



## **Firm Brochure**

(Part 2A of Form ADV)

February 28, 2019

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Saginaw, MI 48638

(989) 791-3880 or 800-550-3880

**[www.gardey.com](http://www.gardey.com)**

This brochure provides information about the qualification and business practices of Gardey Financial Advisors. If you have any questions about the contents of this brochure, please contact us at 989-791-3880 or [aciolek@gardey.com](mailto:aciolek@gardey.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Gardey Financial Advisors is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 105337.

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## Material Changes

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### Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

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### Material Changes since the Last Update

There have been no material changes made to Gardey Financial Advisors' Part 2A Brochure since its prior Amendment filing in December 2018.

**Any Questions:** Gardey Financial Advisors Chief Compliance Officer, Ashley Ciolek, remains available to address any questions regarding this Part 2A, including the disclosure additions and enhancements.

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### Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at (989)791-3880 or 800-550-3880; or by email at [peaceofmind@gardey.com](mailto:peaceofmind@gardey.com).

## Section I Advisory Business

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### Description of Firm

Gardey Financial Advisors, Inc. is registered with the United States Securities and Exchange Commission (SEC) as a Registered Investment Adviser with its principal place of business located in Saginaw, Michigan. Gardey Financial Advisors began conducting business in 1985. There are currently 18 employees including five Certified Financial Planner™ (CFP®) professionals, a Chartered Financial Analyst® (CFA®) charterholder, an Investment Advisor Certified Compliance Professional® (IACCP®) and additional highly trained administrative staff.

Gardey Financial Advisors provides continuous investment management and financial planning advice to individuals, families, high net-worth individuals, businesses, trusts and charitable organizations. Through one-on-one discussion, they assist clients in determining their financial goals and in creating a plan to help them achieve these goals. Gardey Financial Advisors utilizes in depth risk tolerance analysis and client questionnaires to facilitate discussions about life goals and to assist the client in determining the proper asset allocation for their portfolio.

The firm's compensation comes solely from fees paid directly by the clients. Gardey Financial Advisors does not accept any form of commissions. The firm does not sell any type of financial product. No benefits are received from custodians based on client security transactions or commissions (commonly referred to as "Soft Dollar Benefits").

Assets under direct management of Gardey Financial Advisors are held in the client's name at an independent qualified custodian, Charles Schwab & Company Inc. Gardey Financial Advisors does not act as a custodian of client assets, although the firm is considered by the SEC to technically have "custody" over certain types of client accounts held at an independent custodian. Please see the "Custody" section of this brochure for more information.

Gardey Financial Advisors may recommend other professionals (e.g., lawyers, accountants, appraisal services, etc.) at the request of the client. Other professionals are engaged directly by the client on an as-needed basis even when recommended by the Advisor. Conflicts of interest, if any, will be disclosed to the client and always managed in the best interest of the client.

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### Principal Owner

Jonathan M. Gardey, President and CEO is the firm's sole shareholder. There are no intermediate subsidiaries.

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### Regulatory Assets Under Management

As of February 28, 2019 Gardey Financial Advisors, managed approximately \$177,000,000 in assets for about 198 client households. Of the assets under management, approximately \$150,000,000 is managed on a discretionary basis and \$27,000,000 is managed on a non-discretionary basis.

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**Financial Information**

Gardey Financial Advisors does not have any condition that is reasonably likely to impair our ability to meet our commitments to our clients.

Gardey Financial Advisors has never been the subject of a bankruptcy petition at any time.

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**Disciplinary Information**

The firm and its employees have not been involved in any legal or disciplinary events related to past or present activities.

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**Other Financial Industry Activities and Affiliations**

Gardey Financial Advisors and their related persons are not engaged in other financial industry activities and have no other industry affiliations.

## Section II Services Provided

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### Description of Services

Gardey Financial Advisors provides investment management and financial planning on a continuous basis. The service is customized for each client taking into consideration the client's current and future financial situation. Client goals and objectives are clarified in meetings and via correspondence, and are used to determine the course of action for each individual client.

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### Wealth Management Service

This service provides customized management of the client's investments in addition to addressing their financial planning needs. It is designed for investors with investment assets of \$500,000 or more including retirement plan assets.

#### **Investment Management**

Through personal discussions; in which goals and objectives based on the client's particular circumstances are established, Gardey Financial Advisors develop the client's personal investment policy. They create and manage a portfolio based on that policy. During the data-gathering process, Gardey Financial Advisors facilitates the discussion to assist the client in determining their individual objectives, time horizons, risk tolerance, and liquidity needs. Gardey also reviews and discusses the client's prior investment history, as well as family composition and background.

Gardey Financial Advisors manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Once a client's portfolio has been established, Gardey Financial Advisors will review the portfolio no less than annually, and rebalance the portfolio as needed on an annual basis. In the event of a significant movement in the markets or a change in the client's situation, the portfolio may be rebalanced more frequently than annually.

The firm's investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and may include advice regarding the following types of securities:

- Exchange listed securities (Common Stocks, Exchange Traded Funds (ETFs), Closed-end funds)
- Certificates of deposit
- Municipal securities
- Mutual fund shares (Commission-Free shares)
- United States governmental securities
- Interests in partnerships investing in real estate or oil and gas interest
- Corporate Bonds

Because some types of investments involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

### **Financial Planning**

Gardey Financial Advisors provides financial planning as part of the Wealth Management Service. The firm believes it is valuable to the client to have the benefit of both Investment Management and Financial Planning when being assisted in the development of a financial plan. Financial planning is an evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client.

Gardey Financial Advisors gathers required information through in-depth personal interviews and client questionnaires. Information gathered includes the client's current financial status, tax status, future goals, return objectives and attitudes towards risk. The firm carefully reviews documents supplied by the client, including other recommendations, and strongly suggests the client work closely with his/her attorney, accountant and insurance agent. If the client does not have a professional relationship established with any of these professionals, Gardey Financial Advisors will refer the client to a professional in the area. Implementation of the financial plan recommendations is entirely at the client's discretion.

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### **Client Obligation**

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

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### **Limitations of Financial Planning and Non-Investment Consulting/Implementation Services**

Gardey Financial Advisors does not serve as an attorney, accountant or insurance agent, and no portion of our services should be construed as legal, accounting or insurance services. Accordingly, Gardey Financial Advisors does not prepare estate planning documents or tax returns, nor does it sell insurance products. To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Gardey Financial Advisors and/or its representatives.

**Please Note:** If the client engages any recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

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## Wrap Fee Programs

Gardey Financial Advisors does not participate in Wrap Fee programs.

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## Section III Fees and Compensation

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### Description

Gardey Financial Advisors' compensation for providing the Wealth Management Service to its clients is based solely on the amount of the client's assets it has under management. At no time does Gardey Financial Advisors share in commissions or trading fees of any kind. The firm's fee is charged in arrears and on a quarterly basis. Under no circumstances does the firm require or solicit payment of fees in advance of services rendered.

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### Advisory Fee Schedule

#### Wealth Management Service

The annual fee for the Wealth Management Service will be charged as a percentage of assets under management, according to the following schedule:

<u>Assets Under Management</u>		<u>Annual Percentage Rate</u>
First	\$1,000,000	1.1%
Next	\$1,000,000	0.7
Beyond	\$2,000,000	0.6

Quarterly minimum fee of \$1,375

Because the assets under management are revalued for each quarterly billing, the fee charged will vary over time, as the market value of the portfolio varies.

**Computation Example:** A client has \$1,500,000 of assets under management. The quarterly fee would be calculated as follows:

$$\begin{array}{lcl} \text{Step 1: Calculate the annual fee:} & & \$1,000,000 \times 1.1\% = \$11,000 \\ & & \$ 500,000 \times 0.7\% = \underline{3,500} \\ & & \$14,500 \end{array}$$

$$\begin{array}{lcl} \text{Step 2: Calculate the quarterly fee:} & & \$14,500 \times (92/365^*) = \$3,625 \\ & & ^* (\text{Number of days in the quarter divided } 365) \end{array}$$

**Please see** additional disclosure regarding fees in "Other Fees" section below.



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## Advisory Fee Billing

The clients of Gardey Financial Advisors will receive an invoice that shows the time period that is being billed for, the date of the valuation used in computing the quarterly management fee, the quarterly fee breakdown by account, the accounts fees will be withdrawn from and if applicable, any assets or accounts that are not included in the billing. The invoice also indicates "No action is required by you. Payment will be automatically deducted from the client's Charles Schwab & Company Inc. account(s)."

Gardey Financial Advisors waits 12 calendar days from the date the invoice has been mailed to deduct the management fees from the client's brokerage account. This delay is to allow time for the client to review the invoice and contact Gardey Financial Advisors with any questions or concerns prior to the automatic deduction of the fee.

Gardey Financial Advisors calculates management fees in arrears, meaning the management fees are based on a previous month's valuation.

Gardey Financial Advisors, in its sole discretion, may charge a lesser investment advisory fee, waive its minimum quarterly fee, and/or charge a flat fee based upon certain criteria (i.e. anticipated future earnings capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc. ).

**Please Note:** As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

**Please Also Note:** If a client maintains less than \$500,000 of assets under Gardey Financial Advisors' management and are subject to the \$1,375 quarterly minimum fee, he/she will pay a higher percentage annual fee than the 1.1% referenced in the fee schedule above.

**Any Questions:** Gardey Financial Advisors Chief Compliance Officer, Ashley Ciolek, remains available to address any questions that a client or prospective client may have regarding advisory fees.

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## Other Fees

### Trade Away/Prime Broker Fees

In the limited event that Gardey Financial Advisors determines it would be beneficial to purchase individual fixed income securities (generally per client direction), for the client, individual fixed income transactions may be affected through broker-dealers other than the account custodian. In this event, the client generally will incur both the fee (commission, mark-up/mark-down ) charged by the executing broker-dealer and a separate "trade away" and/or prime broker fee charged by the account custodian (i.e., Charles Schwab).

Gardey Financial Advisors Chief Compliance Officer, Ashley Ciolek, remains available to address any questions that a client or prospective client may have regarding trade away arrangements.

## **Mutual Fund and Exchanged Trades Fund Fees**

Gardey Financial Advisors uses both mutual funds and exchange traded funds in constructing client investment portfolios. The fees associated with these types of investments are separate and independent from Gardey Financial Advisors advisory fee. The fees will generally include a management fee, other fund expenses, and possibly a distribution fee. Most mutual funds and exchange traded funds are available directly to the public. Thus, a prospective client can obtain many of the funds that may be utilized by Gardey Financial Advisors independent of engaging them as an investment advisor. However, if a prospective client determines to do so, he/she will not receive Gardey's initial and ongoing investment advisory services. Accordingly, the client should review both the fees charged by the funds and Gardey Financial Advisors advisory fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Please refer to Section VIII "Brokerage Practices" of this brochure for additional information.

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## **Termination of the Advisory Relationship**

A client agreement may be canceled at any time, by either party, for any reason. Upon termination, Gardey Financial Advisors will calculate the final advisory bill, if applicable, from the last time the client was billed for services. The bill may be mailed to the client or automatically deducted from the brokerage account in his/her name. The year-end 1099 provided by Charles Schwab & Co., Inc. will show the total amount of management fees paid by the client for the year.

In the event that a relationship is terminated, Gardey Financial Advisors will archive all client materials in a secure location and hold them for five years, after which time the materials will be destroyed.

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## **Performance Based Fees**

Gardey Financial Advisors does not use a performance-based fee structure.

## Section IV Ethical Standards

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### Code of Ethics

The employees of Gardey Financial Advisors have pledged to follow a Code of Ethics which sets forth high ethical standards of business conduct that include compliance with applicable federal securities laws.

Gardey Financial Advisors and their personnel owe a duty of loyalty, fairness and good faith towards their clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics, but to the general principles that guide the Code.

Gardey Financial Advisors' Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While the firm does not believe that they have any particular access to non-public information, all employees are made aware that such information may not be used in a personal or professional capacity.

A copy of the firm's Code of Ethics is available to the advisory clients and prospective clients. Request a copy by sending an email to [aciolek@gardey.com](mailto:aciolek@gardey.com), or by calling us at 989-791-3880 or 800-550-3880.

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### Participation or Interest in Client Transactions

Gardey Financial Advisors and individuals associated with the firm are prohibited from engaging in transactions where an individual associated with Gardey Financial Advisors sells or buys securities directly to or from a client (commonly referred to as a principal transaction).

Gardey Financial Advisors and individuals associated with the firm are prohibited from engaging in transactions where Gardey Financial Advisors acts as broker/dealer for both the buy and sale side of a transaction between clients (commonly referred to as an agency cross transaction).

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### Personal Trading

Gardey Financial Advisors' Personal Trading Policy includes policies and procedures for the review of quarterly securities transaction reports as well as initial and annual securities holding reports that must be submitted by the firm's personnel. This policy is designed to assure that the personal securities transactions, activities and interest of the firm's employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Gardey Financial Advisors Personal Trading Policy also requires employees to obtain approval prior to transacting an acquisition of securities in a limited offering (e.g., private placement) or an initial public offering.

From time to time, Gardey Financial Advisors and or individuals associated with the firm may buy or sell for their personal accounts securities identical to or different from those recommended to their clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

## Section V Custody

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### Account Statements

Gardey Financial Advisors shall have the ability to deduct its advisory fee from the client's custodial account on a quarterly basis. Clients are provided with written transaction confirmation notices, and a written summary account statement directly from the custodian (i.e., Schwab, etc.) at least quarterly.

**Please Note:** To the extent that Gardey Financial Advisors provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Gardey Financial Advisors with the account statements received from the account custodian.

**Please also note:** The account custodian does not verify the accuracy of Gardey Financial Advisors advisor fee calculation.

Clients who are required to have the investment assets of their company retirement plans, annuity and life insurance accounts at other brokerage firms or insurance companies may receive statements from these custodians no less than annually and not more frequently than monthly.

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### SEC "Custody"

In March 2010, the SEC amended sections of the Investment Advisers Act of 1940 related to the circumstances when an Investment Adviser is deemed to have custody of client assets. As a result of this new amendment, Gardey Financial Advisors is deemed to have custody of client assets in the following situations:

- An employee of the firm acts as a trustee or co-trustee of an unrelated trust and the firm acts as the investment advisor.
- The firm utilizes the internet and the individual client account access information to update client holdings and make changes in accounts on behalf of the client in accounts that are held outside of their Schwab accounts (e.g. bank accounts, Annuities, Life Insurance, 401(k) plans).

Accounts that are held outside of Charles Schwab & Company, Inc. are also held at independent qualified custodians except that Gardey Financial Advisors has no power of attorney over the accounts.

As a result of Gardey Financial Advisors having custody of the above mentioned accounts, the SEC requires an annual surprise audit of those accounts by an independent CPA firm. Gardey Financial Advisors has contracted with a local CPA firm to perform the annual surprise audit of these accounts.

## Section VI Investment Discretion

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### Service Type

Gardey Financial Advisors' Wealth Management Service is a Discretionary Service. A Discretionary Service allows Gardey Financial Advisors to make changes in the client account, following the guidelines agreed upon in the Personal Investment Policy, without prior approval from the client. Once changes are transacted in the accounts, the client will receive trade confirmations from the qualified custodian for those accounts.

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### Trading Authorization

Gardey Financial Advisors require all clients to authorize trading authority on their accounts. This means Gardey Financial Advisors is authorized to place trades in a client's account. Without this authority, Gardey Financial Advisors would be unable to implement the investment policy and recommendations the client has approved. The trading authority is included in the qualified custodian's account application.

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### Limited Power of Attorney

Clients must sign a limited power of attorney before Gardey Financial Advisors is given trading authority. The limited power of attorney is included in the qualified custodian's account application.

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## Section VII How We Invest

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### Methods of Analysis

Because of the firm's multiple-manager strategy and its emphasis on the use of commission-free mutual funds, much of the firm's analysis revolves around the process of selecting specific mutual fund managers for inclusion in the client portfolios. In selecting mutual fund managers, Gardey Financial Advisors screen literally thousands of mutual funds in order to find those that meet their investment criteria. The funds surviving the screening process are designated as "Best in Class" and receive a further qualitative screening before a final selection is made for each investment strategy.

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### Investment Strategies

The most important factor in determining the risk level of a portfolio and its potential return is the mix of the portfolio between equity and fixed-income investments. This mix is commonly referred to as "asset allocation" of the portfolio. Because of its importance, the firm spends a significant amount of time determining the proper mix for each of their clients. In establishing the appropriate mix, the firm measures the risk tolerance of the client and they determine the client's desired spending level.

Once the client's asset allocation is established, Gardey Financial Advisors use what they call a multiple-manager strategy in constructing a client's portfolio. In this approach, the portfolio is divided into a number of strategies, and the responsibility for each strategy is assigned to one or more mutual fund investment managers who have met our selection criteria. The firm draws these managers from a universe of commission-free mutual funds. Gardey Financial Advisors has access to background and performance data on thousands of managers, and they use this data to select the best managers. In the selection process, the firm places particular emphasis on achievement of superior risk-adjusted returns over extended periods of time.

There are a number of strategies that can be used in managing a portfolio. For equity portfolios, these strategies can be characterized by such factors as a) the size of the company, b) the location (foreign or domestic), c) earnings expectations, and d) undervaluation. For fixed income portfolios, these strategies can be characterized by such factors as a) the location (foreign or domestic), b) the issuer, c) maturity, and d) credit quality ratings. Historically, no one strategy has consistently outperformed the other strategies, and the problem is that it is next to impossible to determine which strategy is going to provide the best performance at any given time.

The solution to this dilemma is to implement a multiple-manager strategy by constructing a portfolio that contains a number of different investment strategies. In this way, one is protected from having assets concentrated solely in a single poorly-performing investment. This strategy of selecting a number of high-performing managers, each with a different investment strategy, is a practice that is used by the country's largest pension plans. The trustees of these plans have long recognized the value of this strategy and almost universally use the multiple-manager strategy.

The availability of many commission-free mutual funds, each with different investment strategies, allows Gardey Financial Advisors to adopt this multiple-manager strategy. Without the use of mutual funds, this strategy would be impossible for all but the largest portfolios. By purchasing shares in a mutual fund, the firm, in effect, hire that mutual fund's manager to manage a portion of the portfolio. And, if the manager does not meet the firm's expectations, they can fire that manager simply by redeeming the shares of the mutual fund.

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## Risk of Loss

All investment programs have certain risks, and these risks are borne by the investor. These investment risks include Loss of Principal Risk, Interest Rate Risk, Market Risk, Inflation Risk, Currency Risk, Reinvestment Risk, Business Risk, Liquidity Risk, and Financial Risk. Gardey Financial Advisors investment approach carefully considers not only the risks incurred by each security, but also the risk incurred by the overall portfolio.

**Please Note:** Different type of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Gardey) will be profitable or equal any specific performance level(s).

## Section VIII Brokerage Practices

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### Qualified Custodian

Gardey Financial Advisors requires that clients establish brokerage accounts with the institutional division of Charles Schwab & Company, Inc. ("Schwab"), to maintain custody of clients' brokerage assets and to effect trades for their accounts. Schwab is a Financial Industry Regulatory Authority, Inc. ("FINRA") registered broker-dealer and a member of the Securities Investor Protection Corporation ("SIPC").

Factors that Gardey Financial Advisors considers in recommending Schwab (or any other broker-dealer/custodian to clients) include the historical relationship, financial strength, reputation, execution capabilities, pricing, research, and service. Although the transaction fees paid by Gardey Financial Advisors' clients shall comply with the duty to obtain best execution, a client may pay a transaction fee that is higher than another qualified broker-dealer might charge to effect the same transaction where Gardey Financial Advisors determines, in good faith, that the transaction fee is reasonable.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, transaction rates, and responsiveness. Accordingly, although Gardey Financial Advisors will seek competitive rates, it may not necessarily obtain the lowest possible rates for client account transactions. Transaction fees, charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Gardey Financial Advisors' investment advisory fee.

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### Soft Dollars

Gardey Financial Advisors does not participate in any soft-dollar arrangements and does not receive any soft-dollar benefits. (Soft-dollars are benefits received by the Investment Advisor from a custodian in return for commissions in client accounts.)

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### Non-Soft Dollar Research and Benefits

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

Some of the above mentioned support services and/or products assist Gardey Financial Advisors in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Gardey Financial Advisors to manage and further develop its business enterprise.

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

**Any questions:** Gardey Financial Advisors Chief Compliance Officer, Ashley Ciolek, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflict of interest presented by such an arrangement.

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### **Directed Brokerage**

Gardey Financial Advisors may permit directed brokerage for client accounts, in special situations. (Directed Brokerage occurs when a client directs the Investment Adviser to execute transactions through a specified broker-dealer or custodian.)



## **Section IX Review of Accounts**

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### **Portfolio Activity**

Gardey Financial Advisors has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Gardey Financial Advisors will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to: investment performance, fund manager tenure, style drift, account additions/withdrawals, an/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when Gardey Financial Advisors determines that changes to a client's portfolio are neither necessary nor prudent. Of course, as indicated below, there can be no assurance that investment decisions made by Gardey Financial Advisors will be profitable or equal any specific performance level(s).

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### **Periodic Reviews – Investment Management**

Once the client's portfolio has been established, it is reviewed no less than annually, and will be rebalanced if the portfolios holdings have deviated from their assigned targets by more than an acceptable amount. Gardey Financial Advisors' policy is to rebalance client accounts no less than annually or more often if determined by the firm's Investment Strategy Committee.

The annual rebalancing schedule was selected based on an extensive analysis performed by our Research Department that analyzed the impact of rebalancing on the portfolio for various time periods ranging from daily to up to two years.

Prior to rebalancing the client portfolio, the administrators conduct an audit of the client's financial information including the Personal Investment Policy. The review is done to verify the asset allocation targets selected for the client correspond with the client's Personal Investment Policy and reflect the investment policies established by the firm's Investment Strategy Committee.

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### **Periodic Reviews – Financial Planning**

Financial Planning reviews occur at different stages depending on the needs and changing situation of the client and are typically incorporated into the client's Investment Management review. No formal reviews are conducted unless dictated by a change in the client's circumstances.

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### **Regular Reports**

The client will receive a Financial Report detailing their portfolio information semi-annually, in January and again in July. These reports are produced using the firm's client accounting software and include reports that provide the client with a snapshot of his/her portfolio. The Financial Report will typically include the following report types: asset allocation, performance, tax and combined holdings reports. This Financial Report is a living document and the firm will make changes to the report periodically, without notice to the client.

## Section X Referrals

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### Client Referrals

The firm believes that the highest form of compliment a client or fellow professional acquaintance can give us is a referral. Gardey Financial Advisors has been fortunate to receive client referrals from current clients and also attorneys, accountants, employees and other sources. The firm does not pay for referrals other than by contracted solicitors.

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### Solicitors

Gardey Financial Advisors may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our Firm Brochure) and a separate disclosure statement that includes the following information:

- The Solicitor's name and relationship with our firm
- The fact that the Solicitor is being paid a referral fee
- The amount of the fee
- A statement that the fee paid to us by the client will not be increased above our normal fees in order to compensate the Solicitor

The advisory fee paid to Gardey Financial Advisors by the client is not increased as a result of the referral.

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### Referrals to Other Professionals

When Gardey Financial Advisors refers a client to another professional, they do not accept referral fees or any form of compensation from other professionals for doing so.

## Section XI Privacy Policy

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This Privacy Policy explains the handling of the information that Gardey Financial Advisors has in its records that is personal and private to the client. It reiterates Gardey Financial Advisors' commitment to keeping that information private.

Gardey Financial Advisors, an independent financial planning firm, is committed to safeguarding the confidential information of its clients. All personal information provided to Gardey Financial Advisors is held in the strictest confidence. These records include all personal information that has been collected from the client in connection with any of the services provided by Gardey Financial Advisors. This information has never been disclosed to nonaffiliated third parties, except as permitted by law. If Gardey Financial Advisors were to anticipate a future change in this policy, the law prohibits them from doing so without advising the client first. Gardey Financial Advisors use health and financial information provided by the client, to assist the client in meeting their personal financial goals while guarding against any real or perceived infringements of the client's rights of privacy. Gardey Financial Advisors' policy, with respect to personal information about the client, is listed below.

- Employee and agent access is limited to information only those who have a business or professional reason for knowing, and only to nonaffiliated parties as permitted by law. (For example, federal regulations permit the sharing of limited amounts of information with a brokerage firm in order to execute securities transactions on a client's behalf, or so that a firm can discuss a financial situation with an accountant or lawyer.) No information is provided to a broker, accountant, or lawyer without the client's prior approval.
- A secure office and computer environment is maintained to ensure that the client's information is not placed at unreasonable risk.
- The categories of nonpublic personal information that is collected include information about the client's personal finances, health (to the extent that it is needed for the planning process) and information about transactions between the client and third parties.
- For unaffiliated third parties that require access to a client's personal information, including financial service companies and auditors, Gardey Financial Advisors requires strict confidentiality in the agreements with them and expect them to keep this information private. Federal and state regulators also may review firm records as permitted under law.
- Information is never provided to mailing list vendors or solicitors for any purpose.
- Personally identifiable information about the client will be maintained for the required time consistent with the federal and state securities laws, and with the CFP Board Code of Ethics and Professional Responsibility. After this required period of record retention, all such information will be destroyed by a bonded document destruction company.

## Section XII Proxy Voting

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Unless a client directs otherwise, Gardey Financial Advisors shall be responsible for directing the manner in which proxy's solicited by issuers of securities purchased by Gardey Financial Advisors for the client's account shall be voted. However, the client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the assets, including, but not limited to, class action lawsuits. Gardey Financial Advisors and/or the client shall correspondingly instruct each custodian of the assets to forward to Gardey Financial Advisors copies of all proxies and shareholder communications relating to the assets. Absent mitigating circumstances and/or conflicts of interest (to the extent any such circumstance or conflict is presented, if ever), information pertaining to how Gardey Financial Advisors addressed any such circumstance or conflict shall be maintained by Gardey Financial Advisors.

It is Gardey Financial Advisors' general policy to vote proxies consistent with the recommendation of the senior management of the issuer. Gardey Financial Advisors shall monitor corporate action of individual issuers and investment companies consistent with Gardey Financial Advisors' fiduciary duty to vote proxies in the best interest of its clients. Gardey Financial Advisors shall maintain records pertaining to proxy voting as required under the Advisers Act. Information pertaining to how Gardey Financial Advisors voted on any specific proxy issue is also available upon request.

**Any questions** regarding this proxy voting policy should be directed to Gardey Financial Advisors Chief Compliance Officer, Ashley Ciolek.