

SBK Financial, Inc.

Part 2A of Form ADV Brochure

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This Brochure provides information about the qualifications and business practices of SBK Financial, Inc. If you have any questions about the contents of this Brochure, please contact us at (804) 237-1700. 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.

SBK Financial, Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

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

Item 2 – Material Changes

There have been no material changes to this ADV Part 2A, Brochure since the March 17, 2016 annual update filing.

Our Brochure may be requested by contacting SBK’s Chief Compliance Officer, Stephanie F. Stumpf, CPA, CFP® at (804) 237-1700 or stephanie.stumpf@sbkfinancial.com.

Additional information about SBK Financial, Inc. is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with SBK Financial, Inc. who are registered, or are required to be registered, as investment adviser representatives of SBK Financial, Inc.

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Item 4 – Advisory Business

SBK Financial, Inc. (“SBK,” “Advisor” or “We”) is a Virginia corporation founded in 2005, and registered with the United States Securities and Exchange Commission since May 9, 2005. SBK is principally owned by J. Kevin King, President and Andrea L. Broughton, Vice President.

INVESTMENT MANAGEMENT SERVICES

SBK provides customized investment management services to high-net-worth individuals and associated trusts, estates, pension and profit sharing plans. We invest client assets in mutual funds or exchange traded funds (“ETFs”). We also evaluate, select and oversee other investment managers to manage a portion of the client’s account when appropriate. For clients who are “accredited investors” as defined under Rule 501 of the Securities Act of 1933, as amended, we may occasionally recommend private investment funds, which may include debt, equity and/or pooled investment vehicles when consistent with the client’s investment objectives. We engage an independent consulting firm to perform due diligence on the mutual funds, investment managers and private investment funds we recommend. We review the due diligence and decide which investments to use in a client’s portfolio.

We tailor our services to the individual needs of our clients. We work with each client to establish an appropriate investment profile and strategy. In designing an investment portfolio, we consider the client’s age, investment goals, time horizon, financial circumstances, tax situation, investment experience, risk tolerance, investment limitations and trading restrictions. We help clients select from growth, balanced and conservative strategies. Clients may impose reasonable restrictions on SBK’s management of their accounts.

FINANCIAL PLANNING AND NON-INVESTMENT CONSULTING/IMPLEMENTATION SERVICES

To the extent requested by the client, SBK *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither SBK, nor any of its representatives, serves as an attorney or insurance agent, and no portion of SBK’s services should be construed as same. To the extent requested by a client, SBK may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.), including SBK for tax preparation services. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such

implementation decisions and is free to accept or reject any recommendation from SBK. If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

TAX PREPARATION AND PLANNING SERVICES

Clients may also choose to engage SBK under a separate agreement to provide tax preparation and/or planning services through its representatives who are Certified Public Accountants. SBK charges a fixed fee for such services, which varies depending upon the scope and complexity of the tax preparation services required.

MISCELLANEOUS

Asset Based Pricing Limitations. SBK may recommend that its clients enter into an asset based pricing agreement with the account custodian. Under an asset based pricing arrangement, the amount that the client will pay the custodian for account commission/transaction fees is based upon a percentage (%) of the market value of the client's account (generally, the greater the market value, the lower the %). This differs from transaction-based pricing, which assesses a separate commission/transaction fee against the client's account for each account transaction. Account investment decisions are driven by security selection and anticipated market conditions and not the amount of transaction fees payable by the client to the account custodian. SBK does not receive any portion of the asset based transaction fees payable by the client to the account custodian. SBK believes that its clients may benefit from an asset based pricing arrangement. The client can request at any time to switch from asset based pricing to transactions based pricing, however, there can be no assurance that the volume of transactions will be consistent from year-to-year given changes in market events and security selection. Thus, given the variances in trading volume, any decision by the client to switch to transaction based pricing could prove to be economically detrimental.

Independent Managers. SBK may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers ("Independent Managers") in accordance with the client's designated investment objectives. In such situations, the Independent Managers will have day-to-day responsibility for the active discretionary management of the allocated assets. SBK will continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. SBK generally considers the following factors when recommending Independent Managers: the client's designated investment objective(s), management style, performance,

reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated Independent Managers are exclusive of, and in addition to, SBK's ongoing investment advisory fees, which will be disclosed to the client before entering into the Independent Manager engagement and/or subject to the terms and conditions of a separate agreement between the client and the Independent Managers.

Use of Mutual Funds. While SBK may recommend allocating investment assets to mutual funds that are not available directly to the public, SBK may also recommend that clients allocate investment assets to publicly-available mutual funds that the client could obtain without engaging SBK as an investment adviser. However, if a client or prospective client determines to allocate investment assets to publicly-available mutual funds without engaging SBK as an investment adviser, the client or prospective client would not receive the benefit of SBK's initial and ongoing investment advisory services. Other mutual funds, such as those issued by Dimensional Fund Advisors ("DFA"), are generally only available through selected registered investment advisers. SBK may allocate client investment assets to DFA mutual funds. Therefore, upon the termination of SBK's services to a client, restrictions regarding transferability and/or additional purchases of, or reallocation among DFA funds will apply.

Unaffiliated Private Investment Funds. SBK may also provide investment advice regarding unaffiliated private investment funds. SBK, on a non-discretionary basis, may recommend that certain qualified clients consider an investment in unaffiliated private investment funds. SBK's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of SBK calculating its investment advisory fee. SBK's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

Retirement Plan Rollovers – No Obligation / Potential for Conflict of Interest. A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If SBK recommends that a client roll over their retirement plan assets into an account to be managed by SBK, such a recommendation creates a conflict of interest if SBK will earn an advisory fee on the rolled over assets. No client is under any obligation to roll over retirement plan assets to an account managed by SBK.

Non-Discretionary Service Limitations. Clients that determine to engage SBK on a non-discretionary investment advisory basis must be willing to accept that SBK cannot effect any account transactions without obtaining prior consent to such transaction(s) from the client. Thus, in the event that SBK would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, SBK will be unable to effect the account transaction(s) (as it would for its discretionary clients) without first obtaining the client's consent.

Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by SBK) will be profitable or equal any specific performance level(s).

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

WRAP PROGRAMS

SBK does not offer investment management services on a wrap-fee basis.

REGULATORY ASSETS UNDER MANAGEMENT

As of December 31, 2016 SBK Financial, Inc. had \$545,462,157 of assets under management, of which \$495,270,108 is managed on a discretionary basis, and \$50,192,049 is managed on a non-discretionary basis.

Item 5 – Fees and Compensation

INVESTMENT MANAGEMENT SERVICES

SBK Financial, Inc. charges most of its clients an annual investment management fee based on the following schedule:

| Assets Under Management | Fee |
|-------------------------|-------|
| Up to \$1 Million | 1.00% |
| Next \$2 Million | 0.75% |
| Next \$5 Million | 0.50% |
| Next \$5 Million | 0.35% |
| All Additional Assets | 0.25% |

SBK generally imposes a \$10,000 annual minimum fee for advisory services. SBK, in its sole discretion, may charge a lesser investment management fee and/or reduce or waive its annual fee minimum based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

SBK charges fees quarterly in advance based on the account value at the beginning of the quarter. Most clients authorize SBK to deduct fees automatically from their investment accounts, but clients may request that SBK send quarterly invoices to be paid by check.

Accounts initiated or terminated during a calendar quarter will be charged a pro-rated fee. Upon termination of an account, any prepaid, unearned fees will be promptly refunded and any earned, unpaid fees will be due and payable.

In addition to SBK's management fees, clients bear trading costs, custodial fees and fees and expenses that mutual funds or non-affiliated Independent Managers charge.

Item 12 further describes the factors that SBK considers in selecting or recommending a custodian for client transactions and determining the reasonableness of the custodian's compensation.

TAX PREPARATION AND PLANNING SERVICES

Clients may also choose to engage SBK under a separate agreement to provide tax preparation and/or planning services through its representatives who are Certified Public Accountants. SBK's fixed fee for such tax preparation services generally ranges between \$135 and \$16,975, depending upon the scope and complexity of the services required. To engage SBK to provide such services, clients are required to execute an agreement with SBK on an annual basis, which generally incorporates a 3% increase in fees from the previous year (as applicable). However, the fee is also subject to reduction based upon the scope and complexity of the applicable annual engagement. In certain limited cases, SBK may also provide tax preparation services for an hourly fee of approximately \$150.

OTHER SERVICES

SBK may, on a very limited basis, provide services to a client who is not an investment management client. Such services may include tax advisory, tax preparation, estate planning, non-investment related financial counseling, etc., and will be separately identified and billed. Fees may vary and are negotiable. Fees may also be charged on a time and materials basis or as a flat fee. Fees may be charged upon commencement of a project, periodically over the life of the engagement or upon completion of the engagement.

Item 6 – Performance-Based Fees and Side-By-Side Management

SBK does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). Some investment advisors experience conflicts of interest in connection with side-by-side management of accounts with different fee structures. However, these conflicts of interest are not applicable to SBK.

Item 7 – Types of Clients

SBK currently provides investment management services to individuals, high-net-worth individuals and associated trusts and estates. SBK's minimum account size is generally \$1,000,000. SBK also generally imposes a \$10,000 annual minimum fee for advisory services. Therefore, a client maintaining less than \$1,000,000 in assets under SBK's management who is subject to the \$10,000 annual minimum fee will pay a higher percentage than the 1.0% referenced in the fee schedule above at Item 5. SBK, in its sole discretion, may charge a lesser investment management fee, reduce or waive tax preparation/financial planning/other advisory fees, reduce its minimum account size,

and/or reduce or waive its annual fee minimum based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

SBK uses the investment strategies and methods of analysis described below in providing investment advice to our clients and managing client assets.

Investment Strategies

SBK meets with the client to determine the client's goals, risk tolerance and time horizon. Based on these discussions, SBK designs an appropriate investment plan and a strategic, well-diversified asset allocation for each client. Such an asset allocation requires the spreading of investments among a number of asset classes (stocks vs. bonds, U.S. vs. International, large cap stocks vs. small cap stocks, growth vs. value stocks, taxable bonds vs. municipal bonds, etc.). After determining how much of a client's portfolio should be allocated to each asset class, SBK then selects the mutual funds and/or investment managers for each asset class.

Maintaining a strategic, well-diversified asset allocation requires discipline to periodically rebalance. We help clients maintain this discipline. We place great emphasis on minimizing portfolio turnover and trading/transaction costs. Those costs as well as taxes influence the decisions to rebalance and as such fairly wide latitude is given to rebalancing.

Methods of Analysis

SBK retains a qualified, independent research consultant to provide capital market assumptions, broad asset allocation strategies and to conduct the due diligence on actively managed mutual funds, investment managers and private investment funds that SBK may recommend to clients. SBK reviews the quantitative and qualitative criteria used to evaluate the actively managed mutual funds, investment managers and private investment funds. The criteria may include minimum length of track record, minimum performance levels, minimum amounts invested or under management, consistency of investment style, employee turnover, efficiency and capacity. SBK along with the independent research consultant monitors the recommended investments to determine whether they continue to meet the quantitative and qualitative criteria stated above. The independent research consultant also negotiates reduced account minimum balances and reduced fees with

approved mutual funds, investment managers and private investment funds whenever possible.

We evaluate the performance of our clients' investments in a variety of ways that help us understand how the clients' investments are performing versus appropriate benchmarks. Our performance reports provide clients with an overview of their total portfolio performance (excluding private investment funds), an analysis of each individual mutual fund or manager's performance and an analysis of each asset class's performance. As private investment funds do not have transparent trading markets from which accurate and current pricing information can be derived, SBK is not able to monitor or verify the accuracy of performance information.

Risk of Loss

SBK generally recommends that clients invest in equities, mutual funds, ETFs, municipal bonds and occasionally, private investment funds. Investing in securities involves risk of loss that clients should be prepared to bear. Securities recommended for investment are subject to market risk, which is the risk that the stock market as a whole will decline, reducing the values of individual securities regardless of their fundamental characteristics. The direction of the stock market is difficult to predict and depends upon changes in interest rates, inflation and a host of other economic and political factors.

In addition to general market risk, SBK has identified the following risks unique to our investment strategies:

Dependence on Research Consultants – SBK has a long standing relationship with our research consultant. We believe the information provided by the research consultant to be accurate and complete. However, we cannot guarantee that the recommendations provided will result in successful investments. If our research consultant were to provide SBK with incorrect or incomplete information, there is a risk which may result in losses due to such incomplete information.

Independent Managers – Such investment managers make investment decisions independently of SBK and may at times hold economically offsetting positions. Investment managers do not seek approval or notify SBK prior to placing trades in our client accounts. Additionally, each investment manager must deal with the full spectrum of risk as it applies to their portfolios. SBK does not control the level of risk or the performance derived from such managers. Clients should review Independent Managers Form ADV Part 2A for a description of the types of risk involved with applicable strategies. To mitigate those risks, SBK periodically monitors the performance and investments made by the managers.

Private Investment Funds – Such funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund’s offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment. Valuation of Private Investment Funds. In the event that SBK references private investment funds owned by the client on any supplemental account reports prepared by SBK, the value(s) for all such private investment funds shall reflect either the initial purchase and/or the most recent valuation provided by fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be **significantly more or less** than the original purchase price.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of SBK or the integrity of SBK’s management. SBK has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

SBK and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

Item 11 – Code of Ethics

SBK has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, avoidance or disclosure of any actual or potential conflict of interest, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things.

SBK's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting SBK's Chief Compliance Officer, Stephanie F. Stumpf, CPA, CFP®.

Item 12 – Brokerage Practices

The Custodian/Broker We Use. SBK does not maintain custody of client assets that we manage or on which we advise, although we may be deemed to have custody of client assets if clients give us authority to withdraw assets from their account (see Item 15 – Custody, below). Client assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We generally 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 client assets in a brokerage account and buy and sell securities when SBK or the client instructs them to. While we generally recommend clients use Schwab as custodian, clients will decide whether to do so and will open their account with Schwab by entering into an account agreement directly with them. We do not open the account for the client, although we may assist the client in doing so.

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

- 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.)
- 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

Your Brokerage and Custody Costs. For our clients' accounts that Schwab maintains, Schwab generally does not charge clients 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. For some accounts, Schwab may charge clients a percentage of the dollar amount of assets in the account in lieu of commissions. Schwab's commission rates and asset-based fees applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. This commitment benefits clients because the overall commission rates and asset-based fees you pay are lower than they would be otherwise. In addition to commission and asset-based fees, 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 or 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 (see "How We Select Brokers/Custodians").

Products and Services Available To Us From Schwab. 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 services (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. Following is a more detailed description of Schwab's support services.

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 a client or a client's 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 clients' accounts. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from other clients' accounts
- 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. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

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

SBK typically sends representatives to Schwab's annual educational conference and certain events, such as compliance updates. SBK pays a fee to Schwab to attend the annual conference. SBK has used Schwab's consulting on certain technology and practice management initiatives. SBK reviews Schwab's publications on compliance and practice management among other relevant topics.

Our Interest in Schwab's Services. The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. We may have an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interest of our clients. Our selection is

primarily supported by the scope, quality and price of Schwab's services (see "*How We Select Brokers/Custodians*") and not Schwab's services that benefit only us.

Best Execution Reviews. SBK periodically evaluates the pricing and services offered by Schwab with those offered by other reputable firms. SBK has sought to make a good-faith determination that Schwab provides clients with good services at competitive prices. Historically, SBK has concluded that Schwab is as good as or better than the other firms that have been considered. SBK would notify its clients if it were to determine that another firm offered better pricing and services than Schwab.

Brokerage for Client Referrals

SBK does not receive referrals from broker-dealers.

Directed Brokerage

SBK does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client would negotiate terms and arrangements for their account with that broker-dealer, and SBK would not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by SBK. As a result, the client could pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. In the event the client directs SBK to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through SBK. Higher transaction costs adversely impact account performance. Finally, transactions for directed accounts would generally be executed following the execution of portfolio transactions for non-directed accounts.

Aggregation of Purchases or Sales

To the extent SBK provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless SBK decides to purchase or sell the same securities for several clients at approximately the same time. SBK may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among SBK's clients differences in prices and commissions or other transaction costs that might have been

obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. SBK shall not receive any additional compensation or remuneration as a result of such aggregation.

SBK's Chief Compliance Officer, Stephanie F. Stumpf, CPA, CFP®, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

Item 13 – Review of Accounts

Accounts under SBK's management are monitored on an ongoing basis by the Directors. The Directors review each account in detail on at least an annual basis, as well as in connection with each client meeting. Reviews of client accounts will also be triggered if a client changes his or her investment objectives, or if the market, political, or economic environment changes materially.

Clients receive account statements directly from their chosen custodian on at least a quarterly basis. SBK may supplement these custodial statements with reports provided during client meetings or as requested.

Item 14 – Client Referrals and Other Compensation

Other than the previously described products and services that SBK receives from Schwab, SBK does not receive any other economic benefits from non-clients in connection with the provision of investment advice to clients.

SBK may offer professional referrals to clients for services it does not provide such as legal services and insurance services. The firm does not receive any financial incentive for providing these referrals.

Other professionals or clients may refer prospective clients to SBK. SBK does not compensate anyone for referring a prospective client to the firm.

Item 15 – Custody

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct Schwab to deduct our advisory fees directly from your account. Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them. We also urge you to compare Schwab's account statements to any account information provided by SBK. Our statements may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

Item 16 – Investment Discretion

SBK usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts, SBK observes the investment policies, limitations and restrictions of the clients for which it advises.

Investment guidelines and restrictions must be provided to SBK in writing.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, SBK 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. However, in limited circumstances with respect to its management of trust accounts in which the trust has designated a corporate trustee or co-trustee, SBK has agreed to vote proxies. In such limited circumstances, the client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits. SBK shall vote proxies in accordance with its Proxy Voting Policy, a copy of which is available upon request. SBK shall monitor corporate actions of individual issuers and investment companies consistent with SBK's fiduciary duty to vote proxies in the best interests of its clients. Although the factors which SBK will consider

when determining how it will vote differ on a case by case basis, they may, but are not limited to include: a review of recommendations from issuer management, shareholder proposals, cost effects of such proposals, effect on employees and executive and director compensation. With respect to individual issuers, SBK may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), SBK may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. SBK shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2 (c)(2) under the Advisers Act. Copies of Rules 206(4)-6 and 204-2(c)(2) are available upon written request. In addition, information pertaining to how SBK voted on any specific proxy issue is also available upon written request. Requests should be made by contacting SBK's Chief Compliance Officer, Stephanie F. Stumpf, CPA, CFP®.

Item 18 – Financial Information

SBK does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance. Therefore, a balance sheet is not required to be attached. There is no known financial condition that is reasonably likely to impair SBK's ability to meet contractual commitments to clients, and SBK has not been the subject of a bankruptcy proceeding.

ANY QUESTIONS

SBK's Chief Compliance Officer, Stephanie F. Stumpf, CPA, CFP®, remains available to address any questions regarding this Part 2A.