



## **ADV Part 2A Brochure**

### **Item 1 Cover Page**

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**March 20, 2018**

This Brochure provides information about the qualifications and business practices of QBI Financial, LLC (CRD# 286639). If you have any questions about the contents of this brochure, please contact QBI Financial, LLC at (980) 859-5660. 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.

QBI Financial, LLC is registered as an investment adviser with the SEC. Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about QBI Financial, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 Material Changes**

This brochure contains the following material changes from the brochure filed with the Firm's initial ADV filing on January 24, 2017:

1. The name of the Firm was changed to QBI Financial, LLC from Asset Growth Partners, LLC on March 31, 2017.
2. The name of the owner of the Firm was changed to Asset Growth Partners, LLC from AGP HoldCo, LLC on March 31, 2017.
3. Items 5, 6 and 8. Products and fee schedules were updated, including performance-based fee disclosure for, and risks related to, the QBI Global Long/Short strategy.
4. Item 20. Privacy notice was added to the brochure.

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## **Item 4 Advisory Business**

QBI Financial, LLC (“QBI” or the “Firm”) is a Delaware limited-liability company founded in 2016 and is registered with the U.S. Securities and Exchange Commission as an investment adviser.<sup>1</sup> QBI Financial, LLC is wholly owned by Asset Growth Partners, LLC, a Delaware limited liability company which is wholly owned by persons who work at QBI.<sup>2</sup> This Brochure provides information regarding QBI and the qualifications, business practices, and nature of advisory services that should be considered before becoming an advisory client of QBI.

QBI offers discretionary investment advisory services to other investment advisers, institutions, trusts, and individuals through reasonably priced, high quality, low-volatility equity strategies. We may also serve as a model strategist on third-party investment platforms.

QBI’s client accounts may be obtained through introductions from brokers, independent financial advisory firms and other financial institutions. The investment professionals at these firms maintain ongoing financial service relationships with clients who subscribe to our asset management services. We may also obtain client accounts through direct client dialogue and client referrals.

### ***Investment Management Services***

#### ***Investment Management Services for Investment Professionals, Institutions and/or their Clients***

Other registered investment advisers, investment professionals and institutions may recommend or hire QBI to manage their own or their clients' investments. In these arrangements, QBI implements and manages a discretionary investment strategy in the client’s separately managed account, using the Charles Schwab (including on the Managed Account Marketplace), TD Ameritrade or Wells Fargo/First Clearing custodial platforms.

For institutional clients who select QBI, QBI may serve as an adviser or sub-adviser per the terms of a negotiated discretionary investment advisory or sub-advisory agreement. For clients of other registered investment advisers, investment professionals or other intermediaries, QBI does not generally serve as the primary adviser to the client. The primary adviser retains direct contact with the client and manages the client relationship. The primary adviser’s client will typically enter into a discretionary investment advisory agreement directly with QBI or alternatively, depending on the contractual arrangement the client has with the primary

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<sup>1</sup> The Firm was founded as Asset Growth Partners, LLC and changed its name to QBI Financial, LLC on March 31, 2017.

<sup>2</sup> Asset Growth Partners, LLC was organized in 2016 as AGP HoldCo, LLC, and renamed on March 31, 2017.

adviser, QBI may contract directly with the primary adviser to provide the client discretionary investment advisory services on a sub-adviser basis.

QBI has exclusive investment discretion as to which securities shall be purchased or sold in the client's account in a manner consistent with the client's selected strategy, investment objectives, policies and restrictions (if any) and the capabilities of the broker-dealer. As a discretionary investment adviser, QBI has the authority to supervise and direct the portfolio without prior consultation with the client.

In order to determine whether a strategy is suitable for a client, the primary adviser and the client are responsible for ascertaining the goals and objectives of the portfolio in question. In addition, QBI obtains initial documentation of the client's risk parameters and investment objectives. However, it is the responsibility of the primary adviser and/or the client to promptly notify QBI of any changes in financial condition of the client that would necessitate a change in the client's investment objective.

#### *Third-Party Wrap Program*

QBI is an available manager within the Private Advisor Network Program, a wrap program administered by Wells Fargo Clearing Services, LLC, a non-bank affiliate of Wells Fargo & Co. The primary adviser and the client establish separate accounts that are managed on a discretionary basis by QBI under the terms of a discretionary investment advisory agreement between QBI and the client. The primary adviser's fees are bundled in a single all-inclusive agreement, the wrap program fee. QBI charges the client an investment management fee which is in addition to the wrap program fee charged by the wrap program sponsor. The wrap program fee is negotiated directly between the client and the wrap program sponsor. For investing purposes, wrap program accounts are treated the same as non-wrap program accounts.

#### *Investment Management Services for Individual Direct Clients*

For individual clients who are not referred by another financial adviser, we offer discretionary investment management services to these direct clients. QBI does not typically offer financial planning services as part of its investment management services to direct clients. An advisory representative of QBI will meet with the client or prospective client to discuss and describe QBI's investment management style and the risk and return attributes of its investment strategies. In addition, QBI will obtain documentation about the client's risk parameters and investment objectives. If QBI and the client decide one or more of QBI's investment strategies are suitable or remain suitable for the client's financial situation, the proportion and/or amount of their assets to be managed in this manner is determined by the client.

A direct client's investment profile may be updated from time to time when requested by the client, or when determined to be necessary or advisable by QBI based on updates to the client's financial or other circumstances.

QBI will manage the client's investment portfolio on a discretionary basis. As a discretionary investment adviser, QBI will have the authority to supervise and direct the portfolio without prior consultation with the client.

Direct clients may choose to custody their assets at Charles Schwab, TD Ameritrade, Fidelity or Interactive Brokers, depending on the strategies selected. For direct clients investing in QBI strategies who have elected TD Ameritrade or Charles Schwab as their custodian, QBI has engaged Adhesion Wealth Advisor Solutions, Inc. and Atria Investments LLC (collectively the "Third Party Service Provider"), who may perform certain reporting, reconciliation, model implementation, and monitoring functions and act as sub-advisers in QBI's sole discretion. The cost of the services provided by the Third Party Service Provider, which are dependent on the type of account selected by the client and are subject to certain minimum annual amounts, are borne by the direct client. A summary of the cost of these services is provided in the discretionary investment advisory agreement between QBI and the client. We will separately provide these direct clients with the firm brochure (Part 2A of Form ADV) for the Third Party Service Provider which includes information about their services. The client will not have a direct relationship with the Third Party Service Provider.

On a case by case basis, QBI may allow clients to impose certain written restrictions on QBI in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments in an investment portfolio, prohibiting the sale of certain investments held in the account at the commencement of the relationship or maintaining higher levels of cash balances. Each client should note, however, that restrictions imposed by a client may adversely affect the composition and performance of the client's investment portfolio.

### ***Model Portfolios***

QBI may also provide various model investment portfolios to turnkey asset management programs and other third party investment platforms (together, the "Programs"). These model portfolios are used by unaffiliated brokers and advisers in managing their clients' assets. The adviser that enrolls a client in the models will explain the elements of the QBI investment strategies, the applicable fees and will perform all screening, suitability and compliance processes applicable to such transactions. The model portfolios and the recommendations implicit in the model portfolios generally are not tailored to the specific needs or circumstances of the end-client. QBI does not have investment discretion over the Programs' assets and may not place trades or vote proxies in Program accounts. Therefore, there are expected to be

performance differences between the model portfolios and QBI's separately managed accounts utilizing the same investment strategies. QBI will generally earn a fee based on the value of the client assets assigned to its models available on the Programs.

QBI's regulatory assets under management as of December 31, 2017 were \$14,613,583, of which \$447,893 are managed on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### ***General Fee Information***

Fees paid to QBI are exclusive of all custodial, interest and transaction costs paid to the client's custodian, brokers, third party consultants and other third party service providers. Please see ***Brokerage Practices*** for additional information. Fees paid to QBI are also separate and distinct from the fees and expenses charged by mutual funds, ETFs (exchange traded funds) or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials). Clients should review all fees charged by funds, brokers, QBI and others to fully understand the total amount of fees paid for investment and financial-related services.

A client will generally have a single strategy in each account, with each account covered by a single separate discretionary investment advisory agreement. In some situations, a client may have multiple strategies managed within a single account, all covered by one discretionary investment advisory agreement. If more than one strategy is selected in an account, the strategy allocations selected and the proportion of assets managed to each strategy will typically dictate the client's blended fee rate, except in situations where a different negotiated fee rate has been agreed upon in the discretionary investment advisory agreement.

Clients of unaffiliated advisers or institutions may pay a lower fee than individual clients coming directly to QBI because of the adviser or institution's overall size of assets under our management and other business factors. In its discretion, QBI may elect to waive investment management fees regarding advisory services to certain clients, employees of QBI, or family members of related persons.

## Asset Management Fees

QBI's annual fees for providing investment advisory services for its non-performance fee based strategies are contained in the following table. Fees are based upon the market value of the client's assets multiplied by the investment management fee. The current standard annual fee schedule for the QBI follows below (100 basis points = 1%).

Strategy	Aggregate Client Assets					
	Minimum Investment	Minimum to < \$25M	\$25M to < \$100M	\$100M to < \$500M	\$500M to < \$1 B	\$1B or more
QBI Global Large Cap	\$50,000	50 bps	45 bps	40 bps	35 bps	Negotiable
QBI Global	\$50,000	55 bps	55 bps	50 bps	45 bps	Negotiable
QBI Global Mid Cap	\$50,000	55 bps	55 bps	50 bps	45 bps	Negotiable
QBI International Large Cap	\$50,000	55 bps	50 bps	45 bps	40 bps	Negotiable
QBI US Large Cap	\$50,000	45 bps	40 bps	35 bps	30 bps	Negotiable
QBI US Small Cap	\$50,000	55 bps	55 bps	50 bps	45 bps	Negotiable
QBI Focus	\$50,000	55 bps	55 bps	50 bps	45 bps	Negotiable
iSteps Diversified Income	\$50,000	15 bps	15 bps	15 bps	15 bps	Negotiable
iSteps Conservative	\$150,000	50 bps	45 bps	40 bps	40 bps	Negotiable
iSteps Moderate	\$100,000	50 bps	45 bps	40 bps	40 bps	Negotiable
iSteps Growth	\$50,000	50 bps	45 bps	40 bps	40 bps	Negotiable
iSteps Target Retirement Date Series	Varies	50 bps	45 bps	40 bps	40 bps	Negotiable
QBI Global Long/Short	See 'Global Long/Short Strategy' below.					

Fee breakpoints will apply to the full account value. We reserve the right to negotiate fees for accounts depending on the size and type of account, the investments in the account and the services required.

iSteps Target Retirement Date Series minimum account size for 2035, 2040, 2045, 2050, 2055 and 2060 is \$50,000, for 2010, 2015, 2020, 2025 and 2030 is \$100,000, and for iSteps Retirement Income is \$150,000.

To assist QBI in reaching certain goals for obtaining total Firm managed assets or managed assets in individual strategies, QBI will offer for a limited time a more discounted Founder's



Pricing fee schedule than the one above, which is available upon request, and may reduce the minimum portfolio size for select investment strategies.

### Timing and Payment

QBI's investment management fees are generally payable quarterly, in advance, based on the market value of the portfolio at the end of the previous quarter. If management begins after the start of a quarter, or if an account experiences material inflows or outflows, fees will be prorated accordingly. With client authorization, fees are normally debited directly from client accounts.<sup>3</sup>

Either QBI or the client may terminate their discretionary investment advisory agreement at any time, subject to any written notice requirements in the agreement. In the event of termination, any paid but unearned fees will be promptly refunded to the client based on the number of days that the account was managed, and any fees due to QBI from the client will be invoiced or deducted from the client's account prior to termination.

### Other Fees and Expenses

Custodial fees are charged by account custodians separately from the investment management fee and will be reflected in the client statement as a separate fee going to the corresponding custodial relationship. In addition to the investment management fee, clients may be billed a fee for statement generation and account maintenance, which will be billed at the same time as the fee for investment management and will be readily transparent to the client.

For direct client accounts, the fees of the Third Party Service Provider, which are included in the client discretionary investment advisory agreement, are calculated separately from QBI's investment management fee and then charged separately on client statements. Custodial fees and any other charges are calculated and charged separately from QBI's investment management fee and the Third Party Service Provider's fees.

When QBI serves as the investment manager to accounts of other advisers and investment professionals (i.e., the primary advisers), the primary adviser's management fee, QBI's management fee, and the broker-dealer's fee for brokerage and custody services are charged independently of each other and will generally appear as separate charges on the client's custodial statement.

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<sup>3</sup> Subject to QBI's agreement to such arrangements, certain clients may elect to have their investment management fee withdrawn from a different brokerage or bank account.

### Wrap Program Arrangements

In some instances, clients may access our services through a Wrap Program sponsored by a third-party adviser, broker-dealer or other financial institution. A Wrap Program fee structure includes the brokerage expenses (i.e., commissions, ticket charges, etc.) of the account and the primary adviser's fee. Depending on the Wrap Program, our management fee may be included in the wrap fee or charged separately from and in addition to the wrap fee. For client accounts that participate in the First Clearing Private Advisor Network, QBI charges its management fee in addition to the wrap fee charged by the wrap sponsor. Our Firm does not manage wrap fee accounts in a different fashion than non-wrap fee accounts. For more information, the client should see the Wrap Program Sponsor's Appendix, 1 Wrap Fee Program Brochure, which is provided to the client by the primary adviser at or before the time of establishing a wrap fee account.

### QBI Global Long/Short Strategy

For the QBI Global Long/Short strategy, at the inception of the account, clients may elect either a 1.00% annual asset-based fee or a combination of a 0.50% annual asset-based fee and a performance-based "incentive" fee. The annual asset-based fee under either election is payable quarterly in advance and is based on the value of the client's account at the end of the prior quarter. If management begins after the start of a quarter, or if an account experiences material inflows or out flows, fees will be prorated accordingly. With client authorization, fees are normally debited directly from client accounts.

### *Performance Fee Calculation Methodology*

Under the performance fee election, the performance-based fee component of the investment management fee is calculated as of December 31 of each year. When "Net Profits" are earned for the current period, QBI will receive a performance fee of 10% of the Net Profits generated, subject to a "High Water Mark." No performance fee is assessed in any performance measurement period if the Net Profits for the performance measurement period are zero or negative.

Net Profits for any calculation period equal the current period ending value of net assets (including unrealized gains and losses, accrued dividends, accrued interest and net of asset-based fees), less the current High Water Mark.

The High Water Mark for an account for any calculation period is the highest ending value of net assets of an account for which a performance fee was previously paid by the account. The High Water Mark will be increased for any deposits added to an account during a calculation period.

If a client withdraws capital from its account before the end of an annual performance period, the performance fee for the amount withdrawn will be calculated based on the Net Profits for the year as of the withdrawal date and based on the High Water Mark. Any fees due to QBI from the client will be invoiced or deducted from the client's account.

Performance-based fee arrangements are further described below under **Item 6 Performance-Based Fees and Side-by-Side Management**.

The minimum portfolio size for the QBI Global Long/Short Strategy account is \$250,000. With client authorization, fees are normally debited directly from client accounts.

### ***Model Portfolio Fees***

When an unaffiliated adviser enrolls a client in an QBI model on a Program platform, the client will typically pay QBI's model provider fee, their adviser's management fee, and the Program fee, which includes custodial, transaction and administration fees. QBI's fee may range up to 0.55% annually in these arrangements, depending on the strategy selected by the client. The account application and/or contract the client executes to participate in the Program will detail all applicable fees as well as the timing and manner of fee collection. QBI reserves the right to negotiate model provision fees with a client's adviser based on the adviser's total client assets enrolled in QBI models on the Program platform. Program fees will vary by platform.

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

As noted above, QBI offers to manage *QBI Global Long/Short Strategy* portfolios pursuant to an asset-based investment management fee or a combined asset-based and performance-based investment management fee arrangement. If the client selects the combined asset-based and performance-based arrangement, the client compensates QBI for its services, in addition to an asset-based investment management fee based on the market value of the client's assets, by paying QBI a percentage of the Net Profits of the client's investment in the strategy. QBI charges these performance-based fees on Net Profits each year, however, if a portfolio subject to such a fee arrangement has no Net Profits in a particular year, no performance fee will be charged until prior losses have been recouped (see discussion of "High Water Mark" in **Item 5 Fees and Compensation** above).

Performance-based fee arrangements are only available to clients who meet the eligibility requirements of Rule 205-3 under the Investment Advisers Act of 1940. The minimum requirements under the rule state that a client generally is not eligible to participate in a performance fee arrangement unless the client has at least \$1,000,000 under management with QBI, or has a net worth excluding their principal residence of at least \$2,100,000. Performance-based fees are calculated and assessed in arrears, and the client should carefully

review the performance fee calculations described in **Item 5 Fees and Compensation** above for accuracy.

Clients should be aware that when QBI receives a performance-based fee, which is a financial incentive to achieve gains in excess of the disincentive to suffer losses, QBI may have an incentive to choose investments that are riskier or more speculative than might otherwise be chosen.

QBI does not participate in side-by-side management of accounts.

## **Item 7 Types of Clients**

QBI offers ongoing discretionary investment advisory and sub-advisory services to institutions, trusts, and individuals including high-net-worth clients.

QBI has minimum account sizes that vary by investment strategy, but may waive these minimum requirements in certain circumstances, such as related accounts, account potential, community considerations, or other factors consistent with QBI's business.

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

### ***Investment Strategies***

QBI seeks to manage equity portfolios comprised of securities from high quality businesses that display characteristics including low volatility, attractive valuation, financial strength and positive momentum. QBI executes this philosophy of investing through a defined, active institutional investment management process that combines both quantitative and fundamental analysis. The overriding goal of QBI is to deliver what we refer to as "Quality Beta at a Reasonable Price" <sup>SM</sup>, or "QBARP" <sup>SM</sup>.

In addition to the equity strategies described above, QBI offers a diversified income strategy branded as iSteps. The objectives of the diversified income strategy are to provide high degrees of safety, high-liquidity, and low overall fees while providing a diversified portfolio with exposure to various fixed-income sectors, including U.S. Treasury and Agency bonds, corporate bonds, and mortgage backed securities. The strategy invests primarily in U.S. investment grade bonds and U.S. traded fixed income ETFs.

QBI strategies are offered in separately managed accounts, on both a direct and sub-advised basis. QBI also makes its strategy models available on third-party investment platforms for use by unaffiliated investment professionals in the management of their clients' accounts.

## ***Methods of Analysis***

QBI's equity investment process executes proprietary quantitative and fundamental analysis to evaluate over 4,000 equities globally and builds diversified portfolios with high active share. QBI investment policies establish geographical, sector and individual company limits. Except as may be directed by our clients and in the QBI Global Long/Short strategy, we employ socially responsible screens to prohibit exposure to tobacco, alcohol, gambling, and pornography. Specific strategies are available across market capitalization categories and geographies. As appropriate for our investment strategies, we strive to keep turnover low to minimize transaction costs and tax inefficiency.

QBI's fixed income investment process evaluates high quality, liquid, U.S. traded fixed income securities and ETFs and builds diversified portfolios with a goal of providing a balanced exposure across multiple fixed income sectors, including U.S. Treasuries, U.S. Agency MBS, U.S. investment grade corporate bonds, foreign developed country sovereign bonds, U.S. Treasury TIPs, and investment grade municipal bonds (for taxable accounts).

## ***Risk of Loss***

Investment in securities includes the risk of loss, and past performance is no guarantee of future results. The risk of loss in equity markets for any individual security or the market overall is 100%. Except in the QBI Global Long/Short, QBI does not use leverage in its investment strategies, so the risk cannot exceed the complete loss of the original investment.

QBI seeks to preserve client capital, and we have implemented defined risk controls to accomplish this objective. However, no matter what our risk controls seek to achieve, global markets are volatile and unpredictable with significant or complete loss of investment always possible.

Below is a description of several of the principal risks that client investment portfolios face.

### **Equity Market Risks**

QBI will generally invest portions of client assets directly into equity investments, primarily stocks, or into pooled investment funds that invest in the stock market. As noted above, while pooled investments have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will

decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

#### Short Selling Risk

Within the QBI Global Long/Short strategy, QBI will engage in short sales of securities that it does not own in the portfolio. Such short sales expose the portfolio to speculative exposure risk, including that if the securities that have been sold short increase in value, the portfolio will lose value. Short selling also involves the risk of increased leverage (as discussed in Leverage Risk), the potential inability to reacquire a security in a timely manner or at an acceptable price, the possibility of the lender terminating the loan at any time, forcing QBI to close the transaction under unfavorable conditions, the additional costs that may be incurred, and the potential loss of investment flexibility caused by the obligation to provide collateral to the lender and set aside assets to cover the open position.

#### Leverage Risk

Within the QBI Global Long/Short strategy, QBI will employ leverage, including the use of trading on margin. The use of leverage entails risks, including the potential for higher volatility and greater declines in the portfolio's value. Leverage may also result in the portfolio's market value exposure being in excess of the net asset value of the portfolio, or require QBI to liquidate positions when it may not be advantageous to do so to satisfy its borrowing obligations.

#### Foreign Securities Risks

QBI may invest portions of client assets internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security's underlying foreign currency.

#### Fixed Income Risks

QBI may invest portions of client assets in fixed income instruments, including bonds, notes, and Pooled Investment Funds (as defined below) that invest in bonds and notes. While investing in fixed income instruments is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include,

without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

### Management Risks

While QBI manages client investment portfolios based on QBI's experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying securities in which they are invested. The ability of the portfolio to meet its objective is directly related to the ability of QBI's investment model to correctly quantify market risk and react accordingly to current and developing market trends. Thus, client investment portfolios are subject to the risk that QBI allocates client assets to individual securities and/or asset classes that are adversely affected by unanticipated market movements, and the risk that QBI's specific investment choices could underperform their relevant indexes.

### Risks of Investments in Mutual Funds, ETFs and Other Investment Pools

As described above, QBI may invest client portfolios in mutual funds, ETFs and other investment pools ("Pooled Investment Funds"). Investments in Pooled Investment Funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, Pooled Investment Funds' success will be related to the skills of their particular managers and their performance in managing their funds. Pooled Investment Funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

## **Item 9 Disciplinary Information**

Neither QBI nor any of its management personnel have any disciplinary or legal events to disclose.

Clients and prospective clients may view the CRD records (registration records) for QBI and certain of its representatives through the SEC's Investment Adviser Public Disclosure (IAPD) website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The CRD number for QBI is 286639.

## **Item 10 Other Financial Industry Activities and Affiliations**

QBI and its management have no other financial industry activities or affiliations. In recommending custodians and broker-dealers, we recommend unaffiliated firms and do not receive any compensation, directly or indirectly, from them. QBI will not assume responsibility or liability for any custodians or brokers selected by the client. QBI is a wholly owned subsidiary

of Asset Growth Partners, LLC, which is, in turn, wholly owned by QBI's control persons. This relationship does not create a conflict of interest between the Firm and its clients.

## **Item 11 Code of Ethics**

QBI has adopted a Code of Ethics (the Code) in which QBI expects all employees to conduct themselves in an ethical manner and consistent with all applicable fiduciary and legal obligations. As a fiduciary, we owe our clients a duty of care, loyalty, honesty, good faith, and fair dealing to act in the best interests of our clients. Thus, we must place the interests of our clients first at all times. An employee is also required to comply with other applicable laws, including federal and state securities laws.

QBI expects that each employee will exercise reasonable care and professional judgment to avoid engaging in actions that put the image of the Firm or its reputation at risk. Failure to comply with the Code may result in disciplinary action, including but not limited to a warning, fines, disgorgement, suspension, demotion, or termination of employment. Violations may also result in referral to civil or criminal authorities where appropriate. Each employee is required to promptly report any actual or suspected violation to the Chief Compliance Officer.

Upon hire and annually thereafter, employees are required to read the Code and certify that they understand and will comply with their responsibilities under the Code.

Employees of QBI may not invest in securities being considered for recommendation or recommended by the Firm, except in the following circumstances: (1) accounts solely managed by QBI that are traded in a like manner as all other similarly situated client accounts (as verified and approved by the Chief Compliance Officer); or (2) 401k and 529 plans where only mutual funds may be selected as investments (non-brokerage accounts); (3) accounts where the employee has no investment discretion and where the account manager has attested in writing that the employee has no investment discretion; or (4) if such holding has been pre-cleared by the Chief Compliance Officer.

A copy of QBI's Code of Ethics is available to clients or potential clients upon request.

## **Item 12 Brokerage Practices**

QBI clients grant QBI discretion to determine the price, amount, and type of securities to be bought or sold for the client's account. These transactions may be subject to a client's specified investment objectives and guidelines, such as a directive to include or avoid a particular stock or industry.



When given discretion to select the brokerage firm that will execute orders in client accounts, QBI seeks “best execution” for client trades, which is a combination of several factors, including, without limitation, quality of execution, services provided and commission rates. Therefore, QBI may use or recommend the use of brokers who do not charge the lowest available commission in the recognition of securities transaction services or quality of execution. QBI does not receive any portion of the brokerage commissions or transaction fees charged. QBI’s investment management fee does not include brokerage commissions or transaction fees, which the client instead pays directly to the broker-dealer or custodian.

### ***Directed Brokerage in Wrap Programs***

Client accounts managed by QBI which originate through a Wrap Program ordinarily are directed brokerage accounts. Sponsors of these programs typically charge a program participant a fee which covers the costs of executing transactions for the participant’s account when such transactions are placed by the program sponsor. Trades not placed by the program sponsor are referred to as “step-out” trades and will incur the client additional trading costs. A Wrap Program client should confer with the program’s sponsor and determine that the direction of brokerage provided for under the program is reasonable in view of the benefits received, and that the trade execution provided by the program’s sponsor is in the client’s best interest.

### ***Other Client Directed Brokerage***

On a limited basis, clients may direct QBI to use a particular broker for custodial or transaction services on behalf of the client’s portfolio. In directed brokerage arrangements, the client is responsible for negotiating the commission rates and other fees to be paid to the broker. Accordingly, a client who directs brokerage should consider whether such designation may result in certain costs or disadvantages to the client, either because the client may pay higher commissions or obtain less favorable execution, or the designation limits the investment options available to the client.

Where possible, QBI will negotiate competitive rates with broker-dealers and custodians, but QBI may not necessarily obtain the lowest possible commission rates for client account transactions.

### ***Trade Aggregation***

QBI may aggregate the purchase or sale of securities for various client accounts when it can do so and where it is cost effective, in accordance with QBI’s policies and procedures. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all QBI’s transactions in a given security on a given

business day. Transaction costs for participating accounts will be assessed at the custodian's commission rate applicable to each account; therefore, transaction costs may vary among accounts. Accounts may be excluded from a block due to tax considerations, client direction or other factors making the account's participation ineligible or impractical. If such an aggregated trade is not completely filled, QBI will allocate shares received (in an aggregated purchase) or sold (in an aggregated sale) across participating accounts on a pro rata or other fair basis.

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

QBI's Investment Committee reviews client accounts at least quarterly, and more often when warranted by market conditions or client needs.

QBI's clients receive statements directly from their custodian. QBI provides clients with additional information at the client's request. Clients should carefully compare statements and information received from their custodian with information received from QBI.

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

QBI does not compensate other persons or entities for client referrals.

### **Item 15 Custody**

Client assets, including cash and securities, are held by the independent custodian selected by the client. Currently, clients may utilize Charles Schwab, TD Ameritrade, Wells Fargo/First Clearing, Foliofn or Interactive Brokers as their custodian. QBI does not hold client assets.

QBI's discretionary investment advisory agreements, sub-advisory agreements, and/or separate agreement with any broker-dealer or custodian authorizes that entity to debit the client's account for the amount of QBI's fee and remit that fee directly to QBI in accordance with applicable custody rules.

Financial institutions recommended by QBI have agreed to send a statement to the client, generally monthly and at least quarterly, indicating all amounts disbursed from the account including the amount of fees paid directly to QBI. Clients should carefully review those statements for any errors or discrepancies. Upon request, QBI may also provide clients with additional account information. Clients should carefully review the statements by their financial institutions and compare them to any statements requested from QBI. At times there may be small differences due to the timing of dividend reporting, accrued interest, pending trades or other similar issues.

## **Item 16 Investment Discretion**

Our clients enter into a written client discretionary investment advisory agreement that sets forth the scope of our discretionary authority. Unless otherwise directed by the client, we have full discretionary authority to invest client assets in the account(s), including the investment and reinvestment of interest, dividends and capital gains, without prior consultation with the client. However, QBI's investment authority may be subject to specified investment objectives, guidelines, or conditions imposed by the client.

## **Item 17 Voting Client Securities**

As a general matter, we require that clients grant us the authority to vote the client securities that we manage. We may, on limited occasions, permit certain clients to retain this authority. Those clients receive proxy voting materials directly from their custodian.

We have adopted general proxy voting policies with respect to the election of directors, appointment of auditors, changes in the capital structure of an issuer, restructurings, mergers and acquisitions, corporate governance, anti-takeover measures, and executive compensation. Our policy is to vote clients' proxies in the interest of maximizing shareholder value, net of related expenses. Expenses associated with the voting of proxies may be charged to client accounts.

Potential or actual conflicts of interest relating to a particular proxy proposal may be handled in various ways depending on the type and materiality. Depending upon the facts and circumstances of each situation and the requirements of applicable law, options include:

- a) Voting the proxy in accordance with the voting recommendation of an unaffiliated, third-party vendor; or
- b) Voting the proxy pursuant to client direction.

A copy of our complete policy, as well as records of proxies voted, is available to clients upon request. As required under the Advisers Act, such records are maintained for a period of five (5) years.

## **Item 18 Financial Information**

QBI does not require nor solicit prepayment of more than \$1,200 in fees per client six months or more in advance, and therefore has no disclosure with respect to this item.

QBI does not have financial commitments or liabilities that impair QBI's ability to meet its contractual or fiduciary obligations.

QBI has never been the subject of a bankruptcy petition.

## **Item 19 Requirements for State Registrants**

Not applicable to us.

## **Item 20 Privacy Notice**

At QBI Financial, LLC, protecting your privacy is very important to us. We want you to understand what information we collect and how we use it. We collect and use “nonpublic private information” in order to provide our clients with a broad range of financial services as effectively and conveniently as possible. We treat nonpublic personal information in accordance with our privacy policy.

“Nonpublic personal information” is nonpublic information about you that we obtain in connection with providing a financial service or product to you.

### **What Information Do We Collect?**

In order to fulfill our obligations to you, we need certain information. Generally, this includes your name, address, social security number, date of birth, account numbers, and information about your income. We may also have access to other sensitive information, such as credit scores, income tax information and so forth.

### **Where Do We Get This Information?**

We may collect nonpublic personal information about you from a variety of sources, such as:

1. Information we receive from you on applications or other forms;
2. Information about your transactions with us, our affiliates or others, such as the custodian(s) of your account(s); and
3. Information we receive from non-affiliated third parties, including consumer reporting agencies.

### **What Information Do We Disclose and To Whom Do We Disclose It?**

We do not disclose any nonpublic information about you without your express consent, except as permitted by law and as needed to provide the services you have requested. This applies to current as well as former clients. We restrict access to your nonpublic personal information to those who need to know that information in order to provide products or services to you.

Our “affiliates” are companies with which we share common ownership. Asset Growth Partners, LLC and QBI Financial, LLC are affiliates.

**Our Security Procedures**

We maintain physical, electronic and procedural safeguards to protect your nonpublic personal information. This includes measures to protect your information during its disposal.