

**ITEM 1. COVER PAGE FOR PART 2A OF FORM ADV:  
FIRM BROCHURE  
DATED: MAY 2018**



**911FINANCIAL SERVICES™**

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This brochure provides information about the qualifications and business practices of Tamar Securities, LLC doing business as 911 Financial Services™. If you have any questions regarding the content of this brochure, please contact the main offices of 911 Financial Services™ at 818-914-7460 or by email at [amit@tamarsecurities.com](mailto:amit@tamarsecurities.com). The information in this brochure has neither been approved nor verified by the United States Securities and Exchange Commission nor by any State Securities Authority. Additional information about 911 Financial Services™ is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please, note that the use of the term "registered investment adviser" and the description of 911 Financial Services™ and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure as well as the Brochure Supplements of our firm's associates who advise you for additional information on the qualifications of our firm and our employees.

## **Item 2. Material Changes to Part 2A of Form ADV: Firm Brochure**

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911 Financial Services™ is required to advise you of any material changes to our Firm Brochure (“Brochure”) as of our last annual update, identify those changes either on the cover page of our Brochure or on the page immediately following the cover page, or also in a separate communication accompanying our Brochure. We must state clearly that we only discuss material changes as of the last annual update of our Brochure. In addition, we must provide the date of the last annual update of our Brochure.

Last Annual Amendment Filing Date: 03/30/2018

Since the last annual amendment, the following changes have been made:

- Our firm has removed our TAV (a) Aggressive (FIP®) International Portfolio and our TAV (ma) Moderately Aggressive (FIP®) International Portfolio.

### Item 3. Table of Contents

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#### Item 4. Advisory Business

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At 911 Financial Services, we specialize in the following types of services: Wrap Account Portfolio Management, Analysis of Independent Money Managers, Financial Planning and Financial Consulting Services, Alternative Investments, Corporate Cash Programs, and Professional Alliance Network services.

A. Description of our advisory firm, including how long the firm and our principal owner(s) have been in business.

We are dedicated to providing individuals, pensions, profit sharing plans, trusts, estates, corporations and other types of organizations and individual clients with a wide array of investment advisory services. 911 Financial Services is a fictitious business name of Tamar Securities, LLC, a limited liability company formed in the State of California. Our firm has been in business as an investment adviser since June of 2010 and is solely owned by Amit Raz Stavinsky. Mr. Stavinsky has been a registered investment professional in the U.S. since 1991.

B. Description of the types of advisory services we offer.

At our firm, all the services provided first begin with an Investment Policy and/or an in-depth analysis of each client's unique personal criteria that includes their goals, needs, risk tolerance, and income needs versus growth, tax, legal issues, liquidity requirements, and investment objectives and guidelines.

Second, we use Global Asset Allocation Models that focus on preservation of capital, long-term asset growth, superior performance in both rising and falling market cycles, and absolute returns independent of the market's strength or weakness are implemented.

Next, our firm initiates procedures of Portfolio Implementation by performing the following disciplines:

- Evaluating investment managers and holdings on the basis of both qualitative and quantitative criteria;
- Making sure that portfolio managers consistently employ and follow their presubscribed disciplined investment process;
- Subjecting all investment professionals and financial products to a rigorous screening process (This includes: organizational ownership, portfolio management tenure, investment process and implementation, investment research, long and short-term performance, and risk/reward assumed in portfolios as measured by their Beta, Alpha, active market timing, and significant sector and position concentration), and monitoring and rebalancing asset allocation models on either quarterly, semiannually or annual basis in order to establish an Efficient Frontier for increasing portfolio returns and decreasing volatility.

Lastly, we conduct periodic ongoing reviews with all clients. This process includes the followings:

- Review of portfolio managers, financial products, and of the entire investment holdings benchmarked each quarter against their respective Equity and Fixed Income indexes;
- Recalibrate each client's asset allocation models as their life circumstances change, and;
- Present consolidated reporting that should include each client's entire investment holdings throughout the banking industry.

## **1. Wrap Account Portfolio Management:**

### **a. Fixed Income Portfolios (FIP®):**

Our wrap Fixed Income Portfolio Management service is described separately in Part 2A, Appendix 1 ("Fixed Income Portfolio (FIP®) Wrap Fee Program Accounts").

### **b. Independent Relative- and Value-Oriented Global Equity Portfolios:**

We offer different wrap fee programs for Independent Relative- and Value-Oriented Global Equity Portfolios, including exchange-traded fund of funds (TAF®), mutual fund of funds (TAM®), in-house value money manager (MVS®), a combination of all disciplines (TAV sm) Independent Money Managers (Large Cap Value- Brandes Global and/or International, Large Cap Value- Cambiar and Large Cap Value- Davis.) and where appropriate Alternative Investments for qualified investors (Long/Short mostly Global Wireless Mobility/Technology hedge fund- Alkeon, and ACAP. Private Equity, and discounted Income producing- real estate investments). The programs listed below are further described separately in the respective Part 2A, Appendix 1 wrap fee program brochure:

- (1) Total Asset Fund ("TAF®")
- (2) Total Asset Market ("TAM®")
- (3) Market Value Securities ("MVS®")
- (4) Total Asset Value (TAV sm)

## **2. Non-Wrap Account Portfolio Management:**

All of our Wrap Account Portfolio Management services are also available as Non-Wrap Account Portfolio Management services. The client in such case would be responsible for all transaction costs associated with the ongoing management of their accounts. The services for our Non-Wrap Account Portfolio Management are as follows:

### **a. Fixed Income Portfolios (FIP®):**

Fixed Income Portfolio (FIP®) offers a discretionary fee based value strategy that includes discounted taxable high yield bonds, double tax-exempt and taxable municipal bonds, preferred stocks, convertible bonds, and foreign- denominated bonds. The firm emphasizes discounted high grade debt securities over equity and alternative investments in order to achieve both constant annual income returns and fixed income price appreciation. The firm may use proceeds accumulated from bond redemptions and income generated in order to invest in equities.

Our group performs daily, in depth, independent research of debt instruments regardless of size and ratings.

In-house research of all prospectuses and published updates are analyzed and stacked against both the rating agencies' opinion, and the street research reports. In addition, the same In-house research is also applied to the Municipal Debt Market in California. Near two decades

of researching and investing in this space has landed our firm with a large data base of a vast California Municipal Debt issuance as well as a unique set of expertise to enable us to capitalize quickly when dislocations in this debt market occur.

Management of Fixed Income Portfolios (FIP®) can be performed on a dual platform: Discretionary and Non-Discretionary fee basis (Registered Investment Advisor), and Discretionary and Non-Discretionary transactional basis through our firm's association with the broker dealer: Purshe Kaplan Sterling Investments (PKS), and their clearing operations with National Financial Services (NFS). Additionally, the broker-dealers we do advisory business with may clear through RBC Capital Markets LLC, Pershing LLC, Legent Clearing, Inc. Wedbush Morgan Securities and Crews & Associates, Inc., Inc. Israeli citizens will be able to open accounts with 911 Financial Services which are custodied with Bank of Hapoalim domiciled in Israel, whereby we will place the trades through Crews & Associates, Inc., an SEC registered investment advisor and FINRA/SIPC member broker-dealer.

We seek professional Bid/Offer execution of bond trades, across all Fixed Income Desks on Wall Street. It is our motto to fight on behalf of our clients for best in class executions. In order to accomplish this optimal Bid/Offer pricing principal, we first establish multiple relationships with Fixed Income desks around the country.

Second, all bond purchase Offerings are Bid on, and finally, all bond sell Offerings are put out for a Bid from at least three bond desks on Wall Street. This process ensures best in class trade executions; and therefore, substantially improves Bid/Offer pricings for the firm's clients. In many cases, and at odds with Wall Street practices, this Bid/Offer execution platform is duplicated for odd lot bond offerings where there is not enough liquidity; thereby, allowing our firm to Bid on bond Offerings at even deeper discounts than is warranted in a typical market place.

Lastly, independently of on which bond desk a Fixed Income transaction took place, all trades settle with our firm's preferred custodian; Schwab Institutional.

Periodic ongoing reviews are scheduled with all clients. This process includes the followings:

- Review of the entire portfolio as well as its underlying Fixed Income Securities benchmarked each quarter against their respective Fixed Income indexes;
- Recalibrate each client's asset allocation models as his or her life circumstances change, and;
- Present consolidated reporting that incorporates the Fixed Income Portfolios (FIP) with the entire holdings of the clients' other investments disciplines.

**b. Independent Relative- and Value-Oriented Global Equity Portfolios:**

**(1) Total Asset Fund ("TAF®"):**

"TAF®" offers a unique, discretionary fee based, managed money program that utilizes "no load" Exchange Traded Funds (ETFs) and/or Index Funds (Although there are no upfront sales charges, other fees and expenses do apply) in order to structure long-term Global Asset Allocation portfolios.

The program endorses a top-down value discipline that seeks to identify globally undervalued Markets, Economic Sectors, Industries, Fixed Income, and Specific Securities in “Super Cycles” that sell at deep discounts to both their respective and historical intrinsic values. “Super Cycles” are defined as undervalued Economic Sectors, and Industries in the Global Economy that our firm believes are best positioned for “Long-Term Growth”. The select list due diligence process begins with a rigorous screening process of the entire global universe of over 1000 Exchange and/or Index Traded Funds (ETFs).

Next, qualitative and quantitative assessments are applied for deciding on the best in class underlying funds that will end up making the Total Asset Fund (TAF®) portfolio. This extensive due diligence process of filtering out the entire global universe of all Exchange and/or Traded Index Funds includes, but is not limited to, the followings:

- Researching organizational ownership;
- Finding out portfolio management tenure;
- Understanding the investment process and its implementation, and;
- Studying long and short-term performance results.

This process also attempts to evaluate risk/reward parameters assumed by Exchange and/or Traded Index Funds as measured by their quantitative and/or Mathematical Calculations of Risk.

The followings are some of the criteria studied when quantitative risk parameters are evaluated: Beta, Alpha, Standard Deviation, Sharpe Ratio, and R-Squared.

In addition, the followings are some of the risk parameters researched when qualitative data is included: Market Risk, Economic Sector Risk, Industry Risk, Significant Sector and Position Concentration Risk, Liquidity Risk, Management Fee Risk, and Net Asset Value Risk defined as market pricing at either above (Premium), below (Discount) or at (Par) to the Exchange Trading Fund’s true Net Asset Value.

The program utilizes asset management restrictions in order to achieve favorable risk/reward performance results independent of the market’s strength or weakness.

The followings are the disciplines implemented: (i) The portfolio can’t hold less than six Exchange Traded and/or Index Funds (ETFs), (ii) Account total cash position can’t exceed 30% of the portfolio value, (iii) Industry Exchange Traded and/or Index Fund (ETFs) cost can’t exceed 10% of portfolio cost, (iv) Industry Exchange Traded and/or Index Fund value can’t exceed 20% of portfolio value, (v) Sector Exchange Traded and/or Index Fund cost can’t exceed 30% of portfolio cost, and (vi) Sector Exchange Traded and/or Index Fund value can’t exceed 45% of portfolio value.

Throughout the tenure of the Total Asset Fund (TAF®) program, Global Asset Allocation models are either rebalanced quarterly, semi-annually or annually in order to achieve an optimal strategic asset allocation on the Efficient Frontier. This process of rebalancing a diversified global portfolio across a strategic combination of asset classes, in turn can potentially increase the investment overall returns while decreasing its volatility.

Lastly, periodic ongoing reviews are scheduled with all clients. This process includes the followings:

- Review of the entire portfolio as well as its underlying Exchange and/or Index Funds (ETFs) benchmarked each quarter against their respective Equity and Fixed Income indexes;
- Recalibrate each client's asset allocation models as his or her life circumstances change, and;
- Present consolidated reporting that incorporates the Total Asset Fund (TAF sm) portfolio with the entire holdings of the clients' other investments disciplines.

**(2) Total Asset Market ("TAM®"):**

"TAM®" offers a disciplined, discretionary, and non-discretionary fee based mutual fund of funds program. It attempts to establish long-term Strategic Asset Allocation portfolios that are made out of a few select, best in class, on and off shore underlying mutual funds that are purchased at Net Asset Value (NAV). These funds are selected out of a total universe of approximately 200 mutual fund families that include unaffiliated load-waived and no-load funds (Although there are no upfront sales charges, other fees and expenses do apply).

The program endorses a top-down value discipline that seeks to identify globally undervalued Markets, Economic Sectors, Industries, Fixed Income, and Specific Securities in "Super Cycles" that sell at deep discounts to both their respective and historical intrinsic values. "Super Cycles" are defined as undervalued Economic Sectors, and Industries in the Global Economy that our firm believes are best positioned for "Long-Term Growth". The select list due diligence process that aims to identify some of the world's best underlying mutual funds begins with a rigorous screening process of the entire global universe of about 200 mutual fund families.

Next, qualitative and quantitative assessments are applied for deciding on the best in class underlying mutual funds that will end up making the Total Asset Market (TAM®) portfolio. This extensive due diligence process of filtering out a global universe of approximately 200 mutual fund families includes but is not limited to the followings: (i) Researching organizational ownership, (ii) Finding out portfolio management tenure, (iii) Understanding the investment process and its implementation, and (iv) Studying long and short-term performance results.

This process also attempts to evaluate risk/reward parameters assumed by the mutual fund managers as measured by their quantitative and/or Mathematical Calculations of Risk. The followings are some of the criteria studied when quantitative risk parameters are evaluated: Beta, Alpha, Standard Deviation, Sharpe Ratio, and R-Squared. In addition, the followings are some of the risk parameters researched when qualitative data is included: Market Risk, Economic Sector Risk, Industry Risk, Significant Sector and Position Concentration Risk, Liquidity Risk, and Management Fee Risk of expense ratios, 12b-1 charges, and early withdrawals.



Throughout the tenure of the Total Asset Market (TAM®) program, Global Asset Allocation models are either rebalanced quarterly, semi-annually or annually in order to achieve an optimal strategic asset allocation on the Efficient Frontier. This process of rebalancing a diversified global portfolio across a strategic combination of asset classes, in turn can potentially increase the overall investment returns while decreasing its volatility.

Last, periodic ongoing reviews are scheduled with all clients. This process includes the followings:

- Review of the entire portfolio as well as its underlying mutual funds benchmarked each quarter against their respective Equity and Fixed Income indexes;
- Recalibrate each client's asset allocation models as his or her life circumstances change, and;
- Present consolidated reporting that incorporates the Total Asset Market® (TAM®) portfolio with the entire holdings of the clients' other investments disciplines.

**(3) Market Value Securities ("MVS®"):**

Market Value Securities (MVS®) offers a strategic, discretionary fee-based, long-term approach to Global Asset Allocation portfolios of small to large cap individual equities. The investment philosophy is founded on the belief that superior investment performance depends primarily on investing in the most attractive global Economic Sectors, and Sub-Industries based on supply and demand analysis.

The program endorses a top-down value discipline that seeks to identify globally undervalued Markets, Economic Sectors, Industries, and Specific Securities in "Super Cycles" that sell at deep discounts to both their respective and historical intrinsic values. "Super Cycles" are defined as undervalued Economic Sectors, and Industries in the Global Economy that our firm believes are best positioned for "Long-Term Growth". For example, it is believed that currently "Super Cycles" are driven, first by the industrialization of China, and India, and second by an intense Global demand for digital Mobile Computing.

As these nations become more industrialized, and the world will consume respectively more energy, natural resources and mobile computing then these processes will potentially result in increased demand for Energy, Natural Resources, and Mobile Computing.

The first step in the process analyzes the relative attractiveness of global Economic Sectors, and their Sub-Industries. This is done first via in-depth analysis of supply and demand fundamentals, and growth rate projections. Second, global Economic Sectors and Sub-Industries are identified and selected. Third, individual small to large cap equities are researched.

At the end, a rigorous due diligence process is implemented for identifying and selecting individual equities that sell at deep discounts to their respective and historical intrinsic values. Intrinsic values are determined by using discounted cash flow and relative valuation models.

The fundamental analysis used to select the individual equities that end up making the Market Value Securities portfolio (MVS®) includes primarily low absolute and relative valuations such as price/earnings, price/book, price/cash, and debt to equity ratios. Other fundamental research followed is based on analysis of barriers to entry, market share, return on equity, growth projections, liquidity, market capitalization, free cash flow generation, debt structure, management tenure, quality of brand, and franchise value.

The program utilizes asset management restrictions in order to achieve favorable risk/reward performance results independent of the market's strength or weakness. The followings are the disciplines implemented: (i) The portfolio can't hold less than twenty stocks, (ii) Individual equity value can't exceed 10% of portfolio value, (iii) Economic Sector holding can't exceed 45% of portfolio value, (iv) Industry group holding can't exceed 20% of portfolio value, (v) Account total cash position can't exceed 30% of portfolio value, and; (vi) The portfolio can't hold less than six Economic Sectors.

The sell discipline for any Economic Sector, Sub-Industries, and Individual Securities is based on supply/demand and/or individual equity fundamentals. Our firm believes that prior to a "Super Cycle" peak companies will have massive capital expenditures associated with Growth, Mergers and Acquisitions activities. Eventually, at the height of a "Super Cycle" the sector and its individual equities will dominate the market from an earnings and market capitalization stand point. For example, Technology and Telecommunications grew to 40% of the S&P 500 Index in February of 2000, and during the Japanese Real Estate bubble properties of this country were valued at more than the entire combined U.S Real Estate market. When these signs are apparent, we will rotate out of the Economic Sectors, Sub-Industries, and their related Individual Equities in favor of new undervalued Economic Sectors and Sub-Industries in the world's economy.

Lastly, periodic ongoing reviews are scheduled with all clients. This process includes the followings:

- Review of the entire portfolio as well as its underlying Economic Sectors, Sub-Industries and their respective Individual Equities benchmarked each quarter against their respective Equity and World Indexes;
- Recalibrate each client's asset allocation models as his or her life circumstances change, and;
- Present consolidated reporting that incorporates the Market Value Securities (MVS®) portfolio with the entire holdings of the clients' other investments disciplines.

**(4) Total Asset Value (“TAV sm”):**

Total Asset Value (TAV sm) investment program offers a unique platform that attempts to combine, on a discretionary fee basis, four of 911 Financial Services’ investment disciplines. These investment disciplines include:

- 1) Total Asset Market (TAM®);
- 2) Total Asset Fund (TAF®);
- 3) Market Value Securities (MVS®); and
- 4) Fixed Income Portfolio (FIP®).

Total Asset Value (TAV sm) is a diluted version of the firm's following primary investment programs:

Total Asset Market (TAM®) offers a disciplined discretionary fee based mutual fund of funds program. This program, attempts to establish long-term strategic asset allocation portfolios that are made out of a few select, best in class, on and off shore underlying mutual funds that are purchased at Net Asset Value (NAV). These funds are selected out of a total universe of approximately 200 mutual fund families that include unaffiliated load waived and no load funds (Although there are no upfront sales charges, other fees and expenses do apply).

For more information, please refer to our Total Asset Market (TAM®) brochure.

Total Asset Fund (TAF®) offers a unique discretionary fee based managed money program that utilizes no load Exchange Traded Funds (ETFs) and/or Index Funds (Although there are no upfront sales charges, other fees and expenses do apply) in order to structure Global Asset Allocation portfolios.

For more information, please refer to our Total Asset Fund (TAF®) brochure.

Market Value Securities (MVS®) offers a strategic discretionary fee-based, long-term approach to Global Asset Allocation portfolios of small to large capitalization individual equities. The investment philosophy is founded on the belief that superior investment performance depends primarily on investing in the most attractive Global Economic Sectors, and Sub-Industries based on supply and demand analysis.

For more information, please refer to our Market Value Securities (MVS®) brochure.

Fixed Income Portfolio (FIP®) offers a discretionary fee based value strategy that includes discounted taxable high yield bonds, double tax-exempt and taxable municipal bonds, preferred stocks, convertible bonds, and foreign- denominated bonds. The firm emphasizes discounted high grade debt securities over equity and alternative investments in order to achieve both constant annual income returns and fixed income price appreciation. The firm may use proceeds accumulated from bond redemptions and income generated in order to invest in equities.

For more information, please refer to our Fixed Income Portfolio (FIP®) brochure

Total Asset Value ("TAV sm") program is divided into two main investment disciplines: TAV (a) Aggressive, and TAV (ma) Moderately Aggressive. TAV (a) Aggressive strives to achieve an asset allocation model which includes 25% investment weighting in Market Value Securities (MVS®), 35% investment weighting in Total Asset Fund (TAF®), and 40% investment weighting in Total Asset Market (TAM®). On the other hand, TAV (ma) Moderately Aggressive strives to achieve an asset allocation model which includes 20% investment weighting in Market Value Securities (MVS®), 35% investment weighting in Total Asset Fund (TAF®) and 45% investment weighting in Total Asset Market (TAM®). TAMAR Securities, LLC's "Top Down" global value strategy determines its ongoing asset allocation weighting among its three underlining disciplines namely MVS, TAF and TAM in an attempt to achieve an optimum risk reward performance results.

Total Asset Value ("TAV sm") is also subdivided into the following four additional main categories which include Fixed Income Portfolio (FIP®):

(1) TAV (a) Aggressive (FIP®) that strives to achieve an asset allocation model which includes 17% investment weighting in Market Value Securities (MVS®), 25% investment weighting in Total Asset Fund (TAF®), 28% investment weighting in Total Asset Market (TAM®), and 30% investment weighting in Fixed Income Portfolio (FIP®).

(2) TAV (ma) Moderately Aggressive (FIP®) that strives to achieve an asset allocation model which includes 13% investment weighting in Market Value Securities (MVS®), 20% investment weighting in Total Asset Fund (TAF), 27% investment weighting in Total Asset Market (TAM®), and 40% investment weighting in Fixed Income Portfolio (FIP®).

(3) TAV (FIP®) that strives to achieve an asset allocation model which includes 30% investment weighting in either Market Value Securities (MVS®), Total Asset Fund (TAF®) or Total Asset Market (TAM®), and 70% investment weighting in Fixed Income Portfolio (FIP®). As with the previous two main Total Asset Value ("TAV sm") programs, TAMAR Securities, LLC's "Top Down" global value strategy determines its ongoing asset allocation weighting among its four underlining disciplines namely MVS, TAF, TAM, and FIP in an attempt to achieve an optimum risk reward performance results. On the other hand, TAV (FIP®) International, strives to achieve an asset allocation model which includes 55% investment weighting in Fixed Income Portfolio (FIP®), 15% investment weighting in Market Value Securities (MVS®), and 30% investment weighting in Total Asset Fund (TAF®); see (6).

(4) TAV (FIP®) International, which utilizes alternatives alternative investments to U.S domestic mutual funds. This program, designed for mostly foreign investors includes the following three asset allocation models: a.) Total Asset Fund (TAF®), b.) Market Value Securities (MVS®), and c.) Fixed Income Portfolio (FIP®). The program disciplines include the following three sub categories: 1) TAV (FIP®) International Portfolio that strives to achieve an asset allocation model of 55% investment weighting in Fixed Income Portfolio (FIP®), 15% investment weighting in Market Value Securities (MVS®), and 30% investment weighting in Total Asset Fund (TAF®), 2) TAV (a) Aggressive (FIP®) International Portfolio that strives to achieve an asset allocation model of 40% investment weighting in Fixed Income Portfolio, 25% investment weighting in Market Value Securities (MVS®), and 35% investment weighting in Total Asset Fund (TAF®), and

3) TAV (ma) Moderately Aggressive (FIP®) International Portfolio that strives to achieve an asset allocation model of 45% investment weighing in Fixed Income Portfolio, 35% investment weighing in Market Value Securities (MVS®), and 20% investment weighing in Total Asset Fund (TAF®).

### **3. Independent Money Managers:**

Independent Money Managers include but are not limited to a select group of Large Cap, Domestic and/or Global Value investment managers that meet stringent set of quantitative and qualitative criteria.

Our firm attempts to connect its investors to a diverse array of the world's leading independent investment advisers that assist in complementing our firm's investment discipline. This investment strategy relies on identifying global equities that sell at deep discounts to their respective and historical intrinsic values which are poised for a "Super Cycle" long term growth. Also, our firm recognizes the fact that many boutique investment managers do not necessarily distribute their investment services through brokerage firms because of the sheer funds these firms normally require to raise for any given investment. These managers instead, limit the amount of capital they attempt to raise and manage in order to out-perform their peers. Their philosophy emphasizes that in order to maintain absolute positive returns independent of the market's strength or weakness, one need to focus on better researching, buying and executing smaller but uniquely positioned investment portfolio(s).

Fortunately, for us, this antithetical approach to fund raising by Wall Street mega brokers could in turn open up additional elite array of new investment managers for the firm's clients. This new select group of independent asset managers should fit in and better complement our firm's investment strategies.

We endorse a platform of Independent Money Managers that seek to identify globally undervalued Markets, Economic Sectors, Industries, and Specific Securities in "Super Cycles" that sell at deep discounts to both their respective and historical intrinsic values. "Super Cycles" are defined as undervalued Economic Sectors, and Industries in the Global Economy that we believe are best positioned for "Long-Term Growth. The select list due diligence process of Independent Money Managers begins with a rigorous screening process of some of the world's best money managers in order to fulfill a comprehensive strategic asset allocation model.

Next, qualitative and quantitative assessments are applied for deciding on the best in class Independent Money Managers. This extensive due diligence process of filtering out a universe of uniquely positioned money managers includes but is not limited to the followings: (i) Researching organizational ownership, (ii) Finding out portfolio management tenure, (iii) Understanding the investment process and its implementation, and (iv) Studying long and short-term performance results. This process also attempts to evaluate risk/reward parameters assumed by money management firms as measured by their quantitative and/or Mathematical Calculations of Risk. The followings are some of the criteria studied when quantitative risk parameters are evaluated: Beta, Alpha, Standard Deviation, Sharpe Ratio, and R-Squared. In addition, the followings are some of the risk parameters researched when qualitative data is included: Market Risk, Economic Sector Risk, Industry Risk, Significant Sector and Position Concentration Risk, Liquidity Risk, and Management Fee Risk.

Lastly, periodic ongoing reviews are scheduled with all clients. This process includes the followings:

- Review of the entire portfolio as well as its underlying Economic Sectors, Sub-Industries and their respective Individual Equities benchmarked each quarter against their respective Equity and World Indexes;
- Recalibrate each client's asset allocation models as his or her life circumstances change, and;
- Present consolidated reporting that incorporates the portfolios of the Independent Money Managers with the entire holdings of the clients' other investments disciplines.

#### **4. Financial Planning and Consulting:**

Our firm will typically provide a variety of financial planning services, pursuant to a written Agreement, to individuals, families and other clients regarding the management of their financial resources based upon an analysis of client's current situation, goals, and objectives.

Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning or consulting may encompass one or more of the following areas: investment planning, retirement planning, estate planning, charitable planning, education planning, and business planning.

The plan developed for or financial consultation rendered to the client will usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. We may also refer clients to an accountant, attorney or other specialist. For planning engagements, we will provide a written summary of Client's financial situation, observations, and recommendations. For consulting engagements, our firm may not provide a written summary. Plans or consultations are typically completed within six months of contract date, assuming all information and documents requested are provided promptly.

#### **5. Alternative Investments:**

Alternative Investments primary strategies include: a Long/Short Technology hedge fund, a Private Equity Fund, and a Private Equity Real Estate Portfolio. Our firm endorses non-traditional investment strategies that have the potential to generate absolute returns independent of the market's strength or weakness. For more information, please see Item 6 of this Firm Brochure.

#### **6. Corporate Cash Program:**

Corporate and Individual Cash Management seeks to identify taxable and tax free solutions on either a discretionary or non-discretionary basis for investments of cash management throughout the entire banking industry. The program searches for the best quality rated short-term Cash Management Instruments that tend to offer maximum liquidity for an optimal risk reward yield to maturity. Some of the cash management financial instruments include the following:

Institutional Tax Free and Taxable Money Market Funds, Treasury Notes, High Grade Commercial Paper, FDIC insured Certificate of Deposits, and short term high grade Tax Free Municipal Bonds that are exempt from Federal and/or Federal and State Income Taxes. These Tax Free instruments also include tax free Pre-refunded municipal Bonds that are also 100% escrowed to maturity with U.S Treasury Bonds.

Our firm emphasizes continuous and regular account supervision, researching, and monitoring. The due diligence process of selecting cash management financial instruments include but is not limited to the followings: (i) daily, in depth, independent qualitative and quantitative research of debt instruments regardless of size and ratings, (ii) Comparisons of all In-house research findings stacked against both the rating agencies' opinion, and the street research reports, and (iii) professional Bid/Offer execution of bond trades, across all Fixed Income Desks on Wall Street. It is our firm's motto to fight on behalf of our clients for best in class executions for all Cash Management products and/or short term Fixed Income instruments. In order to accomplish this optimal Bid/Offer pricing principal, our firm first establishes multiple relationships with Cash Management and Fixed Income desks around the country.

Second, all Cash Management offerings are shopped for best yields to maturity, and all bond purchase Offerings are Bid on. Last, when necessary, all bond sell Offerings are put out for a Bid from at least three bond desks on Wall Street. This process ensures best in class trade executions; and therefore, substantially improves Bid/Offer pricings for the firm's clients. In many cases, and at odds with Wall Street practices, this Bid/Offer execution platform is duplicated for short term odd lot bond offerings where there is not enough liquidity; thereby, allowing us to Bid on bond Offerings at even deeper discounts than is warranted in a typical market place.

Worthy of mention is the fact that independently of with which financial institution Cash Management Instruments are purchased or on which bond desk a short-term Fixed Income transaction took place, all Cash Management trades either settle with our firm's preferred custodian; Schwab Institutional or maintained at a newly established custodian but still reported on the client's Consolidated Quarterly Performance Reports.

The Cash Management process ends with periodic ongoing reviews. This process includes the followings: (i) Review of the entire client's Cash Management portfolio benchmarked each quarter against its respective Short-Term Fixed Income Indexes, (ii) Recalibrate each client's asset allocation model of cash and/or short-term fixed income instruments as his or her life circumstances change, and (iii) Present consolidated reporting that incorporates the portfolios of the Cash Management with the entire holdings of the clients' other investments disciplines.

As mentioned above, we will emphasize continuous and regular account supervision to exercise discretion in investing in tax-free and taxable money market funds for individual, corporate and institutional accounts in accordance with the client written investment guidelines detailing conditions, restrictions and limitations as set by the client's investment policy statement. Our firm, in exercising such discretion, shall have client's authority to make purchases, sales, exchanges, investments and reinvestments that are deemed necessary in performing such discretion.

## **7. Professional Alliance Network:**

Our firm's Professional Alliance Network endorses, when appropriate, a secure environment in which the firm's clients can find reputable professional services for transacting business activities such as Estate Planning, Insurance Purchases, and Mortgage Banking. Our firm employs a very selective process through which it identifies senior professionals that complement the overall financial needs of our clients.

The Professional Alliance Network business model is based on an objective, and extensive due diligence process that attempts to select first class experienced professionals in their fields of expertise; and thereafter, to develop direct "firm to firm" relationships for the benefit of our clients.

Some of the stringent criteria senior professionals comply with include the followings: (i) Tenure and experience of the business professional, (ii) Extensive interviews of the lead professional and its staff members, (iii) In-depth investigations of all available referrals, (iv) Disclosure of organizational ownership (v) Orderly development of the business process and its implementation, (vi) Evaluating the personalities involved and their potential match with our firm's clients, (vii) Allowing investigations of past complaints and pending unresolved legal matters, and (viii) Executing an independent, fully transparent, and competitive product purchases on best in class quality and price. When appropriate, financial products that are sold and generate disclosed-and-transparent commissions and/or fees will be shared by the professionals performing the task with our firm.

At the end of this process, ongoing reviews are scheduled with all clients utilizing the Professional Alliance Network. This process includes the followings: (i) Review of the analysis done, recommended and implemented, and how does it enhance the client's overall financial planning, (ii) Recalibrate each client's financial planning models as his or her life circumstances change, and (iii) Present consolidated reporting that incorporates the products of the Professional Alliance Network with the entire holdings of the clients' other investments disciplines.

### **C. Explanation of whether (and, if so, how) we tailor our advisory services to the individual needs of clients, whether clients may impose restrictions on investing in certain securities or types of securities.**

#### **1. Individual Tailoring of Advice to Clients:**

At our firm all the services provided first begin with an Investment Policy and/or an in depth analysis of each client's unique personal criteria that includes their goals, needs, risk tolerance, and income needs versus growth, tax, legal issues, liquidity requirements, and investment objectives and guidelines.

We also use Global Asset Allocation Models that focus on preservation of capital, long-term asset growth, superior performance in both rising and falling market cycles, and absolute returns independent of the market's strength or weakness are implemented.

Helping us to implement our individualized investment findings for our clients are the following programs: Wrap Account Portfolio Management of Fixed Income Portfolio (FIP), exchange-traded fund of funds (TAF®), mutual fund of funds (TAM®), in-house value money manager (MVS®),



Independent Money Managers (Large Cap Value- Brandes Global and/or International, Large Cap Value- Cambiar and Large Cap Value- Davis), Corporate Cash Program, and where appropriate Alternative Investments for qualified investors. Additionally, we offer Financial Planning, Consulting, and services of Professional Alliance Network.

2. Ability of Clients to Impose Restrictions on Investing in Certain Securities or Types of Securities:

We usually do not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their portfolio. In the rare instance that we would allow restrictions, it would be limited to a very few securities in the Wrap Fee Program where issues of either social or environmental conflicts might arise. Such restrictions if implemented will be signed and entered in writing prior to any investment implementation. It is important to note that we do not utilize any other programs for managing our clients' assets.

D. Participation in wrap fee programs.

We offer wrap fee programs as further described in Part 2A, Appendix 1 (the Wrap Fee Program Brochures) named: Total Asset Fund ("TAF®"), Total Asset Market® ("TAM®"), Market Value Securities ("MVS®"), Total Asset Value (TAV sm) and Fixed Income Portfolios (FIP®) of our Brochures. Our wrap fee and non-wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, and income needs versus growth, tax, legal issues, liquidity requirements, and investment guidelines. We do not manage wrap fee accounts in a different fashion than non-wrap fee accounts. As further described in our Wrap Fee Program Brochures, we receive a portion of the wrap fee for our Independent Money Managers, Alternative Investment, Corporate Cash Management, Financial, and Professional Alliance Network services.

E. Disclosure of the amount of client assets we manage on a discretionary basis and the amount of client assets we manage on a non-discretionary basis.

We manage \$311,790,251 on a discretionary basis and \$42,516,852 on a non-discretionary basis as of 03/23/2018.

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## Item 5. Fees and Compensation

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At 911 Financial Services, we are required to describe our brokerage, custodian, fund expenses, and our fees charged, so each of you will know how much you are charged and by whom for our advisory services provided to you. Our fees are generally not negotiable.

A. Description of how we are compensated for our advisory services provided to you.

1. Wrap Account Portfolio Management:

Our fee schedules for our Wrap Fee Programs are separately described in the respective Wrap Fee Program Brochure.

All Equity and Balanced (Equities and Bonds) non-discretionary managed portfolios will operate on a dual platform allowing clients to select from the following two options:

(i) \$350/hour retainer fee plus all transactional costs per Schwab Institutional pricing schedules, or;

(ii) discretionary fee base break points as it is applied to the Fixed Income Portfolio, Total Asset Fund, Total Asset Market, Market Value Securities, Total Asset Value and Independent Money Managers (as disclosed in the appropriate agreements).

All Fixed Income Portfolios (FIP®) which are transactional and generally non-discretionary will be marked up or down 0.5% to 3% based on maturity, size and the execution price obtained (as disclosed in the appropriate agreements).

## **2. Non-Wrap Account Portfolio Management:**

The fee schedules for our Non-Wrap Account Portfolio Management are as follows:

### **a. Fixed Income Portfolios (FIP®):**

All Fixed Income Portfolios (FIP) will adhere to the following pricing schedule:

<u>Assets Under Management</u>	<u>Annual Net Fee Assessed *</u>
First \$500,000	0.75%
Next \$500,000	0.65%
Over \$1,000,000	0.55%

\*Our firm's fees are generally not negotiable. Further, our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter.

### **b. Independent Relative- and Value-Oriented Global Equity Portfolios:**

#### **(1) Total Asset Fund ("TAF®"):**

All Equity discretionary money managed programs which includes Total Asset Fund (TAF®) will adhere to the following pricing schedule:

<u>Assets Under Management</u>	<u>Annual Net Fee Assessed *</u>
First \$500,000	2.25%
Next \$500,000	1.75%
Over \$1,000,000	1.25%

\*Our firm's fees are generally not negotiable. Further, our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter.

#### **(2) Total Asset Market ("TAM®"):**

All Equity discretionary money managed programs which includes Total Asset Market (TAM®) will adhere to the following pricing schedule:

<u>Assets Under Management</u>	<u>Annual Net Fee Assessed *</u>
First \$500,000	2.25%
Next \$500,000	1.75%
Over \$1,000,000	1.25%

\*Our firm's fees are generally not negotiable. Further, our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter.

**(3) Market Value Securities ("MVS®"):**

All Equity discretionary money managed programs which includes Market Value Securities (MVS®) will adhere to the following pricing schedule:

<u>Assets Under Management</u>	<u>Annual Net Fee Assessed *</u>
First \$500,000	2.25%
Next \$500,000	1.75%
Over \$1,000,000	1.25%

\*Our firm's fees are generally not negotiable. Further, our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter.

**(4) Total Asset Value ("TAV sm") (a) Aggressive and (ma) Moderately Aggressive:**

All Equity discretionary money managed programs which includes Total Asset Value (TAV sm) subcategories; TAV (a) Aggressive and TAV (ma) Moderately Aggressive, will adhere to the following pricing schedule:

<u>Assets Under Management</u>	<u>Annual Net Fee Assessed*</u>
First \$500,000	2.25%
Next \$500,000	1.75%
Over \$1,000,000	1.25%

**TAV (a) Aggressive (FIP®):**

All Equity and Fixed Income discretionary money managed programs which includes TAV (a) Aggressive (FIP®) will adhere to the following pricing schedule:

<u>Assets Under Management</u>	<u>Annual Net Fee Assessed*</u>
First \$500,000	1.80%
Next \$500,000	1.42%
Over \$1,000,000	1.04%

**TAV (ma) Moderately Aggressive (FIP®):**

All Equity and Fixed Income discretionary money managed programs which includes TAV (ma) Moderately Aggressive (FIP®) will adhere to the following pricing schedule:

<u>Assets Under Management</u>	<u>Annual Net Fee Assessed*</u>
First \$500,000	1.65%
Next \$500,000	1.31%
Over \$1,000,000	0.97%

**TAV ((FIP®) International:**

All Equity and Fixed Income discretionary money managed programs which includes TAV (MVS) (FIP®) and (TAF®) will adhere to the following pricing schedule:

<u>Assets Under Management</u>	<u>Annual Net Fee Assessed*</u>
First \$500,000	1.43%
Next \$500,000	1.15%
Over \$1,000,000	0.87%

**TAV (FIP®):**

All Equity and Fixed Income discretionary money managed programs which includes TAV (FIP®) will adhere to the following pricing schedule:

<u>Assets Under Management</u>	<u>Annual Net Fee Assessed*</u>
First \$500,000	1.20%
Next \$500,000	0.98%
Over \$1,000,000	0.76%

\*Our firm's fees are generally not negotiable. Further, our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter.

**3. Independent Money Managers:**

Independent Money Managers will adhere to the following pricing schedule:

<u>Assets Under Management</u>	<u>Annual Net Fee Assessed *</u>
First \$500,000	2.25%
Next \$500,000	1.75%
Over \$1,000,000	1.25%

\*Our firm's fees are generally not negotiable. Further, our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter.

#### **4. Financial Planning and Financial Consulting Services:**

Our firm offers financial planning services on an hourly basis for \$350 per hour, which may be negotiable depending on the nature and complexity of each client's circumstances.

An estimate for total hours will be determined at the start of the advisory relationship. The hourly fees are determined after considering many factors.

#### **5. Alternative Investments:**

Our fees for our Alternative Investments Service is disclose in Item 6 of this Firm Brochure.

#### **6. Corporate Cash Program:**

All Corporate Cash Programs will adhere to the following pricing schedule:

<u>Assets Under Management</u>	<u>Annual Advisory Fee*</u>
First \$50 million	0.060 %
Next \$50 million	0.055%
Next \$100 million	0.050 %
Next \$100 million	0.045 %
Next \$200 million	0.040%

\*Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter.

Exceptions may be made to the published fee schedules under certain circumstances pursuant to a negotiated agreement with the client. No increase in the fee schedules shall be effective without prior written notification to the client.

#### **7. Professional Alliance Network: (SOLICITORS)**

Our pricing schedule for our Professional Alliance Network service, when appropriate, will adhere to the following criteria:

- (i) extensive due diligence process for identifying the best industry pricing for any estate planning, long-term care, retirement, life insurance and/or mortgage product;
- (ii) disclosing all pricing bids obtained from the industry for any estate planning, long-term care, retirement, life insurance and/or mortgage product, and;
- (iii) splitting with the professional the net fees and/or commissions generated on a 50:50 percent arrangement.

#### **B. Description of whether we deduct fees from clients' assets or bill clients for fees incurred.**

##### **1. Wrap Account Portfolio Management:**

A description of how we charge for our Wrap Account Portfolio Management service can be found in the respective Wrap Fee Program Brochure.

## **2. Non-Wrap Account Portfolio Management:**

Our firm's fees for our Non-Wrap Account Portfolio Management service are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter. Fees will generally be automatically deducted from your managed account. In rare cases, we will agree to directly bill clients. As part of this process, you understand and acknowledge the following:

- a) Your independent custodian sends statements at least quarterly to you showing all disbursements for your account, including the amount of the advisory fees paid to us;
- b) You provide authorization permitting us to be directly paid by these terms;
- c) If we send a copy of our invoice to you, we send a copy of our invoice to the independent custodian at the same time we send the invoice to you;
- d) If we send a copy of our invoice to you, our invoice includes a legend that urges the client to compare information provided in their statements with those from the qualified custodian.

## **3. Independent Money Managers:**

These fees will be separately charged by the relevant parties (including our firm) and may be borne by the client. Independent Money Managers establish and maintain their own separate billing processes which we have no control over.

In general, they will directly bill you and describe how this works in their separate written disclosure documents. In addition, our firm will negotiate best pricing for our clients based on the aggregated assets under any particular program.

## **4. Financial Planning and Financial Consulting Services:**

One half of the total estimated hourly fees are due and payable at the time the client's agreement is executed, the remainder of the fees are due upon presentation of a plan or the rendering of consulting services. Financial plans will be presented to the clients within 6 months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided by the clients.

As stated previously, the hourly rate is \$350 per hour. In the event that a client should cancel the financial planning agreement under which any plan is being created, the client shall be billed for actual hours logged on the planning project times the agreed upon hourly rate. Any surplus in our firm's possession as the result of collecting a deposit at the time of signing the financial planning agreement will be returned to the client within 5 business days of cancellation.

In all cases, we will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 (six) months.

## **5. Alternative Investments:**

A description of how we charge for our Alternative Investments service can be found in Item 6 of this Firm Brochure.

## **6. Corporate Cash Program:**

Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter. Fees will generally be automatically deducted from your managed account. In rare cases, we will agree to directly bill clients. As part of this process, you understand and acknowledge the following:

- a) Your independent custodian sends statements at least quarterly to you showing all disbursements for your account, including the amount of the advisory fees paid to us;
- b) You provide authorization permitting us to be directly paid by these terms;
- c) If we send a copy of our invoice to you, we send a copy of our invoice to the independent custodian at the same time we send the invoice to you;
- d) If we send a copy of our invoice to you, our invoice includes a legend that urges the client to compare information provided in their statements with those from the qualified custodian.

## **7. Professional Alliance Network:**

The senior professionals from the Professional Alliance Network establish and maintain their own separate billing processes which we have no control over. In general, they will directly bill you and describe how this works in their separate written disclosure documents.

### **C. Description of any other types of fees or expenses clients may pay in connection with our advisory services, such as custodian fees or mutual fund expenses.**

Non-Wrap fee Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through. Also, clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

Wrap fee clients will receive our Form ADV, Part 2A, Appendix 1 (the "Wrap Fee Program Brochure"). Wrap fee clients will not incur transaction costs for trades. More information about this is disclosed in our separate Wrap Fee Program Brochure.

### **D. We must disclose if client's advisory fees are due quarterly in advance. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.**

We charge our advisory fees quarterly in advance. In the event that you wish to terminate our services, we will refund the unearned portion of our advisory fee to you. You need to contact us in writing and state that you wish to terminate our services. Upon receipt of your letter of termination, we will proceed to close out your account and process a pro-rata refund of unearned advisory fees.

### **E. Commissionable securities sales.**

In order to sell securities for a commission, our supervised persons are registered representatives of Purshe Kaplan Sterling Investments, Inc. ("PKS"), a registered broker-dealer and Member FINRA/SIPC.

PKS clears through National Financial Services (NFS). Our supervised persons may accept compensation for the sale of securities or other investment products, including distribution or service (“trail”) fees from the sale of mutual funds. You should be aware that the practice of accepting commissions for the sale of securities:

- 1) Presents a conflict of interest and gives our firm and/or our supervised persons an incentive to recommend investment products based on the compensation received, rather than on your needs. We generally address commissionable sales conflicts that arise:
  - a) when explaining to clients that commissionable securities sales create an incentive to recommend products based on the compensation we and/or our supervised persons may earn and may not necessarily be in the best interests of the client;
  - b) When recommending commissionable mutual funds, explaining that “no-load” funds are available through our firm if the client wishes to become an investment advisory client.
- 2) In no way prohibits you from purchasing investment products recommended by us through other brokers or agents which are not affiliated with us.
- 3) Does not exceed more than 50% of our revenue.
- 4) Does not reduce your advisory fees to offset the commissions our supervised persons receive.

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

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Our firm may charge qualified clients<sup>1</sup>(“qualified investors”) “performance fees” – that is, fees based on a share of capital gains on or capital appreciation of, the managed assets of a client for our Alternative Investment service.

Alternative Investments where appropriate for qualified investors, include primarily a select few strategies: a long/short Technology hedge fund, a private equity Fund of Funds and a private equity Real Estate portfolio. Our firm endorses, for qualified investors, non-traditional investment strategies that have the potential to generate absolute returns independent of the market’s strength or weakness.

Alternative Investments have historically provided efficient portfolio diversification because they have low correlation to traditional asset classes. We seek to identify these superior strategies and managers that can increase the Alpha and reduce the Beta of our Global Asset Allocation portfolios. In other words, in most cases than not, a disciplined process of evaluating, selecting, and monitoring non-traditional managers can increase a portfolio’s overall returns while decreasing its overall volatility risks.

Our firm seeks to identify these superior strategies and managers that can complement our investment philosophy that relies primarily on identifying global Economic Sectors, Sub-Industries, and Specific Equities that sell at deep discounts to their respective and historical intrinsic values, and that are poised for a “Super Cycle” long term growth. The due diligence process of choosing a few select alternative

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<sup>1</sup> We are currently permitted to charge performance based fees only to clients with at least \$1,000,000 under management with our firm or a net worth of at least \$1.5 million. It is expected that the SEC will revisit this standard in the near future and tie the definition of a qualified client to inflation. It is unclear at this time whether the SEC will grandfather or exempt existing qualified clients being charged performance based fees from a greater financial threshold for meeting the qualified client standard should the definition change.



strategies and managers out of a universe of more than 10,000 funds and over \$1.4 trillion in cumulative assets under management begins with the Investment Strategy sought and the organizational structure and registrations, a select few Alternative Investment Managers have to adhere to.

The Investment Strategies include the followings: Convertible Bond Arbitrage, Distressed Securities, Emerging Markets, Event Driven, Fixed Income Arbitrage, General Hedged Equity, International Long/Short, Macro Price Movement, Merger Arbitrage, Multi Arbitrage, Opportunistic, Sector Investing, Short Selling, and Fund of Funds.

The due diligence process of the Organizational Structure and Registrations of the Alternative Investment Managers include, but is not limited to the followings: 1) Finding out the tenure and experience of the investment management team, 2) Researching organizational ownership, Board of Directors, general and limited partners, 3) Understanding the investment process and its implementation, 4) Looking for Independent, disinterested Board of Directors, 5) Seeking preferred and independent bank to custody the assets, 6) Insisting on a reputable third party accounting firms to value the funds' assets, 7) Checking for an independent third party administrator, 8) Reviewing the capital structure, liquidity and financial strength of the preferred Prime Broker the Alternative Investment firm is associated with for executing its trades, 9) Insuring the highest level of "transparency" by reviewing and checking issuance of timely semi-annual, and annual reports to investors that fully disclose financial information and manager allocation, and 10) Requiring that prime Alternative Investment Managers are registered with the SEC under the Investment Company Act of 1940 (The "1940 Act").

The due diligence process for identifying a few, uniquely positioned Alternative Investment Advisors also attempts to evaluate risk/reward parameters as measured by their quantitative and/or Mathematical Calculations of Risk.

The followings are some of the criteria studied when quantitative risk parameters are evaluated: Beta, Alpha, Standard Deviation, Sharpe Ratio, and R-Squared. In addition, the followings are some of the risk parameters researched when qualitative data is included: long and short-term performance results, Market Risk, Economic Sector Risk, Industry Risk, Significant Sector and Position Concentration Risk, Liquidity Risk, and Management Fee Risk.

At the end of the process, periodic ongoing reviews are scheduled with all clients. This process includes the followings: 1) Review of the entire portfolio as well as its underlying Economic Sectors, Sub-Industries and their respective Individual Equities benchmarked each quarter against their respective Equity and World Indexes, 2) Recalibrate each client's asset allocation models as his or her life circumstances change, and 3) Present consolidated reporting that incorporates the portfolios of the Alternative Investment Managers with the entire holdings of the clients' other investments disciplines.

The pricing schedule for the Alternative Investments Program will be based on our ability to negotiate a favorable institutional rate for all of the cumulative assets of the firm's qualified clients expressing a desire to participate in the program.

Our goal is to negotiate a fee structure, on minimum investments of \$100,000 per client that will adhere to the following criteria: 1) annual fees not to exceed 2% of net assets, 2) incentive fees not to exceed 20% of net profit, and 3) a one- time placement fees not to exceed 3% of net assets.

In charging performance fees to some of our client accounts, we face a conflict because we can potentially receive greater fees from client accounts having a performance-based compensation structure than from those accounts we only charge a fee unrelated to performance (e.g., an asset-based fee). As a result, we may have an incentive to direct the best investment ideas to, or to allocate or sequence trades in favor of, the account that pays a performance fee.

We have taken several important steps to ensure that our performance based accounts are not favored over our client's non-performance fee based accounts. These steps include:

- 1) A periodic comparison of our performance based and non-performance accounts. Our comparison will entail a review of our ten most profitable and ten least profitable (including unrealized gain or loss) investment decisions based on total return of positions opened and closed for each investment strategy or mandate offered to clients. We keep track of securities ticker symbol, purchase date, sale date, percentage of gain and/or loss, and dollar amount of the gain and/or loss. In the event that we find performance based accounts are being unduly (i.e., consistently) favored over non-performance based accounts, we would take action to address the situation. This could include allowing non-performance based accounts to trade before performance based accounts to the extent practicable, or if the problem persists, not allowing new performance based accounts, waiving our performance based fees or cancelling our performance based fee arrangements altogether and in some cases, termination of firm personnel.
- 2) The use of block trades and allocations made based on client's risk tolerance, investment objectives and restrictions. A periodic review of the block trade allocations to detect whether profitable trades are being disproportionately allocated to performance based accounts, while unprofitable trades are being disproportionately allocated to pure-fee based accounts with no performance fee. If our firm detects a problem in the allocation of block trades, our remedies are the same as those outlined above.

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## **Item 7. Types of Clients**

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We have the following types of clients:

- Individuals;
- High Net Worth Individuals;
- Foreign Citizens;
- Trusts, Estates;
- Pension and Profit Sharing Plans;
- On and off shore Corporations, limited liability Companies and/or other business types.

We require a minimum account balance of \$100,000 for our Wrap Fee services. Generally, this minimum account balance requirement is not negotiable and would be required throughout the course of the client's relationship with our firm.

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

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- A. Description of the methods of analysis and investment strategies we use in formulating investment advice or managing assets.

#### Methods of Analysis:

- Global Macro;
- Analysis of Sectors and Industries;
- Top Down Value;
- Underlying Fundamentals;
- Cyclical;
- Technical.

#### Investment Strategies:

- Long term purchases (securities held at least a year);
- Short term purchases (securities sold within a year);
- Trading (securities sold within 30 days);
- Short sales;
- Margin transactions;
- Option; including, covered call writings, uncovered calls and puts purchases and/or spreading strategies.

#### Risk of Loss:

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock and bond markets may increase in value and consequently your account(s) could follow suite, it is also possible that the stock and bond markets may decrease in value, and consequently your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock and bond markets, your investment portfolios are appropriately diversified, and that you ask any questions you may deem important for managing your investment portfolio(s).

#### Alternative Investments:

For clients who own alternative investments, the absence of a public market, lack of liquidity and an expected long term investment time horizon may include the following risks that you should consider:

- You may experience the risk that your investment or assets within your investment may not be able to be liquidated quickly, thus, extending the period of time by which you may receive the proceeds from your investment.  
Liquidity risk can also result in unfavorable pricing when exiting (i.e. not being able to quickly get out of an investment before the price drops significantly) a particular investment and therefore, can have a negative impact on investment returns.
- No guarantee that investors will receive a distribution. Distributions may be derived from the proceeds of the offering, from borrowings, or from the sale of assets, and we have no limits on the amounts we may pay from such other sources. Payments of distributions from sources other than cash flow from operations may decrease or diminish an investor's interest;
- Economic factors affecting the real estate markets generally, including changes in the economy, tenant turnover, interest rates, availability of mortgage funds, operating expenses, cost of insurance and tenants' ability to continue to pay rent;
- No connection between the share price of the REIT and the net asset value of the REIT until such time as the assets are valued.

## Item 9. Disciplinary Information

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We have determined that our firm and related persons have nothing to disclose in regards to disciplinary information.

## Item 10. Other Financial Industry Activities and Affiliations

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- A. If we or any of our management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, we must disclose this fact.

Certain of our firm's advisory affiliates, in their individual capacities, are registered representative with Purshe Kaplan Sterling Investments, Inc. ("PKS"), a registered broker-dealer and member FINRA/SIPC. Our firm is not affiliated with PKS. In order to comply with FINRA Conduct Rule 3040, PKS as an unaffiliated broker-dealer may periodically review the investment advisory transactions of our firm.

This information will be viewed by PKS' compliance department personnel for supervisory purposes only. No information viewed will be utilized for purposes of solicitation or shared with any affiliation outside the scope of regulatory compliance.

Clients are under no obligation to act upon any recommendations or execute any transactions through our advisory affiliates if they decide to follow the recommendations.

- B. If we or any of our management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, we must disclose this fact.

Neither the Adviser nor any of its management persons is a commodity broker/futures commission merchant, a commodity pool operator, commodity trading advisor or an associated person for the foregoing entities or has an application for registration pending.

- C. We must describe any relationship or arrangement that is material to our advisory business or to our clients that we or any of our management persons have with any related person. We must identify the related person and if the relationship or arrangement creates a material conflict of interest with clients. We must describe the nature of the conflict and how we address it.

1. Insurance company of agency:

Certain of our firm's advisory affiliates, in their individual capacities, are licensed insurance agents with various insurance companies in the state of California. In their individual capacity, they may recommend, on a fully disclosed commission basis, the purchase of certain insurance products. A conflict of interest exists to the extent that our firm's advisory affiliates may recommend the purchase of insurance products where our firm's advisory affiliates receive insurance commissions or other additional compensation.

Clients are under no obligation to act upon any recommendations or execute any transactions through our advisory affiliates if they decide to follow the recommendations.

2. Banking or thrift institution:

In addition, advisory affiliate(s) may refer clients to banks where clients would set up a margin account for which advisory affiliate(s) will be compensated by these financial institutions.

3. Real Estate Company:

Management person, Amit Stavinsky, is a general partner for Gapa, LLC, a limited liability company formed in California for real estate investments and development. Mr. Stavinsky spends 12-14 hours per month on this activity. 911 Financial Services' clients are not solicited to invest in this outside business therefore no conflicts of interest exist.

- D. If we recommend or select other investment advisers for clients and we receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if we have other business relationships with those advisers that create a material conflict of interest, we must describe these practices and discuss the material conflicts of interest these practices create and how we address them.

Please see Item 4B of this Brochure. Prior to referring clients to third party advisors, we will ensure that third party advisors are licensed or notice filed with the respective authorities.

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

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- A. Brief description of our Code of Ethics adopted pursuant to SEC rule 204A-1 and offer to provide a copy of our Code of Ethics to any client or prospective client upon request.

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts<sup>2</sup>. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated personnel. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients.

Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our

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<sup>2</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times.

Upon employment or affiliation and at least annually thereafter, all supervised personnel will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised personnel must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

- B. If our firm or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that our firm or a related person recommends to clients, we are required to describe our practice and discuss the conflicts of interest this presents and generally how we address the conflicts that arise in connection with personal trading.

See Item 11A of this Brochure. Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

- C. If our firm or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for our firm's (or the related person's own) account, we are required to describe our practice and discuss the conflicts of interest it presents. We are also required to describe generally how we address conflicts that arise.

See Item 11A of this brochure. Related persons of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities within 24 hours of buying or selling for our clients, unless clients can achieve better execution.

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## **Item 12. Brokerage Practices**

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- A. Description of the factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

911 Financial Services can clear its executed transactions through National Financial Services (NFS), Schwab Institutional, Pershing, LLC, RBC Capital Markets, Wedbush Morgan Securities, Inc., Legent Clearing Corp, Hilltop Securities, Inc. and Crews & Associates, Inc. Separately, 911 Financial Services' Preferred Custodians where clients' assets are custody include: Schwab Institutional, and National Financial Services. In addition, only Israeli Citizens domiciled in Israel can chose to custody with Bank Hapoalim.

While we recommend that clients use our preferred custodians, clients could decide whether or not to follow our advice. Clients that chose to establish accounts with their elected custodians could do so directly with them. At 911 Financial Services, we do not open these direct accounts for our clients.

At 911 Financial Services, we seek to recommend custodians/broker-dealers that hold our clients' assets and execute their transactions on terms that are most advantageous when compared to other available providers and their services. The following, are some of the wide range factors we consider when recommending preferred custodians.

- combination of transaction execution services along with asset custody services
- capability to execute, clear and settle trades (buy and sell securities for your account)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.)
- reputation, financial strength and stability of the provider
- trading capabilities
- experience, knowledge and professionalism of the individuals executing the transactions
- Access to a wide range of offerings
- Access to Bid Wanted lists
- Access to Initial Public Offerings, Best price execution, and up to standard technological advancements for best execution, asset allocation, and reporting capabilities

1. Research and Other Soft Dollar Benefits. If we receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"), we are required to disclose our practices and discuss the conflicts of interest they create.

Our preferred custodians provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services. They 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. Our preferred custodians' support services are generally available on an unsolicited basis.

- a. Explanation of when we use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, and how we receive a benefit because our firm does not have to produce or pay for the research, products or services.

Our firm does not utilize client brokerage commissions to obtain research or other products or services. Our preferred custodians may make certain research and brokerage services available at no additional cost to our firm. These services include including research services such as research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analysis; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services;

quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance to us in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services are used by our firm to manage accounts. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

- b. Incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on our clients' interest in receiving best execution.

As a result of receiving the services discussed in 12A(1) of this Firm Brochure, we may have an incentive to continue to use or expand the use of our preferred custodians' services. Our firm examined this potential conflict of interest and we have determined that the relationship is in the best interest of our firm's clients and satisfies our client obligations, including our duty to seek best execution.

Our preferred custodians charge brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). They enable us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Our preferred custodians' commission rates are generally discounted from customary retail commission rates.

However, the commission and transaction fees charged by our preferred custodians may be higher or lower than those charged by other custodians and/or broker-dealers.

- c. Causing clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up).

Our non-wrap fee program clients may pay a commission to our preferred custodians that are higher than the amount another qualified broker-dealer might charge to effect the same transaction. We determined in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. 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-dealers' services, including the value of research provided, execution capability, commission rates, and responsiveness.

Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

- d. Disclosure of whether we use soft dollar benefits to service all of our clients' accounts or only those that paid for the benefits, as well as whether we seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.



Investment research products and services that are obtained by our firm will generally be used to service all of our clients. In particular, Schwab Advisor Services assists our firm by offering \$9,500 to use toward technology related expenses to service all advisory clients.

- e. Description of the types of products and services our firm or any of our related persons acquired with client brokerage commissions (or markups or markdowns) within our last fiscal year.

In addition to the benefits described in Item 12A1 of this Brochure, our preferred custodians may also make available to our firm other products and services that benefit us, but may not directly benefit our clients' accounts. These benefits may include: educational conferences and events, technology, compliance, legal, and business consulting; publications and conferences on practice management and business successions; and access to employee benefits providers, human capital consultants and insurance providers. In addition, our preferred custodians may make available, arrange and/or pay vendors for these types of services rendered to our firm by independent third parties. Our preferred custodians may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm.

Some of these products and services assist our firm in managing and administering clients' accounts.

These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our fees from clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting.

Many of these services generally may be used to service all or some substantial number of our accounts, including accounts not maintained at our preferred custodians.

While as a fiduciary, our firm endeavors to act in our clients' best interests, our recommendation that clients maintain their assets in accounts at our preferred custodians may be based in part on the benefit our firm receives and not solely on the nature, cost, or quality of custody and brokerage services provided by our preferred custodians. This interest conflicts with the clients' interest of obtaining the lowest commission rate available. Therefore, we must determine in good faith, based on the best execution policy stated above that such commissions are reasonable in relation to the value of the services provided by such executing broker-dealers.

- f. Explanation of the procedures we used during our last fiscal year to direct client transactions to a particular broker-dealer in return for soft dollar benefits we received.

We do not direct client transactions to a particular broker-dealer for soft dollars.

2. Brokerage for Client Referrals. If we use client brokerage to compensate or otherwise reward brokers for client referrals, we must disclose this practice, the conflicts of interest it creates, and any procedures we used to direct client brokerage to referring brokers during the last fiscal year (i.e., the system of controls used by us when allocating brokerage)

Our firm does not receive brokerage for client referrals.

3. Directed Brokerage.

- a. If we routinely recommend, request or require that a client directs us to execute transactions through a specified broker-dealer; we are required to describe our practice or policy.

Not all advisers require their clients to direct brokerage. We do not require clients direct brokerage, however, neither we nor any of our firm's related personnel have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected.

**Special Considerations for ERISA Clients**

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan.

Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan.

Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

- b. If we permit a client to direct brokerage, we are required to describe our practice. If applicable, we must also explain that we may be unable to achieve best execution of your transactions.

We allow clients to direct brokerage. However, we may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices.

- B. Discussion of whether, and under what conditions, we aggregate the purchase or sale of securities for various client accounts in quantities sufficient to obtain reduced transaction costs (known as bunching). If we do not bunch orders when we have the opportunity to do so, we are required to explain our practice and describe the costs to clients of not bunching.

We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved.

In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration clients' objectives, current asset allocation and availability of funds using price averaging, proration, and consistently non-arbitrary methods of allocation.

### **Prime Brokerage**

Our firm participates in prime brokerage services provided by different bond traders. Orders shall be transmitted to bond dealers for trade executions. Purshe Kaplan Sterling Investments clears our prime brokerage transactions in our block trading brokerage account established in the name of 911 Financial Services Securities with our preferred custodian; Schwab Institutional. Next, block trades are allocated to markup designated clients prior to placing orders. Also, fee based block trades cleared by prime brokerage firms are allocated in the same way to designated clients prior to placing orders. There are no mark ups applied to block trades allocated to advisory accounts.

Pursuant to the prime brokerage services agreement, 911 Financial Services will maintain all details of each prime brokerage transaction, including, but not limited to; contract amount, the security involved, the number of shares or units, and whether the transaction was a long or short sale or a purchase.

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

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- A. Review of client accounts or financial plans, along with a description of the frequency and nature of our review, and the titles of our employees who conduct the review.

We review accounts on at least a monthly basis for our clients subscribing to the following services: Wrap Account Portfolio Management, transactional Fixed Income Portfolios, Corporate Cash Program, Independent Money Managers, and Alternative Investments.

The nature of these reviews is to learn whether clients' accounts are in line with their changing life circumstances, risk parameters, investment objectives, and appropriately positioned based on market conditions, and their investment policies, if applicable. Only our Financial Advisors and/or Portfolio Managers conduct these reviews.

Financial planning clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us.

We do not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request in order to recalibrate each client's financial planning models as his or her life circumstances change.

- B. Review of client accounts on other than a periodic basis, along with a description of the factors that trigger a review.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, a material change in the life of the client, and/or a general request by the client.

- C. Description of the content and indication of the frequency of written or verbal regular reports we provide to clients regarding their accounts.

We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we meet with clients.

Financial planning clients do not receive written or verbal updated reports regarding their financial plans unless they separately contract with us for a post-financial plan meeting or request an update to their initial written financial plan.

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

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- A. If someone who is not a client provides an economic benefit to our firm for providing investment advice or other advisory services to our clients, we must generally describe the arrangement. For purposes of this Item, economic benefits include any sales awards or other prizes.

Schwab has provided a loan to us to assist our business operations, and the loan is guaranteed by Amit Raz Stavinsky, a principal of our firm.

The terms of the loan require that management fees to our firm be paid to an account at Schwab for deduction of interest and principal payments pursuant to the loan before we may have access to that fee payment. The loan agreement contains various representations by our firm, including that we will maintain \$65,000,000 million in assets under management, and various events of default, including that our firm will comply with all laws, contracts, licenses and permits. In the event of an unheeded default under the terms of the loan agreement, Schwab may terminate and/or accelerate the loan, which may have a material adverse effect on our firm's ability to perform services for our clients.

The Schwab Advisor Business Loan benefits us and may not benefit our client accounts. Our firm's recommendation that a client place assets in Schwab's custody may be based in part on benefits Schwab provides to us, and not solely on the nature, cost or quality of custody and execution services provided by Schwab.

- B. If our firm or a related person directly or indirectly compensates any person who is not our employee for client referrals, we are required to describe the arrangement and the compensation.

We do not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940.

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#### **Item 15. Custody**

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- A. If we have custody of client funds or securities and a qualified custodian as defined in SEC rule 206(4)-2 or similar state rules (for example, a broker-dealer or bank) does not send account statements with respect to those funds or securities directly to our clients, we must disclose that we have custody and explain the risks that you will face because of this.

All of our clients receive at least quarterly account statements directly from their custodians. Upon opening an account with a qualified custodian on a client's behalf, we promptly notify the client in writing of the qualified custodian's contact information. If we decide to also send account statements to clients, such notice and account statements include a legend that recommends that the client

compare the account statements received from the qualified custodian with those received from our firm.

The SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction ("SLOA") is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with the account custodian:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

- B. If we have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to our clients, we are required to explain that you will receive account statements from the broker-dealer, bank, or other qualified custodian and that you should carefully review those statements.

We encourage our clients to raise any questions with us about the custody, safety or security of their assets. The custodians we do business with will send you independent account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

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### **Item 16. Investment Discretion**

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If we accept discretionary authority to manage securities accounts on behalf of clients, we are required to disclose this fact and describe any limitations our clients may place on our authority.

Clients have the option of providing our firm with investment discretion on their behalf, pursuant to a signed investment advisory client agreement. This type of agreement only applies to our Wrap Account Portfolio Management, Corporate Cash Program, and Alternative Investments clients. By granting investment discretion, we are authorized to execute securities transactions, which securities are bought

and sold, and the total amount to be bought and sold. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's written acknowledgement.

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### Item 17. Voting Client Securities

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- A. If we have, or will accept, proxy authority to vote client securities, we must briefly describe our voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6.

SEC Rule 206(4)-6 requires investment advisers who have voting authority with respect to securities held in their clients' accounts to monitor corporate actions and vote proxies in their clients' interests. We are required by the SEC to adopt written policies and procedures, make those policies and procedures available to clients, and retain certain records with respect to proxy votes cast.

Our firm votes client proxies for clients participating in the Wrap Fee Program Account Management. It should be noted that our firm does not vote proxies for Alternative Investments and Independent Money Managers' Programs as this is the separate responsibility of these parties. We understand our duty to vote client proxies and to do so in the best interest of our clients. Our firm further understands that any material conflicts between our interests and those of our clients with regard to proxy voting must be resolved before proxies are voted. We subscribe to a proxy monitor and voting agent service, which includes access to proxy analysis with research and vote recommendations. Our firm will generally vote in accordance with the recommendations of the proxy voting firm we subscribe to, but may vote in a different fashion on particular votes if we determine that such actions are in the best interest of its clients. Where applicable, we will consider any specific voting guidelines designated in writing by a client. Clients may request a copy of our firm's written policies and procedures regarding proxy voting and/or information on how particular proxies were voted.

- B. Whether we pay for proxy voting services with soft dollars or pass the cost on to our clients through a supplement to our advisory fee.

We do not pay for proxy voting services with soft dollars. Also, we do not charge an additional fee to vote proxies.

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### Item 18. Financial Information

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- A. If we require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, we must include a balance sheet for our most recent fiscal year.

We do not require nor do we solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we have not included a balance sheet for our most recent fiscal year.

- B. If we are an SEC-registered adviser and have discretionary authority or custody of client funds or securities, or we require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, we must disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

We have nothing to disclose in this regard.

- C. If we have been the subject of a bankruptcy petition at any time during the past ten years, we must disclose this fact, the date the petition was first brought, and the current status.

We have nothing to disclose in this regard.