provided by utilizing multiple managers with specialized expertise in specific areas, such as international and mid/small equities, and will periodically utilize high-quality, low-cost mutual funds with established track records of solid performance results versus benchmarks and peer groups to fill this need.

A fundamental 'value-style' approach is used when actively managing the individual stocks included in the equity position in our clients' investment portfolios. Specifically, we define this group of stocks as companies with solid earnings, low corporate debt, notable one year appreciation potential (10% plus), reasonable valuation (P/E ratios below 15), and dividend yields exceeding 2%. Tax efficiency is a consideration in all taxable accounts.

**Mutual Fund Share Class Selection Protocol:**

Mutual fund share classes deployed by the firm into client accounts are vetted by the firm's share class selection protocol. This protocol is designed to examine the total cost of ownership among various share classes of the same fund. Using actual trade data, we are able to select the share class that will give our clients the lowest total cost of ownership.

Roof Advisory Group receives no compensation from mutual fund companies.

**Fixed Income Selection:**

Individual bond issues are used whenever discrete account size permits the achievement of appropriate fixed income diversification, and are augmented by preferred stock, mutual funds, and exchange traded fund positions. The use of individual bonds may provide greater control of fixed income quality, maturity, and yield; if utilized high-quality, aggregated portfolio will be investment grade (BBB and better) bonds with a short to intermediate term maturity (3-15 years) are typically used in non-taxable accounts, with high-quality municipal bonds utilized in taxable situations when appropriate.

The aggregate duration of a fixed income portfolio is managed based on relevant market factors. Overall bond quality and portfolio diversification is not sacrificed in the pursuit of yield. The fixed income portion of a client's portfolio is used to temper, not enhance, volatility. While the fixed income investments are not regularly traded for the purpose of capturing valuation changes; however, this has been done in unique circumstances.

**Item 8C    Securities utilized**

We offer advice on the following types of investments:

- Equity securities, including exchange-listed securities, securities traded over-the-counter and foreign issuers
- Mutual funds, exchange traded funds, exchange traded notes, and closed end funds
- Corporate debt securities
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance and variable annuities
- United States governmental securities
- Interests in partnerships investing in real estate and oil and gas interests

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**Item 8D Risk of Loss**

All investment programs have certain risks that are borne by the investor. Our investment approach seeks to reduce risk; however, as with all investments, clients face investment risks including the following: Loss of Principal Risk, Interest-rate Risk, Market Risk, Inflation Risk, Currency Risk, Reinvestment Risk, Business Risk, Liquidity Risk, and Financial Risk.

All investment products are susceptible to loss of value, including but not limited to: individual stocks, bonds, mutual funds, exchange traded funds, closed end funds, options, commodities, real estate investment trusts, annuities and certain non-insured cash products.

Because of the volatile and unpredictable nature of financial markets, we do not guarantee future performance of any account or any specific level of performance. Clients should understand that investment decisions will not always be profitable and that past performance is no guarantee of future results.

**Item 9: Disciplinary Information**

**Item 9 Disclosure of findings and instances**

There are no findings or instances, currently or historically, against the firm or any individual of the firm.

**Item 9A Disclosure of criminal or civil matters**

There are no criminal or civil matters, currently or historically, against the firm or any individual of the firm.

**Item 9B Disclosure of administrative proceedings**

There are no administrative proceedings, currently or historically, against the firm or any individual of the firm.

**Item 9C Disclosure of findings by Self-Regulatory Organizations**

There are no administrative proceedings, currently or historically, against the firm or any individual of the firm.

**Item 10: Other Financial Industry Activities & Affiliations**

**Item 10A Registered broker-dealer or a registered representative of a broker-dealer**

Neither the firm nor any management person is a registered broker-dealer or a registered representative of a registered broker-dealer or has an application pending.

**Item 10B Futures trading, commodity pools or commodity trading**

Neither the firm, nor any individual person of the firm, is registered as a futures commission merchant, commodity pool operator, a commodity trading advisor or any associated person of any of the foregoing or has an application for registration pending.

**Item 10C Any relationship with related persons:**

- Broker dealer, municipal securities dealer, or government securities dealer or broker.....N/A
- Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund” and offshore fund) .....N/A
- Other investment advisors or financial planner .....N/A

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| ▪ Future commission merchants, commodity pool operator, or commodity trading advisor ..... | N/A |
| ▪ Banking or thrift institutions .....   | N/A |
| ▪ Accountant or accounting firm .....  | N/A |
| ▪ Lawyer or law firm .....   | N/A |
| ▪ Insurance companies/agents .....   | N/A |
| ▪ Pension consultant .....   | N/A |
| ▪ Real estate broker or dealer .....   | N/A |
| ▪ Sponsor or syndicator of limited partnership .....                                       | N/A |

**Item 10D Compensation for recommending of selecting other investment advisors**

Roof Advisory Group, Inc. does not solicit, offer or negotiate for the sale of investment advisory services by another investment advisor nor does it participate in or sponsor any wrap fee program.

**Item 11: Code of Ethics**

**Item 11A Code of ethics**

All persons of Roof Advisory Group, Inc. have committed to a Code of Ethics that is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (“Advisers Act”). The key points are: fiduciary duty to clients, putting the clients’ interest first, objectivity, confidentiality, competence, fairness, integrity and honesty, regulatory compliance, full disclosure, and professionalism. A copy of the Code of Ethics can be provided if requested.

**Item 11B Private funds managed by the advisor**

We do not manage any private funds.

**Item 11C Participation in the same securities as clients**

From time to time, Roof Advisory Group, Inc. and/or its employees, and/or its retirement plan(s) may invest in the same securities, mutual funds and fixed income positions bought, sold or held in client accounts. The majority of securities, mutual funds and fixed income positions used by the firm are widely held and publicly traded, thereby eliminating conflicts of interest. Except in instances of block trading, it is also the policy of Roof Advisory Group, Inc. to place client’s interests before those of the firm or its employees. Reasonable attempts will be made to execute client transactions in a particular security, mutual fund or fixed income position before those of the firm or its employees if there is a clear limitation in trading volume. In cases where shares are block traded, or bought in aggregate, no conflict of interest exists as clients and participating employees will all receive the same average share price in the transaction.

**Item 11D Participation in the same securities practice for addressing conflicts**

Individual equities, exchange-traded funds (ETFs) and individual bond positions are routinely purchased in block format (a precise number of shares calculated in advance and a single purchase is made for the master account and then the shares are allocated to each client’s individual account).

Shares are allocated to accounts in such a way as that all clients participating in the aggregate trade receive the same average share price. This extends to any employee accounts in the group, thereby eliminating the ability to favor such accounts. Should the block trade extend over multiple trading sessions due to volume limitations in the target security, a random allocation methodology is employed to distribute shares. Accounts are randomly chosen to receive each day’s shares until the full buy or sell is complete.

In the event that securities are purchased or sold for client and employee accounts outside of a block trade format, it is firm policy that all client trades be placed before any employee trades.

A mutual fund transaction is priced after the market closes and the net asset value (NAV) or share value is determined so all buy/sell transactions occur at the same time and the same NAV.

## **Item 12: Brokerage Practices**

### **Item 12A.1 Soft dollars: Research and other soft dollar benefits**

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients 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. Some of those services help us manage or administer our clients' accounts; while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200.

### **Item 12A.2 Referrals from brokers**

Roof Advisory Group, Inc. doesn't have any relationships established to receive referrals from brokers.

### **Item 12A.3 Directed brokerage**

Roof Advisory Group does not maintain custody of your assets that we manage; although, we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15 – Custody, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and will buy and sell securities upon our instruction. While we may recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you.

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- 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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**Item 12A.4 Brokerage and custody costs**

For our clients' accounts that Schwab 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 and are lower than they would be otherwise. In addition to commissions, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above.

**Item 12A.5 Products and services available to us from Charles Schwab & Co.**

**Services that benefit you**

Schwab's institutional 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 we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

**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. In addition to investment research, Schwab also makes available software and other technology that: provide access to client account data, facilitate trade execution and allocate aggregated trade orders for multiple client accounts, provide pricing and other market data, facilitate payment of our fees from clients' accounts and assist with 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 include: educational conferences and events, consulting on technology, compliance, legal and business needs, publications and conferences on practice management and business succession and access to employee benefits providers, human capital consultants and insurance providers.

**Item 12B Adviser aggregates orders when it has the opportunity to do so**

Individual equities, exchange-traded funds (ETFs) and individual bond positions are typically purchased in block format (a precise number of shares calculated in advance and a single purchase is made for the master account and then allocated to each client's individual accounts). This process insures that all clients receive the same share price and removes the variable of time from affecting client outcomes. As they trade differently, mutual fund transactions occur after the market closes when the net asset value (NAV) or share value is determined so that all buy/sell transactions occur at the same time and with the same NAV.



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**Item 13: Review of Accounts**

**Item 13A Frequency and nature**

Roof Advisory Group, Inc. reviews investment advisory accounts on a continuous and ongoing basis in order to verify that investment policy parameters are being followed. A comprehensive administrative review is conducted annually for all advisory accounts. This review is based on each client's mutually agreed upon investment policy, as well as the firm's target portfolio allocations. Account reviews are completed by our investment and operations staff and the process is monitored by the chief compliance officer. Other factors that may prompt a review are a change in client needs/objectives, a modification of the existing allocation range and a significant addition/reduction of account assets.

**Item 13B Other**

Other factors that may prompt a review are a change in a client's financial condition, employment status, medical condition and similar life events.

**Item 13C Frequency of reports**

Clients utilizing investment advisory/management services receive a quarterly reporting from us with a detailed listing of all securities positions, the valuation of these securities, and a summary of the current asset allocation from our firm. Clients also receive detailed trade confirmations (per transaction or quarterly) and account statements (monthly or quarterly) directly from the clearing broker/dealer maintaining custody of account assets. The confirmations and statements may be available either by electronic or paper means.

Roof Advisory Group, Inc. will also meet either face to face, by videoconference or by phone conference for an annual review. During this review, clients will receive detailed reporting on their accounts. Your portfolio may require tax related reports to be generated annually. Tax reports may also be sent directly to your accountant.

**Item 13D Electronic Delivery of Client Communications**

Roof Advisory Group, Inc. delivers client communications electronically through a secure, internet based document hosting portal. As this is our preferred method, all documents will be delivered in this fashion.

**Item 14: Other Compensation & Referrals**

**Item 14A Other compensation**

Roof Advisory Group, Inc. receives no commission compensation from any broker-dealer relationship. Participation with several broker-dealers may provide certain benefits such as, access to software links, trading and portfolio management programs, investment brochures, and educational opportunities.

**Item 14B Compensation of non-supervised person for client referrals**

Roof Advisory Group, Inc. may pay a portion of its advisory fee to certain unaffiliated persons or entities meeting the definition of "solicitor". Any payments made in such a manner comply with all applicable SEC rules and state regulations. Fees paid by clients of Roof Advisory Group, Inc. are not increased due to our payment of a solicitor's referral fee.

**Item 15: Custody**

Under Rule 206(4)-2 of the Advisors Act, Roof Advisory Group, Inc. is not deemed to have custody of client assets (even though we receive fees from managed accounts via a direct deduction from your account by the custodian) because (1) Charles Schwab is a qualified custodian and maintains client assets, (2) we notify the client that Charles Schwab is acting as a custodian and (3) we have a reasonable basis to

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believe that Charles Schwab will send an account statement at least quarterly to each of our clients which describes all transactions in the client's account. You will receive account statements directly from Charles Schwab or, if not Charles Schwab, another qualified custodian at least quarterly. The statements will be sent to the email or postal mailing address you provide to Charles Schwab or another custodian. You should carefully review those statements promptly when you receive them. We also urge you to compare the custodians' account statements to the periodic portfolio reports you will receive from us.

**Item 16: Investment Discretion**

In the initial interview process, Roof Advisory Group, Inc. establishes investment objectives, risk tolerance, return expectations, and liquidity needs for each client. With few exceptions, the firm retains a limited power of attorney to execute trades based on these criteria and manages the account in a discretionary manner.

Most securities transactions, particularly mutual funds, are done with no broker-dealer commission or fees. If a direct commission or fee is charged by the executing broker-dealer, it is assessed only to the account(s) affected by the trade. If applicable, the firm negotiates with the broker-dealer for volume discounts.

Roof Advisory Group, Inc. considers the overall scope and quality of services provided by the broker-dealer when placing discretionary account business. These include research and reporting capabilities, financial responsibility, commission fee rates, timeliness of trades and valuation, breadth of products, and general responsiveness to client needs. Any research and analysis received is used to service all clients' discretionary accounts.

A particular broker-dealer may be recommended for custodian use in discretionary accounts. If a client chooses to use a different custodian, certain reporting and pricing benefits may be unavailable for that client. Consequently, a disparity in broker-dealer commission charges may exist between clients designating a specific broker and the majority of the firm's clientele.

**Item 17: Voting Client Securities**

**Item 17A Proxy voting**

Roof Advisory Group, Inc., as a courtesy to our clients, offers to vote proxies on their behalf. We have adopted a proxy voting policy, which complies with Rule 206(4)-6 under the Advisors Act. We describe that policy to our clients and, upon request, furnish a copy of the policy to them.

**Item 17B If not, clients will receive solicitations from their custodian**

Clients who wish to vote the proxies themselves can receive information directly from the custodian and will be responsible for voting their proxies. Our non-discretionary clientele are responsible for voting their proxies.

**Item 18: Financial Information**

**Item 18A Do you require payment of more than \$1,200 more than 6 months in advance**

No

**Item 18B Financial conditions likely to impair ability to meet contractual commitments**

None

**Item 18C Subject of a bankruptcy petition within the last 10 years**

Roof Advisory Group, Inc. is/has not been the subject of a bankruptcy petition.

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

Not applicable

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Appendix

<sup>1</sup> Definitions came from - <http://www.investopedia.com/terms/i/investmentadvisor.asp>