

Item 1 Cover Page

Registered as PAX Financial Group, LLC | CRD No. 284164
Doing Business As: PAX Financial Group



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March 1, 2017

ADV – 2A

NOTICE TO PROSPECTIVE CLIENTS: READ THIS DISCLOSURE BROCHURE IN ITS ENTIRETY

This brochure provides information about the qualifications and business practices of PAX Financial Group. If you have any questions about the contents of this brochure, please contact us at (210) 881-5697 or Alex@paxfg.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority, nor does registration imply with the SEC imply a certain level of skill or training.

Additional information about PAX Financial Group is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Since our previous ADV 2A of August 5, 2016, PAX Financial Group is no longer participating in the Dave Ramsey ELP Program.

Effective September of 2016, PAX Financial Group is no longer affiliated with 360 Wealth Management.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Disclosure Brochure may be requested by contacting us at (210) 881-5700.

Additional information about PAX Financial Group is available via the SEC's Web Site www.adviserinfo.sec.gov. The SEC's Web Site also provides information about any persons affiliated with PAX Financial Group who are registered, or are required to be registered, as investment adviser representatives of PAX Financial Group.

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Item 4 – Advisory Business

The Firm

PAX Financial Group, LLC was founded on the idea that an advisor must have the heart of a teacher. However, we know that we can't just teach; we must walk through life with our clients. That means we strive to consistently hire the best talent, service using the best technology, and implement our planning with an unbiased selection of products and services.

- The firm was formed in 2007 to provide asset management and brokerage services through LPL Financial LLC.¹
- In 2013, the firm joined 360 Wealth Management, LLC (CRD No. 164109) an unaffiliated SEC registered investment adviser that continued to use LPL Financial LLC as the qualified custodian and broker/dealer. Effective September of 2016, PAX Financial Group is no longer affiliated with 360 Wealth Management.
- In 2016, PAX Financial Group, LLC became an unaffiliated and independent SEC registered investment adviser to directly offer asset management services while continuing to use LPL Financial LLC as the qualified custodian and broker/dealer.

The firm's mission statement is to exist to bring generational change to middle America through a process of independent financial guidance and principled leadership.

- **STEP 1** - Call us for appointment: (210) 881-5700
- **STEP 2** - Introductory Meeting
 - Objective: Meet advisor, share concerns & goals, know fee/commission structure, and learn about PAX's Financial Planning Philosophy (estimated time: 1.5 hours)

¹ LPL Financial is a member FINRA/SIPC broker/dealer, qualified custodian and SEC registered investment adviser (CRD No. 6413).

FINRA (Financial Regulatory Authority) is dedicated to investor protection and market integrity through effective and efficient regulation of the securities industry. FINRA is not part of the government but an independent, not-for-profit organization authorized by Congress to protect America's investors by making sure the securities industry operates fairly and honestly. <http://www.finra.org>

SIPC (Securities Investors Protection Corporation) was created under the Securities Investor Protection Act as a non-profit membership corporation. SIPC oversees the liquidation of member broker-dealers that close when the broker-dealer is bankrupt or in financial trouble, and customer assets are missing. In a liquidation under the Securities Investor Protection Act, SIPC and the court-appointed Trustee work to return customers' securities and cash as quickly as possible. Within limits, SIPC expedites the return of missing customer property by protecting each customer up to \$500,000 for securities and cash (including a \$250,000 limit for cash only) <http://sipc.org>

- Post Intro Research: The client gathers missing information. The advisor researches current insurance, investments and benefits.
- After a session based solely on education, everybody is given a pressure-free option to decide if PAX makes a good fit.
- **STEP 3 - Presentation Meeting**
 - **Objective:** Develop with your advisor a financial analysis for retirement/college/insurance. Evaluate and compare investment alternatives. (estimated time: 1.5 hours)
- **STEP 4 - Implementation Meeting**
 - **Objective:** Meet with PAX Client Service Team to establish new accounts and/or transfer investments (estimated time 1 hour). If time is of concern, this step may be done electronically. Client assets will be held by an independent custodian (i.e. LPL Financial or TD Ameritrade).
- **Step 5 – Ongoing Monitoring & Review**
 - After accounts are established the advisor will monitor the investments. The degree of oversight depends on the scope and complexity of the engagement that will be specific to each individual client.
 - Clients should expect an annual phone call or email to schedule an account review. Clients have the choice to request a person-to-person review, a video conference or to discuss over the phone (estimated time 45 minutes). Investment adviser representatives of the firm are also available for additional meetings, calls and emails as may be necessary to properly service an account as well as address market conditions and life changes that may affect investment choices and objectives as well as individual risk tolerances.

The total time needed to complete steps 1 through 4 should encompass no more than three week depending on the scope and complexity of services to be provided. Step 5 represents the on-going relationship that will continue for the duration of the engagement. The services offered by the firm may include but are not limited to the potential financial solutions listed below.

Individual Solutions

- Retirement Planning
- College Planning
- Financial Analysis
- Retirement Analysis
- Investment Education
- Insurance Analysis (Health, Life, Disability and Long Term Care)
- Investment Options

Employer Solutions

- 401K plans, Pension & Profit Sharing
- Employee Benefit Program
- Payroll deduction plans
- Simple IRA's
- Executive Bonus Plans
- Key Person Insurance
- Group Health, Life and Disability Benefit

Firm Management

Darryl Lyons, CFP®, AIF® - CEO & Investment Planner

Mr. Lyons maintains a voting ownership interest of 40.54% and is a lifelong Texan. Darryl began his career in the financial sector just one day removed from earning his bachelor's degree in corporate financial management and accounting at St. Mary's University in 1999. In addition to his University degree, Mr. Lyons also maintains the following professional designations:

- CFP® - Certified Financial Planner™
- AIF® - Accredited Investment Fiduciary®
- ChFC – Chartered Financial Consultant®
- CLU – Chartered Life Underwriter®

Mr. Lyons also served as the Chairman for Brooks Development Authority. Shortly after his service, Mayor Julian Castro, named a park “The Darryl W Lyons Park” in honor of his service. He was named to the 2010 San Antonio Business Journal’s “40 Under 40 Rising Stars,” which honors people making a difference in business and in the community. Additionally, he has won awards for recruiting and development from Fortune 100 companies throughout his career.

Joseph Schuetze – President & Investment Planner

Mr. Schuetze maintains a 36.27% voting ownership interest and has spent six years as a Financial Advisor with two large insurance companies before beginning his own independent practice as a Partner and Founder of the PAX Financial Group.

Born and raised in the San Antonio area, Joseph graduated from Canyon High School in New Braunfels. He then attended Southwest Texas State University, where he double-majored in Finance and Economics and was awarded his bachelor's degree in Business Administration in 2001.

Alejandro (Alex) Ireta – Chief Compliance Officer & Strategic Services Executive

Born and raised in San Antonio, Alex graduated from Brackenridge High School where he was a three-sport star and quarterback of the Eagles' football team. He was active in the school's DECA marketing program and many volunteer community service events.

Alex carried his success to college, twice earning Presidential Scholar Awards while attending St. Phillips College and honors recognition at UTSA. He earned his Associate's Degree in Accounting in the Spring of 2010 before transferring to UTSA to obtain his Bachelor's Degree in Accounting. Alex was involved with numerous community volunteer work and business development events while a member of the Business Scholars Program at UTSA.

Mr. Ireta also serves as the Chief Compliance Officer (CCO) in charge of overseeing and managing SEC regulatory compliance issues such as:

- Maintaining a supervisory structure and system reasonably designed to prevent violations of the Investment Advisers Act of 1940.

- Responsible for administering the policies and procedures for investment advisory activities and Code of Ethics. He is responsible for regularly evaluating their effectiveness.
- Trade Surveillance - evaluating and measuring the state of compliance across the organization.

LPL Financial LLC

PAX Financial Group through its investment advisor representatives provides ongoing investment advice and management on assets in the client's custodial Strategic Wealth Management (SWM) account held at LPL Financial. Strategic Wealth Management is the name of the custodial account offered through LPL Financial to support investment advisory services provided by PAX Financial Group. More specific account information and acknowledgements are further detailed in the account opening documents.

- **Strategic Wealth Management (SWM I and SWM II)**

Strategic Wealth Management (SWM) is the name of a custodial account offered through LPL Financial to support investment advisory services provided by PAX Financial Group. Within a SWM account, investment advisor representatives may provide advice on the purchase and sale of various types of investments, such as mutual funds, exchange-traded funds ("ETFs"), variable annuity subaccounts, real estate investment trusts ("REITs"), equities, fixed income securities, options and structured products, among others. Advice is tailored to the individual needs of the client based on the investment objective selected by the client in order to meet their financial goals. Accounts are reviewed on a regular basis and rebalanced as necessary according to each client's investment profile. More specific account information and acknowledgements are further detailed in the account opening documents.

Investment Advisors Representatives can offer SWM I or SWM II. The accounts offer the same investment choices and are managed in the same manner but the fee structure is different. For SWM I, clients are charged transaction fees in addition to the advisory fee whereas for SWM II, the transactions fees are absorbed as part of the advisory fee. The advisory fee for SWM II accounts may be higher than SWM I to account for the transaction fees. Depending on the anticipated level of trading and account size, investment advisor representatives of PAX Financial Group will work with each client to determine the most cost effective fee structure.

There is generally no minimum account value required to open an account.

TD Ameritrade, Inc.

PAX Financial Group participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade"), member FINRA/SIPC. TD Ameritrade is an independent SEC-registered broker-dealer. TD Ameritrade and PAX Financial Group are separate and unaffiliated. Investment adviser representatives participate in TD Ameritrade's institutional customer program and adviser may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between adviser's participation in the program and the investment advice provided to clients, although adviser receives economic benefits through participation in the program that are typically not available to TD Ameritrade retail investors. TD

Ameritrade offers services to independently registered investment advisers which include custody of securities, trade execution, and clearance and settlement of transactions. The Firm receives some benefits from TD Ameritrade through its participation in the TD Ameritrade Institutional program. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to adviser by third party vendors.

TD Ameritrade may also have paid for business consulting and professional services received by adviser's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit adviser without a direct benefit to client accounts. These products or services may assist adviser in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help adviser manage and further develop its business enterprise. The benefits received by adviser or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade.

The Firm, through its participation in the program, may receive discounts on compliance, marketing, technology, and practice management products or services provided to the Firm by third party vendors. Such services represent a potential conflict of interest disclosure. The Firm's receipt of general platform services does not diminish the Firm's duty to act in the best interests of its clients, including seeking best execution of trades for client accounts. As part of its fiduciary duties to clients, advisor is obligated at all times to put the interests of their clients first. Clients should be aware, however, that the receipt of economic benefits by adviser or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the adviser's choice of TD Ameritrade for custody and brokerage services.

Wrap Fee Program

PAX Financial Group sponsors a wrap fee program, please see the supplemental wrap fee program brochure for additional information. Assets managed in a wrap fee account are not managed differently from a non-wrap fee account. However, PAX Financial Group may negotiate a higher fee and receive a portion of the wrap fee for services provided. The combined total fee will not exceed the fee schedule detailed below. The only criteria considered for a wrap vs. non-wrap fee program being offered to clients is the anticipated frequency of trading. Each client's trading frequency will be evaluated as part of their annual review to determine the most cost effective program. The fee structure for a wrap vs. non-wrap program is the same because the range allows for consideration of individual client account activity and complexity

Other Considerations

Neither the firm nor any investment advisor representative are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

Asset Management

PAX Financial Group, LLC (“Advisor”) offers asset management services based on the individual needs of the client, which may include our WRAP Program. Refer to the WRAP Brochure for a description of the advisory services offered under the PAX Financial Group, LLC Wrap program. For more information about PAX Financial Group, LLC’s other investment advisory services, please contact PAX Financial Group, LLC for a copy of a similar brochure that describes such services or go to www.adviserinfo.sec.gov.

In the PAX Financial Group, LLC Wrap program, investment advisor representatives (“IARs”) provide ongoing investment advice and management on assets in the client’s account. PAX Financial Group, LLC provides advice on the purchase and sale of various types of investments, such as, but not limited to, mutual funds, exchange-traded funds (“ETFs”), variable annuity subaccounts, equities, fixed income securities. PAX Financial Group, LLC provides advice that is tailored to the individual needs of the client based on the investment objective chosen by the client.

PAX Financial Group provides discretionary (with permission) and non-discretionary fee based investment advisory services for compensation primarily to individual clients and high-net worth individuals as well as small businesses. The individuals associated with PAX Financial Group are appropriately licensed, and authorized to provide advisory services on behalf of PAX Financial Group. Individuals associated with PAX Financial Group are also registered representatives of LPL Financial. Any securities transactions executed by investment adviser representatives of PAX Financial Group are in their capacity as a registered representative of LPL Financial and shall be directed to LPL Financial for execution.

Investment adviser representatives provide advice on the purchase and sale of various types of investments, such as mutual funds, exchange-traded funds (“ETFs”), variable annuity subaccounts, real estate investment trusts (“REITs”), equities, and fixed income securities. The advice is tailored to the individual needs of the client based on the investment objective selected to assist them in meeting their financial goals. Accounts are reviewed on a regular basis and rebalanced as necessary according to each client’s investment profile.

Advisor may also, as his/her sole discretion, decline to assist the client with the implementation of investment strategies or choices that have not been recommended or that the Advisor deems not to be in the client’s best interest.

Any and all material conflicts of interest are disclosed herein.

- A conflict exists between the interests of the investment adviser and the interests of the client.

- The client is under no obligation to act upon the investment adviser's recommendation.
- If the client elects to act on any of the recommendations, the client is under no obligation to affect the transaction through the investment adviser.

Such conflicts are mitigated by an investment advisor representative's fiduciary duty to act in the best interest of their client.

There is generally no minimum account opening requirement for an advisory account. As of March, 1st, 2017, the firm has \$177,000,000 of discretionary assets and \$0.00 non-discretionary assets under management.

PAX Financial Group, LLC Group Retirement Plan Consulting

PAX offers Group Retirement Plan Consulting (GRPC) services to Plan Sponsors of 401(k), profit sharing and retirement plans ("Plans"), subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended, and other employee retirement plans that are not subject to ERISA such as, however not limited to, Simple IRA's. These Plans are participant-directed and trustee-directed Plans, and are governed by a separate Investment Fiduciary & Retirement Plan Consulting Agreement. The consultant shall make the following services available, however not limited, to the Plan Sponsor, please reference the Consulting Agreement for specific services, fees and fiduciary responsibilities.

- Plan Design Consultation
- Fiduciary Training/Education
- Participant Enrollment/Education Assistance
- Selection, Monitoring and Replacement of Service Providers

Generally, our Advisor holds an initial meeting with the Plan Sponsor (or other Plan Fiduciary and/or Agent) to explain the services available through the GRPC, disclose applicable fees and charges, and to collect detailed financial data about the Plan. Underlining analysis is placed on identifying the Plan's investment objectives and determining the financial situation of the Plan. If the Plan Sponsor (or other Plan Fiduciary and/or Agent) determines that the GRPC is appropriate for the Plan, then the Plan Sponsor (or other Plan Fiduciary and/or Agent) may establish an GRPC account on behalf of the Plan. Reference the Investment Fiduciary & Retirement Plan Consulting Agreement for specific services and fees that shall be agreed upon by the Consultant and Plan Sponsor.

Item 5 – Fees and Compensation

Investment Advisor representatives are restricted to providing services and charging fees based in accordance with the descriptions detailed in this document and the account agreement. However, the exact service and fees charged to a particular client are dependent upon the representative that is working with the client. Advisors are instructed to consider the individual needs of each client when recommending an advisory platform. Investment strategies and recommendations are tailored to the individual needs of each client.

The specific manner in which annualized fees are charged is established in a client's written agreement based on the below fee schedule.

| Amount | Fee |
|---------------------------|-------|
| \$0 - \$199,000 | 1.60% |
| \$200,000 - \$499,000 | 1.35% |
| \$500,000 - \$999,999 | 1.10% |
| \$1,000,000 - \$1,999,999 | 0.90% |
| \$2,000,000 - \$2,999,999 | 0.80% |
| \$3,000,000 – \$3,999,999 | 0.70% |
| \$4,000,000 + | 0.60% |
| \$5,000,000 + | 0.50% |

The payment of advisory fees is as indicated on the Asset Management Agreement executed by the client. Fees are billed in advance using the Daily Average Balance Method on the last day of each calendar quarter. The first advisory fee may incur an additional arrears calculation based on the number of days' assets were placed in the account during a calendar quarter. Clients can determine to engage the services of PAX Financial Group on a discretionary basis. Higher or lower fees for comparable services may be available from other sources.

Clients authorize the custodian to deduct the firm's investment management advisory fees from the client account(s). Each calendar quarter PAX Financial Group submits an invoice to the custodian for our investment advisory fees. The custodian is authorized to pay PAX Financial Group upon submission of such invoice. Clients acknowledge that the custodian will not verify advisor's fee calculation. Clients should review the fee calculated by PAX Financial Group and deducted by the custodian to ensure that the fees were calculated accurately. Generally, fees are deducted from the clients account no later than the fifteenth (15th) day after the end of each calendar quarter.

Payment of fees may result in the liquidation of a client's positions if there are insufficient funds in the account. Fees are assessed on all assets in the account(s), including securities, cash or money market balances. Margin debits do not reduce the value of the assets in the account for billing purposes.

Clients may also incur certain charges imposed by third-parties in connection with investments made in the account(s), including , but not necessarily limited to, the following types of charges: investment managers, mutual fund management fees and administrative serving fees, mutual fund 12b-1 fees, certain deferred sales charges on previously purchased mutual funds, clearing, custody, postage and handling, other transaction charges and service fees (i.e. account transfer fees, wire transfer fees, termination fees, etc.) interest on debt balances, IRA Qualified Retirement Plan fees, and other costs or charges with securities transactions mandated by law. Further information regarding charges and fees assessed by a mutual fund or other securities sponsors is available in the appropriate prospectus or disclosure statement.

Clients may terminate the agreement without penalty for a full refund of the fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 30 days' written notice.

If the advisory agreement is terminated before the end of the quarterly period, client is entitled to a pro-rated refund of any pre-paid quarterly advisory fee based on the number of days remaining in the quarter after the termination date, which will be processed by the custodian.

Item 6 – Performance-Based Fees and Side-by-side Management

None of the advisors at PAX Financial Group accepts performance-based fees – that is, fees based on a share of capital gains or capital appreciation of assets (such as a client that is a hedge fund or other pooled investment vehicle). We also do not participate in side-by-side management, where an advisor manages accounts that are both charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or fixed fee or an asset-based fee.

Item 7 – Types of Clients

PAX Financial Group generally provides advice for individuals, high net worth individuals as well as small businesses. However, the advisory services offered by PAX Financial Group are also available to banks and thrift institutions, estates, charitable organizations as well as state and municipal government entities, corporations and pension plans as such opportunities may arise.

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

A client's portfolio may include, but not limited to, assets of publicly held companies in the United States and foreign markets. This may include both equities and fixed income assets. Other options may include domestic and foreign debt instruments (i.e. government and corporate bonds), real estate investment trusts and mutual funds or private placements that invest in natural resources or managed futures (markets such as, and not limited to, currency, commodity, agriculture and energy).

Each market may function and change in different ways depending on supply and demand, current events and investor behaviors. While our goal is to help increase a client's net worth, there is potential for losses in market, principal, and interest values. These changes may also affect a client's tax situation and filings.

The most commonly purchased share class of mutual funds are typically held for one year and may be exchanged (no transaction cost to client) during the year to properly align an account with its asset allocation model. Holding commonly recommended mutual funds for less than a year can result in contingent deferred sales charges and short term gains / losses in non-qualified accounts.

Analysis and strategies are generally based on:

- Publicly Available Data
- A Client's Net Worth
- Risk Tolerance
- Goals for Investment Account Funds
- Commentary and Information Obtained from Analysts at Preferred Mutual Fund or Variable Annuity Firms

The client's individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular

investment goal, which we determine to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, we regularly review the portfolio and if appropriate, rebalance the portfolio based upon the client's individual needs, stated goals and objectives.

Transactions for different accounts or for the other client's accounts might not be made at the same time, may be made on different days, and may be made over multiple days. In handling purchases and liquidations, we will execute transactions without regard to pending dividend or capital gains distributions, stock splits, mergers, change in management, or other corporate or financial events.

Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. When imposing restrictions, a client may request that securities or types of securities not be purchased, or that such securities be sold if held in the account. However, the client cannot request that particular securities be purchased for the account, unless approved by the Advisor. Moreover, the client should note that it is impossible for PAX to influence or change the mix of securities held by any mutual fund or ETF included in the client's account. We reserve the right, at our sole discretion, to reject any account should the client request unreasonable or overly restrictive conditions.

Investing in securities involves risk of loss that clients should be prepared to bear. There are different types of investments that involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy will be profitable or equal any specific performance level(s). Past performance is not indicative of future results. The firm's methods of analysis and investment strategies do not represent any significant or unusual risks however all strategies have inherent risks and performance limitations.

Risk of Loss

- **Market Risk** – the risk that the value of securities may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.
- **Interest Rate Risk** – the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.
- **Credit Risk** – the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.
- **Business Risk** – the measure of risk associated with a particular security. It is also known as unsystematic risk and refers to the risk associated with a specific issuer of a security. Generally speaking, all businesses in the same industry have similar types of business risk. More specifically, business risk refers to the possibility that the issuer of a particular company stock or a bond may go bankrupt or be unable to pay the interest or principal in the case of bonds.
- **Taxability Risk** – the risk that a security that was issued with tax-exempt status could potentially lose that status prior to maturity. Since municipal bonds carry a lower interest rate than fully taxable bonds, the bond holders would end up with a lower after-tax yield than originally planned.

- **Call Risk** – the risk specific to bond issues and refers to the possibility that a debt security will be called prior to maturity. Call risk usually goes hand in hand with reinvestment risk because the bondholder must find an investment that provides the same level of income for equal risk. Call risk is most prevalent when interest rates are falling, as companies trying to save money will usually redeem bond issues with higher coupons and replace them on the bond market with issues with lower interest rates.
- **Inflationary Risk** – the risk that future inflation will cause the purchasing power of cash flow from an investment to decline.
- **Liquidity Risk** – the possibility that an investor may not be able to buy or sell an investment as and when desired or in sufficient quantities because opportunities are limited.
- **Market Risk** – the risk that will affect all securities in the same manner caused by some factor that cannot be controlled by diversification.
- **Reinvestment Risk** – the risk that falling interest rates will lead to a decline in cash flow from an investment when its principal and interest payments are reinvested at lower rates.
- **Social/Political** – the possibility of nationalization, unfavorable government action or social changes resulting in a loss of value.
- **Legislative Risk** – the risk of a legislative ruling resulting in adverse consequences.
- **Currency/Exchange Rate Risk** – the risk of a change in the price of one currency against another.

Types of Investments (Examples, not limitations)

- **Mutual Funds** – a pool of funds collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments and similar assets.
 - **Open-End Mutual Funds** – a type of mutual fund that does not have restrictions on the amount of shares the fund will issue and will buy back shares when investors wish to sell. Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature
 - **Closed-End Mutual Funds** – a type of mutual fund that raises a fixed amount of capital through an initial public offering (IPO). The fund is then structured, listed and traded like a stock on a stock exchange. Clients should be aware that closed-end funds available within the program are not readily marketable. In an effort to provide investor liquidity, the funds may offer to repurchase a certain percentage of shares at net asset value on a periodic basis. Thus, clients may be unable to liquidate all or a portion of their shares in these types of funds.
- **Alternative Strategy Mutual Funds** – Certain mutual funds available in the program invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies may not be suitable for all investors and involves special risks, such as risks associated

with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes and potential illiquidity. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund's concentration in the real estate industry.

- **Leveraged and Inverse ETFs, ETNs and Mutual Funds** – Leveraged ETFs, ETNs and mutual funds, sometimes labeled “ultra” or “2x” for example, are designed to provide a multiple of the underlying index's return, typically on a daily basis. Inverse products are designed to provide the opposite of the return of the underlying index, typically on a daily basis. These products are different from and can be riskier than traditional ETFs, ETNs and mutual funds. Although these products are designed to provide returns that generally correspond to the underlying index, they may not be able to exactly replicate the performance of the index because of fund expenses and other factors. This is referred to as tracking error. Continual re-setting of returns within the product may add to the underlying costs and increase the tracking error. As a result, this may prevent these products from achieving their investment objective. In addition, compounding of the returns can produce a divergence from the underlying index over time, in particular for leveraged products. In highly volatile markets with large positive and negative swings, return distortions are magnified over time. Because of these distortions, these products should be actively monitored, as frequently as daily, and are generally not appropriate as an intermediate or long-term holding. To accomplish their objectives, these products use a range of strategies, including swaps, futures contracts and other derivatives. These products may not be diversified and can be based on commodities or currencies. These products may have higher expense ratios and be less tax-efficient than more traditional ETFs, ETNs and mutual funds.
- **Unit Investment Trust (UIT)** – An investment company that offers a fixed, unmanaged portfolio, generally of stocks and bonds, as redeemable "units" to investors for a specific period of time. It is designed to provide capital appreciation and/or dividend income. UITs can be resold in the secondary market. A UIT may be either a regulated investment corporation (RIC) or a grantor trust. The former is a corporation in which the investors are joint owners; the latter grants investors proportional ownership in the UIT's underlying securities.
- **Equity** – investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environment.
- **Exchange Traded Funds (ETFs)** – an ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

- **Exchange-Traded Notes (ETNs)** – An ETN is a senior unsecured debt obligation designed to track the total return of an underlying market index or other benchmark. ETNs may be linked to a variety of assets, for example, commodity futures, foreign currency and equities. ETNs are similar to ETFs in that they are listed on an exchange and can typically be bought or sold throughout the trading day. However, an ETN is not a mutual fund and does not have a net asset value; the ETN trades at the prevailing market price. Some of the more common risks of an ETN are as follows. The repayment of the principal, interest (if any), and the payment of any returns at maturity or upon redemption are dependent upon the ETN issuer's ability to pay. In addition, the trading price of the ETN in the secondary market may be adversely impacted if the issuer's credit rating is downgraded. The index or asset class for performance replication in an ETN may or may not be concentrated in a specific sector, asset class or country and may therefore carry specific risks.
- **Fixed Income** – investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.
- **Structured Products** – Structured products are securities derived from another asset, such as a security or a basket of securities, an index, a commodity, a debt issuance, or a foreign currency. Structured products frequently limit the upside participation in the reference asset. Structured products are senior unsecured debt of the issuing bank and subject to the credit risk associated with that issuer. This credit risk exists whether or not the investment held in the account offers principal protection. The creditworthiness of the issuer does not affect or enhance the likely performance of the investment other than the ability of the issuer to meet its obligations. Any payments due at maturity are dependent on the issuer's ability to pay. In addition, the trading price of the security in the secondary market, if there is one, may be adversely impacted if the issuer's credit rating is downgraded. Some structured products offer full protection of the principal invested, others offer only partial or no protection. Investors may be sacrificing a higher yield to obtain the principal guarantee. In addition, the principal guarantee relates to nominal principal and does not offer inflation protection. An investor in a structured product never has a claim on the underlying investment, whether a security, zero coupon bond, or option. There may be little or no secondary market for the securities and information regarding independent market pricing for the securities may be limited. This is true even if the product has a ticker symbol or has been approved for listing on an exchange. Tax treatment of structured products may be different from other investments held in the account (e.g., income may be taxed as ordinary income even though payment is not received until maturity). Structured CDs that are insured by the FDIC are subject to applicable FDIC limits.
- **Hedge Funds and Managed Futures** – Hedge and managed futures funds are available for

purchase in the program by clients meeting certain qualification standards. Investing in these funds involves additional risks including, but not limited to, the risk of investment loss due to the use of leveraging and other speculative investment practices and the lack of liquidity and performance volatility. In addition, these funds are not required to provide periodic pricing or valuation information to investors and may involve complex tax structures and delays in distributing important tax information. Client should be aware that these funds are not liquid as there is no secondary trading market available. At the absolute discretion of the issuer of the fund, there may be certain repurchase offers made from time to time. However, there is no guarantee that client will be able to redeem the fund during the repurchase offer.

- **Annuities** – are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.
- **Variable Annuities** – If client purchases a variable annuity that is part of the program, client will receive a prospectus and should rely solely on the disclosure contained in the prospectus with respect to the terms and conditions of the variable annuity. Client should also be aware that certain riders purchased with a variable annuity may limit the investment options and the ability to manage the subaccounts.
- **Non-U.S. Securities** – present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.
- **Margin Accounts** – Client should be aware that margin borrowing involves additional risks. Margin borrowing will result in increased gain if the value of the securities in the account go up, but will result in increased losses if the value of the securities in the account goes down. The custodian, acting as the client's creditor, will have the authority to liquidate all or part of the account to repay any portion of the margin loan, even if the timing would be disadvantageous to the client. For performance illustration purposes, the margin interest charge will be treated as a withdrawal and will, therefore, not negatively impact the performance figures reflected on the quarterly advisory reports.
- **Long-Term Purchases** – are securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- **Short-Term Purchases** – are securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

Other investment types may be included as appropriate for a particular client and their respective trading objectives.

Item 9 – Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of an advisory firm or the integrity of a firm's management.

Any such disciplinary information for the company and the company's investment advisor representatives would be provided herein and publicly accessible by selecting the Investment Advisor Search option at <http://www.adviserinfo.sec.gov>. There are no legal or material disciplinary events to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

Investment adviser representatives of PAX Financial Group may receive compensation for the sale of securities or other investment products in their capacity as a registered representative of LPL Financial.

Representatives of our firm may be insurance agents/brokers. They may offer insurance products and receive customary fees as a result of insurance sales. Insurance products will only be offered in states where the representative offering insurance is properly licensed. Clients are advised that they are under no obligation to purchase any insurance products offered through PAX Financial Group, LLC.

Neither PAX Financial Group nor any of the management persons are registered or has a registration pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

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

PAX Financial Group maintains a Code of Ethics, which serves to establish a standard of business conduct for all employees that are based upon fundamental principles of openness, integrity, honesty and trust. The code of ethics includes guidelines regarding personal securities transactions of its employees and investment advisor representatives. The code of ethics permits employees and investment advisor representatives or related persons to invest for their own personal accounts in the same or different securities that an investment advisor representative may purchase for clients in program accounts. This presents a potential conflict of interest because trading by an employee or investment advisor representatives in a personal securities account in the same or different security on or about the same time as trading by a client could potentially disadvantage the client. PAX Financial Group addresses this conflict of interest by requiring in its code of ethics that employees and investment advisor representatives report certain personal securities transactions and holdings to the Chief Compliance Officer for review.

Neither PAX Financial Group nor a related person recommends to clients, or buys or sells for client accounts, securities in which they or a related person has a material financial interest.

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 client at all times. PAX Financial Group has 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

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, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics, any future amendments will require subsequent acknowledgement. Our firm and supervised persons 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.

PAX Financial Group, LLC currently does not participate in Agency Cross Transactions. Cross transactions do not apply to mutual funds and to variable annuities since shares of mutual funds and variable annuities are purchased from their issuers and are not exchange-traded. Although ETF's are exchange traded, PAX does not, acting as investment adviser, recommend that such shares be crossed from one advisory client account to another and does not act as a broker-dealer with respect to any such potential cross transaction.

As part of our investment advisory services, PAX Financial Group may make recommendations regarding the rollover of participant retirement plan assets. In the case where an PAX Financial Group Advisor recommends a retirement plan rollover into a Wrap Program, we will charge an advisory fee as described in Item 5. This present a conflict of interest as PAX Advisors have an economic incentive to recommend a client rollover retirement plan assets into a PAX Wrap Account. Plan participants are under no obligation to rollover their retirement assets to an IRA with PAX and should carefully consider all relevant factors.

Item 12 – Brokerage Practices

PAX Financial Group will recommend the use of either LPL Financial, or TD Ameritrade, Inc. ("TD Ameritrade") (collectively, the "Custodians"), Clients who establish an account with PAX Financial must consent to the use of a clearing/custodian broker-dealer with whom we have a clearing arrangement listed above. Currently, we have selected the unaffiliated registered broker-dealers listed above, which are members of FINRA and SIPC, to execute and clear transactions and to provide custody services for PAX Financial Group wrap fee clients. More specifically, PAX Financial Group participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade"), member FINRA/SIPC. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below.)

PAX Financial Group places all transactions with the listed Custodians for execution and custodianship. Most client accounts are established with TD Ameritrade, although both custodians offer services that include custody of securities, trade execution and clearance and settlement of transactions. In selecting clearing/custodian and/or broker dealers, we evaluate the services offered, the quality of those services and any costs indirectly borne by clients to determine if the firm provides overall quality of services for the price. While we have attempted to negotiate favorable rates for transactions and believe that each clearing/custodian offers competitive rates, we do not otherwise seek to obtain the best combination of price and execution with respect to wrap account asset allocation model transactions. We will periodically compare services and prices against other broker-dealers qualified to provide comparable

services. While another broker dealer/custodian may offer these services at a lower overall cost, PAX Financial Group is not required to move accounts to that broker-dealer/custodian.

PAX Financial Group receives non-soft dollar support services and/or products from the Custodians, many of which assist PAX Financial Group to better monitor and service client accounts. These support services and/or products may be received without cost, at a discount, and/or at a negotiated rate, and may include the following:

- investment-related research;
- pricing information and market data;
- software and other technology that provide access to client account data;
- compliance and/or practice management-related publications;
- consulting services;
- attendance at conferences, meetings, and other educational and/or social events;
- marketing support;
- computer hardware and/or software; and,
- other products and services used in furtherance of investment advisory business operations.

These support services are provided to PAX Financial Group based on the overall relationship between PAX Financial Group and are not the result of soft dollar arrangements or any other express arrangement that involves the execution volume of client transactions executed. Clients do not pay more for services as a result of this arrangement. There is no corresponding commitment made by PAX Financial Group to the custodian to invest any specific amount or percentage of client assets in any specific securities as a result of the arrangement.

These non-soft dollars are a benefit to PAX Financial Group because the firm does not have to produce or pay for the research, products or services. Consequently, PAX Financial Group may have an incentive to select, recommend or expand the custodian's services as a result of receiving the research or other products or services, rather than on our clients' interest in receiving most favorable execution.

PAX Financial Group is independently owned and operated and not affiliated with any of the aforementioned custodians. PAX Financial Group examined the potential conflicts of interest when we chose to enter into the relationship with our custodians and determined that the relationship is in the client's best interest and satisfies our fiduciary obligations, including our duty to seek best execution.

Clients may pay a commission that is higher than another qualified broker dealer might charge to effect the same transaction where we determine 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-dealer's 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.

Our recommendations to our clients is based on our clients' interests in receiving best execution and

the level of competitive, professional services. Our firm does not receive client brokerage commissions (or markups or markdowns) to obtain research or other products or services. Neither does our firm receive brokerage commissions for client referrals.

Investment adviser representatives do not maintain discretionary authority in determining the broker/dealer with whom orders for the purchase and sale of securities are placed for execution or the commission rates at which such transactions are effected. Each client that chooses LPL Financial will be required to establish an account if not already done. Please note that not all advisors have this requirement.

For advisory services, PAX Financial Group and its related persons may aggregate transactions in equity and fixed income securities for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. PAX Financial Group and its related persons may determine not to aggregate transactions, for example, based on the size of the trades, number of client accounts, the timing of trades, the liquidity of the securities and the discretionary or non-discretionary nature of the trades. If PAX Financial Group or its related persons do not aggregate orders, some clients purchasing securities around the same time may receive a less favorable price than other clients. This means that this practice of not aggregating may cost clients more money.

Item 13 – Review of Accounts

Account surveillance is conducted on an ongoing basis by advisory personnel of PAX Financial Group. All investment supervisory clients are advised that it remains their responsibility to advise PAX Financial Group of any changes in their investment objectives and/or financial situation. All clients (in person, video conference, via email or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with their investment advisor representative on an annual basis.

Client review periods are generally annually depending on market conditions, the client's funding needs and changes in investment objectives. Occasionally a review may result in a "no change" recommendation. If a client has a change in their financial situation PAX Financial Group will perform a review to make sure that the portfolio is appropriate for the client and meets their cash needs. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for accounts.

Accounts are rebalanced or assets reallocated based on market conditions, investment committee recommendations, or other conditions as warranted. Securities we buy or sell for accounts are subject to our limited discretionary authority. Any changes in the asset allocation models, which includes adding, removing or replacing securities (i.e. mutual funds, ETFs, or variable annuities) are made at the recommendation of the Investment Committee. Those changes are based on a variety of factors, which include but are not limited to changes in the economic, financial or political climate; changes in the tax code; changes in the management of the securities used by the asset allocation models or changes in the degree of desired diversification/concentration in certain sectors or investment themes. Changes may also be made based on the client's personal circumstances, including health, employment and family status, time horizon or restrictions that the client may place on the investments in the account.

Item 14 – Client Referrals and Other Compensation

PAX Financial Group may receive an economic benefit from the Custodians such as, financial assistance or the sponsorship of conferences and educational sessions, marketing support, incentive awards, payment of travel expenses, and tools to assist investment advisor representative in providing various services to clients.

As disclosed under Item 12, above, PAX Financial Group participates in TD Ameritrade's institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its Clients, although Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

Advisor also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisors participating in the program. Specifically, the Additional Services include Salesforce. TD Ameritrade provides the additional services to Advisor in its sole discretion and at its own expense, the Advisor does not pay fees to TD Ameritrade for the Additional Services. Advisor and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services. Advisor's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Advisor, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Advisor's client accounts maintained at TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Advisor, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Advisor may have an incentive to recommend to its Clients that the assets under management by Advisor be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. Advisor's receipt of Additional Services

does not diminish its duty to act in the best interests of its Clients, including to seek best execution of trades for Client accounts.

PAX Financial Group and employees may receive additional compensation from product sponsors. However, such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings with investment advisor representative, client workshops or events, marketing events or advertising initiatives, including services for identifying prospective clients. Product sponsors may also pay for, or reimburse PAX Financial Group for the costs associated with, education or training events that may be attended by PAX Financial Group employees and investment advisor representatives and for PAX Financial Group sponsored conferences and events.

Advisor's receipt of additional compensation and/or services represents a conflict of interest however investment advisor representatives of PAX Financial Group have a fiduciary duty to act in the client's best interest, including to seek best execution of trades for Client accounts.

PAX Financial Group does not currently have any agreements in place to pay solicitors a portion of advisory fees. PAX Financial Group does not currently directly or indirectly compensate any person who is not a supervised person for client referrals.

PAX Financial Group does not receive any other economic benefit for providing investment advice or other advisory service from someone who is not a client. However, PAX Financial Group may at times enter agreements to pay "solicitors" for client's referrals in accordance with the requirements of the Cash Solicitation Rule 206(4)-3 of the Investment Advisers Act, the respective federal and state law governing the same, and ERISA if applicable. Any such referral fee will be paid solely from the investment advisory fee received. The client does not pay an increased fee as a result of these arrangements.

Compensation paid to a "solicitor" is negotiated between PAX and the "Solicitor", the client is provided with a copy of the PAX ADV and a copy of the PAX Written Disclosure document, which describes the arrangement between PAX and the solicitor, including terms, conditions and compensation.

From time to time, PAX Financial Group, LLC may receive sponsorship from Custodians and/or Fund Companies for corporate events. The decision to act as a sponsor of any PAX Financial Corporate Events is at their sole discretion and expense. The sponsorship of PAX Financial corporate events provides economic benefits to PAX and creates a conflict of interest that could influence PAX to recommend clients custody assets and brokerage services with such custodian or fund company. At this time PAX has not received sponsorship from any custodian or fund company that results in a conflict of interest, except for any conflicts of interest previously disclosed

Item 15 – Custody

PAX Financial Group does not have actual custody of client funds. The "Custodian's" will serve as the qualified custodian/broker-dealer of client assets on behalf of the PAX Financial Group which are currently, but not limited to, LPL Financial and TD Ameritrade. We established relationships with these non-affiliated third party-clearing /custodian broker-dealers who are responsible for taking custody of and maintaining all client funds and securities, as discussed in Item 12.

The qualified custodians are responsible for deducting advisory fees based on a signed written agreement with the Client or a client invoice. The custodian sends statements at least quarterly to clients showing all disbursements in accounts including the amount of the advisory fees paid to advisor and the value of client assets upon which advisor's fee were based. PAX Financial Group urges you to carefully review the statements provided by the qualified custodian.

As discussed previously, certain associated persons of the PAX Financial Group are registered representatives of LPL Financial. As a result of this relationship, LPL Financial may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about the clients of PAX Financial Group, even if client does not establish any account through LPL. If you would like a copy of the LPL Financial privacy policy, please contact our Chief Compliance Officer Alex Ireta at (210) 881-5700.

Item 16 - Investment Discretion

The client can engage PAX Financial Group to provide investment advisory services on a discretionary basis. Prior to PAX Financial Group assuming discretionary authority over a client's account, the client shall be required to grant permission by executing an advisory agreement, naming PAX Financial Group as the client's attorney and agent-in-fact. Such an agreement, grants PAX Financial Group full authority to buy and/or sell the type and amount of securities on behalf of a client, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage PAX Financial Group on a discretionary basis may, at any time, impose reasonable restrictions, in writing, on the discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the use of margin, etc.). Clients may also elect to have a non-discretionary account where, if accepted, PAX Financial Group will secure the client's permission prior to effecting any securities transactions in the client's account. Reference Item 8 for additional information.

PAX Financial Group does not assume market risk on behalf of the client. PAX does not guarantee the performance of the clients account or any specific level of performance. Past performance is not indicative of guaranteed future results. Most values of the securities within the account will fluctuate with market conditions. When the account is liquidated, it may be worth more or less than the original amount invested.

PAX will accept and follow all liquidation instructions given by clients and will seek to execute clients' orders in a timely manner on a best-efforts basis. Occasionally, due to market conditions, liquidity and time constraints imposed by custodians or their respective asset, trades may be executed the following business day, with most liquidations occurring within 5 business days. In handling liquidation requests and purchases, we will execute transactions without regard to pending dividend or capital gains distributions, stock splits, mergers, or other corporate or financial events. The Liquidations and reinvestment process will likely result in tax consequences, clients are highly recommended to consult with their tax professional before depositing and liquidating cash and/or securities.

Contributed cash or cash equivalents in client accounts may remain un-invested in securities for a period of time. PAX invests liquid assets in an orderly manner and believes it is to each client's benefit to invest in an aggregated fashion rather than intermittently. For this reason, a period of time may elapse between the deposit of cash, or liquid assets, to the account and the account reaching a fully invested position.

Item 17 – Voting Client Securities

PAX Financial Group does not accept voting responsibilities for client proxies. Clients will otherwise receive their proxies or other solicitations directly from their custodian. Clients may contact PAX Financial Group at (210) 881-5700 to discuss any questions that may arise with a particular solicitation. To request assistance on a proxy voting issue please contact the offering company.

Item 18 – Financial Information

Registered investment advisers are required to provide clients with financial information or disclosures about their financial condition under certain circumstances. PAX Financial Group does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance or otherwise have actual or constructive custody of client funds. There are no financial conditions that are reasonably likely to impair the firm's ability to meet contractual commitments to clients. At no time has PAX Financial Group been the subject of a bankruptcy petition.