

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 30, 2017 annual update filing. Although not material, this Brochure has been amended since that time to incorporate additions and enhancements including disclosure regarding: retirement rollovers, acknowledgment of fiduciary status for accounts governed by ERISA and the Internal Revenue Code, advisory fees, custody, and economic benefits.

ANY QUESTIONS: SBK Financial, Inc.’s Chief Compliance Officer, Stephanie F. Stumpf, CPA, CFP®, remains available to address any questions regarding this Part 2A, including the disclosure additions and enhancements. You may reach her at (804) 237-1700 or stephanie.stumpf@sbkfinancial.com.

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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 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 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.

SBK tailors its services to the individual needs of its clients. We work with each client to establish an appropriate investment profile and strategy. To the extent specifically requested by the client, the annual investment advisory fee charged for investment management services shall also include limited financial planning and consulting services regarding investment and non-investment related matters such as tax planning, estate planning, non-investment related financial counseling, etc. 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.

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

Limitations of Financial Planning and Non-Investment Consulting/Implementation Services. To the extent requested by the client, SBK may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, etc. SBK does not serve as a law firm and no portion of its services should be construed as legal services. Accordingly, SBK does not prepare estate planning documents. To the extent requested by a client, SBK may recommend the services of other professionals for certain 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 and/or its representatives. 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.

Other Limited Services. In addition to those services described in this Item 4, SBK may, on a very limited basis, provide services to a client who is not an investment management client in coordination with such client's other registered investment adviser(s). The services SBK may provide could include tax advisory, tax preparation, estate planning, non-investment related financial counseling, etc., and will be separately identified and billed. Fees for these limited engagements may vary, are negotiable, may be charged on a time and materials basis or as a flat fee, and are typically payable in part upon commencement of a project, periodically over the life of the engagement or upon completion of the engagement.

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 objectives, 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.

Relative to clients' engagement of Independent Managers, SBK may recommend that clients enter into an "Asset-Based" pricing agreement with the account broker-dealer/custodian. Under an "Asset-Based" pricing arrangement, the broker-dealer/custodian charges the client a fixed percentage fee for all account commissions/transactions based on the amount of assets placed in custody and/or on the broker-dealer/custodian's platform, and not based upon the number of transactions executed. Generally in an Asset-Based pricing arrangement, the applicable fixed percentage fee decreases as the account value increases. In the alternative, the broker-dealer/custodian could charge a separate commission/transaction fee upon the execution of an account transaction. This is referred to as a "Transaction-Based" pricing arrangement. Under a Transaction-Based pricing arrangement, the amount of fees charged by the broker-dealer/custodian to the client will vary depending upon the number of and type of transactions that are placed for the account. Under either scenario, the fees charged by the respective broker-dealer/custodian are separate from, and in addition to the advisory fee payable by the client to SBK.

SBK's recommendation that a client enter into an Asset-Based pricing agreement with the account broker-dealer/custodian would depend upon whether, based upon anticipated account size and activity, SBK reasonably believes that the client would benefit from the available pricing arrangement. However, account investment decisions are often more heavily driven by security selection and anticipated market conditions, as opposed to the amount of commission/transaction fees payable by clients to the account broker-dealer/custodian.

SBK will evaluate the Asset-Based versus Transaction-Based pricing arrangement on at least an annual basis and will advise clients accordingly. In addition, Clients may request at any time to switch between Asset-Based pricing and Transaction-Based pricing arrangements, 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. Therefore, given the variances in trading volume and pricing arrangements, any decision by clients to switch between Asset-Based or Transaction-Based pricing could prove to be economically disadvantageous.

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). Please refer to Item 8 below for a more complete description of the risks associated with private fund investments, including liquidity concerns.

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. SBK’s Chief Compliance Officer, Stephanie F. Stumpf remains available to address any questions that a client or prospective client may have regarding the conflict of interest presented by such a rollover recommendation.

ERISA / IRC Fiduciary Acknowledgment. If the client is: (i) a retirement plan (“Plan”) organized under the Employee Retirement Income Security Act of 1974 (“ERISA”); (ii) a participant or beneficiary of a Plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code, with authority to direct the investment of assets in his or her Plan account or to take a distribution; (iii) the beneficial owner of an Individual Retirement Account (“IRA”) acting on behalf of the IRA; or (iv) a Retail Fiduciary with respect to a plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code: then SBK represents that it and its representatives are fiduciaries under ERISA or the Internal Revenue Code, or both, with respect to any

investment advice provided by SBK or its representatives or with respect to any investment recommendations regarding an ERISA Plan or participant or beneficiary account.

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.

Portfolio Activity. SBK has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, SBK will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to performance or a change in the client's investment objectives. Based upon these and other factors, there may be extended periods of time when SBK determines that changes to a client's portfolio are neither necessary nor prudent. Notwithstanding, there can be no assurance that investment decisions made by SBK will be profitable or equal any specific performance level(s).

Asset Aggregation / Reporting Services. SBK may provide its clients with access to an online platform allowing the client to view their complete asset allocation, including those assets that SBK does not manage (the "Excluded Assets"). SBK does not provide investment management, monitoring, or implementation services for the Excluded Assets. Unless otherwise specifically agreed to, in writing, SBK's service relative to the Excluded Assets is limited to reporting only. Therefore, SBK shall not be responsible for the investment performance of the Excluded Assets. Rather, the client and/or their advisor(s) that maintain management authority for the Excluded Assets, and not SBK, shall be exclusively

responsible for such investment performance. Without limiting the above, SBK shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. The client may choose to engage SBK to manage some or all of the Excluded Assets pursuant to the terms and conditions of an agreement between SBK and the client. The platform may also provide access to other types of information and applications including financial planning concepts and functionality, which should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by SBK. Finally, SBK shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the platform without SBK's assistance or oversight

WRAP PROGRAMS

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

REGULATORY ASSETS UNDER MANAGEMENT

As of December 31, 2017 SBK Financial, Inc. had \$558,843,029 in assets under management, of which \$ 507,866,059 is managed on a discretionary basis, and \$50,976,970 is managed on a non-discretionary basis.

Item 5 – Fees and Compensation

INVESTMENT MANAGEMENT SERVICES

SBK Financial, Inc. charges most of its clients a negotiable 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. 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 above fee schedule. SBK, in its sole discretion, may reduce its investment advisory fees, reduce or waive tax preparation fees, 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, servicing needs, negotiations with client, etc.). In addition, certain legacy clients may have accepted different and/or pre-existing service offerings from SBK and may therefore receive different services under different fee schedules than as set forth above. As a result of these factors, similarly situated clients could pay different fees, and the services to be provided by SBK to any particular client could be available from other advisers at lower fees.

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 5% 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 FEE DISCLOSURES

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. Without limiting the foregoing, transaction fees are charged for certain no-load mutual funds, and commissions are charged for individual equity and fixed income securities transactions. Clients will also incur, relative to all mutual fund and ETF purchases, charges imposed at the fund level (e.g., management fees and other fund expenses). The fees charged by the applicable broker-dealer/custodian, Independent Manager, and the charges imposed at the mutual fund and ETF level, are separate from, and in addition to SBK's investment advisory fees.

Tradeaway/Prime Broker Fees. When SBK or the applicable Independent Manager reasonably determines that it would be beneficial for the client, individual equity and/or fixed income transactions may be effected through broker-dealers other than the account

custodian. In that event, the client will generally incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate “tradeaway” and/or prime broker fee charged by the account custodian.

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.

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, including the loss of principal balance. Past performance may not be indicative of future results. 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 or any Independent Manager) will be profitable or equal any specific performance level. Investment strategies such as asset allocation, diversification, or rebalancing do not assure or guarantee better performance and cannot eliminate the risk of investment losses. There is no guarantee that a portfolio employing these or any other strategy will outperform a portfolio that does not engage in such strategies.

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

Neither SBK, nor its representatives, are registered or have an application pending to register as: a broker-dealer or a registered representative of a broker-dealer; a futures commission merchant; a commodity pool operator; a commodity trading advisor; or a representative of the foregoing. SBK does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

Schwab Advisory Board. As discussed in response to Item 12.A.1. below, in the event that the client requests that SBK recommend a broker-dealer/custodian for execution and/or

custodial services, SBK generally recommends that investment management accounts be maintained at Charles Schwab & Co., Inc., an SEC registered broker-dealer, FINRA and SIPC Member ("Schwab"). SBK's Vice President and Secretary, Andrea Broughton, serves on the Schwab Advisor Services Advisory Board (the "Schwab Advisory Board"). The Board consists of approximately 20 representatives of independent investment advisory firms who have been invited by Schwab management to participate in meetings and discussions of Schwab Advisor Services' services for independent investment advisory firms and their clients. Board members serve for two-year terms. Ms. Broughton's term ends in March, 2020. Board members enter nondisclosure agreements with Schwab under which they agree not to disclose confidential information shared with them. This information generally does not include material nonpublic information about the Charles Schwab Corporation, whose common stock is listed for trading on the New York Stock Exchange and the NASDAQ stock market (symbol SCHW). The Board meets in person approximately twice per year and has periodic conference calls scheduled as needed. Ms. Broughton is not compensated by Schwab for this service. However, Schwab pays for Ms. Broughton's travel, lodging, meals and other incidental expenses incurred in attending Schwab Advisory Board meetings. This relationship therefore presents a conflict of interest because it may incentivize SBK to recommend that clients engage Schwab as broker-dealer/custodian based on Ms. Broughton's receipt of the above-described benefits for her service to the Schwab Advisory Board. Clients are therefore reminded that they are not required to engage Schwab as broker-dealer/custodian.

Item 11 – Code of Ethics

SBK maintains an investment policy relative to personal securities transactions. This investment policy is part of SBK's overall Code of Ethics, which serves to establish a standard of business conduct for all of SBK's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request. In accordance with Section 204A of the Investment Advisers Act of 1940, SBK also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by SBK or any person associated with SBK.

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

SBK and/or representatives of SBK may buy or sell securities that are also recommended to clients. This practice may create a situation where SBK and/or representatives of SBK are in a position to materially benefit from the sale or purchase of those securities. Therefore,

this situation presents a conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if SBK did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed before those of SBK’s clients) and other potentially abusive practices.

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

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

Item 12 – Brokerage Practices

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

Factors that SBK considers in recommending Schwab (or any other broker-dealer/custodian to clients) include historical relationship with SBK, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by SBK's clients shall comply with SBK's duty to seek best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where SBK determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although SBK will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, SBK's investment management fee. SBK's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

Non-Soft Dollar Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, SBK receives from Schwab (or could receive from another broker dealer, investment platform, unaffiliated investment manager, vendor, and/or mutual fund sponsor), without cost (and/or at a discount) support services and/or products, certain of which assist SBK to better monitor and service client accounts maintained at such institutions. The support services that SBK obtains can include investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis travel and attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by SBK in furtherance of its investment advisory business operations.

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

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

Schwab Advisory Board. As discussed in response to Item 10 above in the event that the client requests that SBK recommend a broker-dealer/custodian for execution and/or custodial services, SBK generally recommends that investment management accounts be maintained at Charles Schwab & Co., Inc., an SEC registered broker-dealer, FINRA and SIPC Member ("Schwab"). SBK's Vice President and Secretary, Andrea Broughton, serves on the Schwab Advisor Services Advisory Board (the "Schwab Advisory Board"). The Board consists of approximately 20 representatives of independent investment advisory firms who have been invited by Schwab management to participate in meetings and discussions of Schwab Advisor Services' services for independent investment advisory firms and their clients. Board members serve for two-year terms. Ms. Broughton's term ends in March, 2020. Board members enter nondisclosure agreements with Schwab under which they agree not to disclose confidential information shared with them. This information generally does not include material nonpublic information about the Charles Schwab Corporation, whose common stock is listed for trading on the New York Stock Exchange and the NASDAQ stock market (symbol SCHW). The Board meets in person approximately twice per year and has periodic conference calls scheduled as needed. Ms. Broughton is not compensated by Schwab for this service. However, Schwab pays for Ms. Broughton's travel, lodging, meals and other incidental expenses incurred in attending Schwab Advisory Board meetings. This relationship therefore presents a conflict of interest because it may incentivize SBK to recommend that clients engage Schwab as broker-dealer/custodian based on Ms. Broughton's receipt of the above-described benefits for her service to the Schwab Advisory Board. Clients are therefore reminded that they are not required to engage Schwab as broker-dealer/custodian.

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. 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 presents a conflict of interest. When making such a recommendation, however, we do so when we reasonably believe that recommending Schwab to serve as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only SBK.

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, remains available to address any questions that a client or prospective client may have regarding the above arrangements and any corresponding conflict of interest presented.

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

As referenced in Item 12 above, SBK receives economic benefits from Schwab including support services and/or products without cost and/or at a discount. SBK’s clients do not pay more for investment transactions effected and/or assets maintained at Schwab as a result of this arrangement. There is no corresponding commitment made by SBK to Schwab

or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement. SBK's Chief Compliance Officer, Stephanie F. Stumpf, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest presented.

SBK does not compensate, directly or indirectly, any person, other than its representatives, for client referrals. SBK may offer professional referrals to clients for services it does not provide, such as legal 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

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

SBK provides other services on behalf of its clients that require disclosure at ADV Part 1, Item 9. In particular, certain clients have signed asset transfer authorizations that permit the qualified custodian to rely upon instructions from SBK to transfer client funds to “third parties.” In accordance with the guidance provided in the SEC Staff's February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subjected to an annual surprise CPA examination.

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

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.

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.