

Uniform Application for Investment Adviser Registration

OMB APPROVAL	
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Name of Investment Adviser: Templeton Financial Services, Inc				
Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code Telephone Number
3115 S Price Rd, Ste 130	Chandler	AZ	85248	(480) 883.1073

This part of Form ADV gives information about the investment adviser and its business for the use of clients.
The information has not been approved or verified by any governmental authority.

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(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form
are not required to respond unless the form displays a currently valid OMB control number.

1. A. Advisory Services and Fees. (check the applicable boxes)		For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)	
Applicant:			
<input checked="" type="checkbox"/>	(1) Provides investment supervisory services	100	%
<input type="checkbox"/>	(2) Manages investment advisory accounts not involving investment supervisory services		%
<input type="checkbox"/>	(3) Furnishes investment advice through consultations not included in either service described above		%
<input type="checkbox"/>	(4) Issues periodicals about securities by subscription		%
<input type="checkbox"/>	(5) Issues special reports about securities not included in any service described above		%
<input type="checkbox"/>	(6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities		%
<input type="checkbox"/>	(7) On more than an occasional basis, furnishes advice to clients on matters not involving securities		%
<input type="checkbox"/>	(8) Provides a timing service		%
<input type="checkbox"/>	(9) Furnishes advice about securities in any manner not described above		%
(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)			
B. Does applicant call any of the services it checked above financial planning or some similar term?		Yes	No
		<input type="checkbox"/>	<input checked="" type="checkbox"/>
C. Applicant offers investment advisory services for: (check all that apply)			
<input checked="" type="checkbox"/>	(1) A percentage of assets under management	<input type="checkbox"/>	(4) Subscription fees
<input type="checkbox"/>	(2) Hourly charges	<input type="checkbox"/>	(5) Commissions
<input type="checkbox"/>	(3) Fixed fees (not including subscription fees)	<input type="checkbox"/>	(6) Other
D. For each checked box in A above, describe on Schedule F:			
<ul style="list-style-type: none"> the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee applicant's basic fee schedule, how fees are charged and whether its fees are negotiable when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date 			
2. Types of Clients — Applicant generally provides investment advice to: (check those that apply)			
<input checked="" type="checkbox"/>	A. Individuals	<input checked="" type="checkbox"/>	E. Trusts, estates, or charitable organizations
<input checked="" type="checkbox"/>	B. Banks or thrift institutions	<input checked="" type="checkbox"/>	F. Corporations or business entities other than those listed above
<input type="checkbox"/>	C. Investment companies	<input type="checkbox"/>	G. Other (describe on Schedule F)
<input checked="" type="checkbox"/>	D. Pension and profit sharing plans		

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

Applicant: Templeton Financial Services, Inc	SEC File Number: 66521 801-	Date: 12/31/2008
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3. Types of Investments. Applicant offers advice on the following: (check those that apply)	
<div><div>A. Equity securities</div><div><div><input checked="" type="checkbox"/> (1) exchange-listed securities</div><div><input checked="" type="checkbox"/> (2) securities traded over-the-counter</div><div><input type="checkbox"/> (3) foreign issuers</div></div><div><input type="checkbox"/> B. Warrants</div><div><input checked="" type="checkbox"/> C. Corporate debt securities (other than commercial paper)</div><div><input checked="" type="checkbox"/> D. Commercial paper</div><div><input checked="" type="checkbox"/> E. Certificates of deposit</div><div><input checked="" type="checkbox"/> F. Municipal securities</div><div><div>G. Investment company securities:</div><div><div><input type="checkbox"/> (1) variable life insurance</div><div><input type="checkbox"/> (2) variable annuities</div><div><input checked="" type="checkbox"/> (3) mutual fund shares</div></div></div></div>	<div><div><input checked="" type="checkbox"/> H. United States government securities</div><div><div>I. Options contracts on:</div><div><div><input type="checkbox"/> (1) securities</div><div><input type="checkbox"/> (2) commodities</div></div></div><div><div>J. Futures contracts on:</div><div><div><input type="checkbox"/> (1) tangibles</div><div><input type="checkbox"/> (2) intangibles</div></div></div><div><div>K. Interests in partnerships investing in:</div><div><div><input type="checkbox"/> (1) real estate</div><div><input type="checkbox"/> (2) oil and gas interests</div><div><input type="checkbox"/> (3) other (explain on Schedule F)</div></div></div><div><input checked="" type="checkbox"/> L. Other (explain on Schedule F)</div></div>

4. Methods of Analysis, Sources of Information, and Investment Strategies.	
A. Applicant's security analysis methods include: (check those that apply)	
<div><div>(1) <input checked="" type="checkbox"/> Charting</div><div>(2) <input checked="" type="checkbox"/> Fundamental</div><div>(3) <input checked="" type="checkbox"/> Technical</div></div>	<div><div>(4) <input checked="" type="checkbox"/> Cyclical</div><div>(5) <input type="checkbox"/> Other (explain on Schedule F)</div></div>
B. The main sources of information applicant uses include: (check those that apply)	
<div><div>(1) <input checked="" type="checkbox"/> Financial newspapers and magazines</div><div>(2) <input type="checkbox"/> Inspections of corporate activities</div><div>(3) <input checked="" type="checkbox"/> Research materials prepared by others</div><div>(4) <input checked="" type="checkbox"/> Corporate rating services</div></div>	<div><div>(5) <input type="checkbox"/> Timing services</div><div>(6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission</div><div>(7) <input checked="" type="checkbox"/> Company press releases</div><div>(8) <input type="checkbox"/> Other (explain on Schedule F)</div></div>
C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)	
<div><div>(1) <input checked="" type="checkbox"/> Long term purchases (securities held at least a year)</div><div>(2) <input checked="" type="checkbox"/> Short term purchases (securities sold within a year)</div><div>(3) <input type="checkbox"/> Trading (securities sold within 30 days)</div><div>(4) <input type="checkbox"/> Short sales</div></div>	<div><div>(5) <input type="checkbox"/> Margin transactions</div><div>(6) <input type="checkbox"/> Option writing, including covered options, uncovered options, or spreading strategies</div><div>(7) <input type="checkbox"/> Other (explain on Schedule F)</div></div>

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? Yes No
☒ ☐

(If yes, describe these standards on Schedule F.)

6. Education and Business Background.

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- formal education after high school
- year of birth
- business background for the preceding five years

7. Other Business Activities. (check those that apply)

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- | | |
|--|--|
| <input type="checkbox"/> (1) broker-dealer | <input type="checkbox"/> (7) accounting firm |
| <input type="checkbox"/> (2) investment company | <input type="checkbox"/> (8) law firm |
| <input type="checkbox"/> (3) other investment adviser | <input type="checkbox"/> (9) insurance company or agency |
| <input type="checkbox"/> (4) financial planning firm | <input type="checkbox"/> (10) pension consultant |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer |
| <input type="checkbox"/> (6) banking or thrift institution | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? Yes No
☐ ☒

(If yes, describe on Schedule F the partnerships and what they invest in.)

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

9. Participation or Interest in Client Transactions.

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☐ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

- 10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account? ☒ Yes ☐ No

(If yes, describe on Schedule F.)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

PLEASE REFER TO SCHEDULE F, ITEM 11.A

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

12. Investment or Brokerage Discretion.

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- | | Yes | No |
|--|-------------------------------------|--------------------------|
| (1) securities to be bought or sold? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (3) broker or dealer to be used? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (4) commission rates paid? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

B. Does applicant or a related person suggest brokers to clients? ☐ Yes ☒ No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? ☒ Yes ☐ No
- B. directly or indirectly compensates any person for client referrals? ☒ Yes ☐ No

(For each yes, describe the arrangements on Schedule F.)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
 - requires prepayment of more than \$500 in fees per client and 6 or more months in advance
- Has applicant provided a Schedule G balance sheet? ☐ Yes ☒ No

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Templeton Financial Services, Inc		IRS Empl. Ident. No.: 38-3686360
Item of Form (identify)	Answer	
1.D.	<p>This brochure provides information about the qualifications and business practices of TEMPLETON FINANCIAL SERVICES, INC.(hereinafter "TFS"). Please contact Leonard Templeton, President of TFS, if you have any questions about the contents of this brochure.</p> <p>Additional information about TFS is available on the Internet at www.adviserinfo.sec.gov/IAPD/. You can search this site by a unique identifying number, known as a CRD number. The CRD number for TFS is 128240.</p> <p><u>Investment Services</u></p> <p>TFS primarily offers portfolio management of Tax Exempt and Taxable Municipal securities to high net worth individuals as well as their trusts and estates, banks and/or thrift institutions, property and casualty insurance companies, corporations, pension funds, profit sharing & 401(k) plans, foundations, & endowments, and public funds. TFS also acts as a sub-advisor and provides separate account management of Fixed Income portfolios for unaffiliated independent Investment Advisors.</p> <p>Portfolio Management Services:</p> <p>TFS provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, TFS develops a client's personal investment policy (<i>Portfolio Objective & Strategy</i>) and creates and manages a portfolio based on that policy. TFS manages advisory accounts on a discretionary basis. Account supervision is guided by the stated objectives of the client (e.g., safety of principal vs. income objectives appropriately balanced for the individual client's risk strategy.)</p> <p>TFS specializes in creating client portfolios primarily comprised of Tax-Exempt or Taxable Municipal Securities. TFS manages client accounts with a focus on conservative income producing investments. Portfolio weighting and duration targets will vary according to each individual client's needs and objectives.</p> <p>TFS also invests in closed-end funds that generate tax-exempt income for those investors who are willing to take some additional risk in order to receive higher levels of current tax free income. Such investments will be made only when consistent with the client's stated tolerance for risk.</p> <p>Clients will have the ability to place reasonable restrictions on the types of investments made on the client's behalf. Clients will retain individual ownership of all securities.</p>	

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Templeton Financial Services, Inc		IRS Empl. Ident. No.: 38-3686360						
Item of Form (identify)	Answer							
	<p>FEES</p> <p>The annual fee for portfolio management services will be charged as a percentage of assets under management, according to the following schedule:</p> <table><tr><td><u>Assets under management</u></td><td><u>Annual Fee (%)</u></td></tr><tr><td>\$250,000 - \$3,000,000</td><td>.25%</td></tr><tr><td>Above \$3,000,000</td><td>.20%</td></tr></table> <p>A minimum of \$250,000 of assets under management is required for this service when working with advisors as either a sub-advisor or separate account manager. This minimum increases to \$2,000,000 for other types of accounts. This account size may be negotiable under certain circumstances. TFS may group together certain related client household accounts for the sole purpose of achieving the minimum account size and determining the annualized fee charged to these accounts. However, there will be no commingling of assets between these accounts.</p> <p>DIRECT DEBITING OF CLIENT ACCOUNTS:</p> <p>TFS' management fee is deducted from client accounts, in advance, at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous quarter. TFS may directly debit advisory fees from the client account if the following conditions are met:</p> <ol style="list-style-type: none">1. The client provides written authorization permitting the adviser's fees to be paid directly from the client's account held by an independent custodian.2. The adviser sends a Fee Statement to the client and the custodian at the same time. The client's Fee Statement will show the amount of the advisory fee and how it was calculated, while the custodian's Fee Statement will only show the amount of the advisory fee.3. The adviser informs the client that it is the client's responsibility to verify the accuracy of the fee calculation and that the custodian will not determine whether the fee is properly calculated.4. The custodian agrees to send to the client a statement, at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to the adviser.		<u>Assets under management</u>	<u>Annual Fee (%)</u>	\$250,000 - \$3,000,000	.25%	Above \$3,000,000	.20%
<u>Assets under management</u>	<u>Annual Fee (%)</u>							
\$250,000 - \$3,000,000	.25%							
Above \$3,000,000	.20%							

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Templeton Financial Services, Inc		IRS Empl. Ident. No.: 38-3686360
Item of Form (identify)	Answer	
3.L.	GENERAL INFORMATION: In certain circumstances, all fees and account minimums may be negotiable. The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (Section 205(a)(1) of the Advisers Act). A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement. All fees paid to TFS for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each funds's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without the services of TFS. In that case, the client would not receive the services provided by TFS which are designed,among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by TFS to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided. In addition to TFS' advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers. Such fees may include, but are not limited to, any transaction charges, fees for duplicate statements and transaction confirmations, and fees for electronic data feeds and reports. PROXY DISCLOSURE As a matter of firm policy and practice, TFS does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. TFS may, however, provide advice to clients regarding the clients' voting of proxies. <u>TYPES OF INVESTMENTS</u> Investment advice may be offered on any investments held by a client at the start of the advisory relationship. Recommendations for new investments will typically be limited to those items checked under Item 3 of Form ADV, Part II.	

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Templeton Financial Services, Inc		IRS Empl. Ident. No.: 38-3686360
Item of Form (identify)	Answer	
5.	<u>EDUCATION AND BUSINESS STANDARDS</u> Advisory persons associated with TFS must possess, minimally, a college degree and/or appropriate business experience and all required licenses.	
6.	<u>EDUCATION AND BUSINESS BACKGROUND</u> Leonard E. Templeton, Jr., President, Secretary, Treasurer, Director, and Chief Compliance Officer of TFS, born in 1950, graduated from Indiana University in 1972 with a BS in Business and earned his MBA in Business from the University of Chicago in 1977. Mr. Templeton formed Templeton Financial Services Inc. in July 2003 and serves as the President, Secretary, Treasurer, Director, and Chief Compliance Officer. From November 1994 until September 2003 Mr. Templeton was a Vice President, National Sales Manager, and a registered representative of ABN AMRO Financial Services Municipal Bond Dept. During this time he helped to build a customer base for \$3.5 billion of short-term products as well as distributing over \$40 billion of tax-exempt securities. He began his career managing tax-exempt portfolios and money market funds for the First National Bank of Chicago in 1972. From 1975 to 1994 he was an institutional bond salesman who covered major municipal accounts throughout the country. He has worked extensively with numerous portfolio managers assisting them in developing and managing portfolio holdings in an effort to help them generate improved performance for their accounts. He now brings this experience to Templeton Financial Services for the benefit of TFS' clients.	
9.E.	<u>PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS</u> TFS or individuals associated with TFS may buy or sell securities identical to or different than those recommended to customers for their personal accounts. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client. It is the expressed policy of TFS that no person employed by TFS may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts.	

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Templeton Financial Services, Inc		IRS Empl. Ident. No.: 38-3686360
Item of Form (identify)	Answer	
10.	<p>As these situations represent a conflict of interest, TFS has established the following restrictions in order to ensure its fiduciary responsibilities:</p> <p>1) A director, officer or employee of TFS shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on resonable inquiry. No person of TFS shall prefer his or her own interest to that of the advisory client.</p> <p>2) TFS maintains a list of all securities holdings for itself, and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by Leonard Templeton, President of TFS.</p> <p>3) TFS requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.</p> <p>4) Any individual not in observance of the above may be subject to termination.</p> <p><u>CONDITIONS FOR MANAGING AN ACCOUNT</u></p> <p>TFS requires a minimum account of \$250,000 when working with advisors for these services. This minimum increases to \$2,000,000 when working with other types of accounts. This account size may be negotiable under certain circumstances. TFS may group together certain related client household accounts for the sole purpose of achieving the minimum account size and determining the annualized fee charged to these accounts.</p> <p>Please refer to Item 1.D. of this Schedule F narrative for complete detail.</p>	
11.A.&11.B.	<p><u>REVIEWS AND REPORTS OF ACCOUNTS</u></p> <p>REVIEWS: While the underlying securities within Portfolio Management Services accounts are continuously monitored, these accounts are formally reviewed at least quarterly by Leonard Templeton, President of TFS. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, the market, political or economic environment.</p> <p>REPORTS: In addition to the monthly statements and confirmations of transactions that Portfolio Management Services clients receive from their custodian, TFS will provide quarterly reports summarizing account performance, balances, and holdings.</p>	

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1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Templeton Financial Services, Inc		IRS Empl. Ident. No.: 38-3686360
Item of Form (identify)	Answer	
12.A.(1)&12.A.(2)	<p><u>INVESTMENT DISCRETION</u></p> <p>TFS requests that it be provided with written authority to determine which securities and the amounts of securities are bought or sold.</p> <p>Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.</p>	
12.A.(3)&12.A.(4)	<p><u>BROKERAGE DISCRETION</u></p> <p>For discretionary clients, TFS requests that it be provided with written authority to determine the broker dealer to use for client transactions and the commissions costs that will be charged to our clients for these transactions.</p> <p>Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.</p> <p>TFS will endeavor to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's ability to provide professional services, competitive commission rates, research and other services which will help TFS in providing investment management services to clients. TFS may, therefore, use a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. Research services may be useful in servicing all our clients, and not all of such research may be useful for the account for which the particular transaction was effected.</p> <p>Brokers or dealers that TFS selects to execute transactions may from time to time refer clients to TFS. TFS will not make commitments to any broker or dealer to compensate that broker or dealer through brokerage or dealer transactions for client referrals; however, a potential conflict of interest may arise between the client's interest in obtaining best price and execution and TFS's interest in receiving future referrals.</p> <p>Many clients, when undertaking an advisory relationship, already have a pre-established relationship with a broker and they will instruct TFS to execute all transactions through that broker. In the event that a client directs TFS to use a particular broker or dealer, it should be understood that under those circumstances TFS will not have authority to negotiate commissions, obtain volume discounts and best execution may not be achieved. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to other clients. Furthermore, if TFS believes that the use of that broker dealer would hinder TFS in meeting its fiduciary obligations, TFS will not be able to accept the account.</p>	

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1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Templeton Financial Services, Inc		IRS Empl. Ident. No.: 38-3686360
Item of Form (identify)	Answer	
13.A	<p>TFS will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple clients accounts so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block. Block trading may allow TFS to execute trades in a more timely, equitable manner and to reduce overall commission charges to clients. No personal trades will ever be included in any client blocks. Clients who direct TFS to execute transactions through their selected broker will not be included in block trades, and therefore the quality of execution may vary from that received for clients who provided TFS with brokerage discretion.</p> <p><u>ADDITIONAL BENEFITS</u></p> <p>TFS participates in Charles Schwab & Co's, Schwab Institutional (SI) service program and TD Ameritrade's similar program. While there is no direct linkage between the investment advice given and participation in the SI program, economic benefits are received which would not be received if TFS did not give investment advice to clients. These benefits include: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk serving SI participants exclusively; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; ability to have investment advisory fees deducted directly from client accounts; access, for a fee, to an electronic communication network for client order entry and account information; receipt of compliance publications; and access to mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors. Additional benefits received through participation in the SI program may depend upon the amount of transactions directed to, or amount of assets custodied by, Charles Schwab & Co., Inc. TFS is required to maintain a minimum level of client assets with the SI program to avoid a quarterly service fee.</p>	
13.B.	<p><u>ADDITIONAL COMPENSATION</u></p> <p>From time to time TFS may enter into written agreements, which comply with Rule 206(4)-3 and other requirements of the Investment Advisers Act of 1940 that provide for the payment of cash compensation to solicitors who secure clients for the Adviser. Fee arrangements are generally based on a retainer and/or a percentage of the management fee associated with any new business secured by the solicitor. As such, appropriate disclosure shall be made, all written instruments will be maintained by TFS and all applicable Federal and/or State laws will be observed.</p>	