

# **TGS Financial Advisors**

SEC File Number: 801 – 38963

## **Form ADV Part 2A, Firm Brochure**

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**This brochure provides information about the qualifications and business practices of TGS Financial Advisors. If you have any questions about the contents of this brochure, please contact us at (610) 892-9900 or [david@tgsfin.com](mailto:david@tgsfin.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 TGS Financial Advisors is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to TGS Financial Advisors as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training**

## **Item 2           Material Changes**

There has been one material change made to TGS Financial Advisors' Brochure since its last annual updating amendment on March 26, 2019:

- Resignation of Chief Compliance Officer, Phil Deerwester, to attend medical school, effective August 31, 2019. Mr. Deerwester shall be succeeded by Firm owner/co-founder, and current Compliance Committee member, David A. Burd, CFP, and assisted by Firm Managing Partner, and current Compliance Committee member, David M. Gadra, who together (with potentially others) will continue to serve on the Compliance Committee.

**ANY QUESTIONS:** TGS' new Chief Compliance Officer, David A. Burd, remains available to address them.

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## **Item 4            Advisory Business**

- A. TGS Financial Advisors (the “Registrant”) is a corporation formed on September 16, 1990 in the state of Delaware. The Registrant became registered as an investment adviser in June 1991. The Registrant is owned by David Burd and James Hemphill. Mr. Hemphill is the Registrant’s President.
- B. As discussed below, the Registrant offers discretionary investment advisory services, and financial planning and related consulting services to clients.

### **INITIAL PROPOSAL**

Generally, upon commencement of a relationship, and prior to providing investment advisory services, the Registrant will meet with the client to determine the client’s investment objectives, financial planning issues, and other pertinent information. Thereafter, the results of the meeting and corresponding recommendations are set forth in an “Initial Proposal”.

### **INVESTMENT ADVISORY SERVICES**

The client can determine to engage the Registrant to provide discretionary investment advisory services as part of the TGS Financial Advisors Wrap Program (the “Program”). Clients in the Program pay a single fee for investment advisory services, brokerage, custody and reporting. The specific services a client receives in the Program will depend upon each client’s particular need.

The Program’s specific services, corresponding and conditions are discussed in the Program Brochure, a copy of which is presented to all prospective Program participants. The Program Brochure is incorporated into this Brochure by reference. All prospective Program participants should read both the Registrant’s Brochure and the Wrap Fee Program Brochure, and ask any corresponding questions that they may have, prior to participation in the Program. Raymond James Financial Services, Inc. (“RJFS”) is the custodian for Program accounts.

As indicated in the Program Brochure, participation in the Program may cost more or less than purchasing such services separately. However, the Registrant does not generally offer its services on an unbundled basis. As also indicated in the Wrap Fee Program Brochure, the Program fee charged by Registrant for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

The Registrant receives the balance of the Program fee after all other costs incorporated into the wrap fee program have been deducted or paid for by the Registrant (i.e., transaction costs). Because Registrant pays transaction fees to RJFS, Registrant has an economic incentive to maximize its compensation by seeking to minimize the number of trades in the client’s account. Generally, the Registrant provides its advice without regard to whether it will be required to pay transaction fees.

### **TGS MEDICAL PROFESSIONAL PROGRAM (TRIAGE MD)**

Registrant may, in its sole discretion, allow certain qualified clients who are: finalizing their medical studies, have been in a medical practice for approximately three years or less, and/or any other medical professionals who Registrant deems in its sole discretion to be otherwise qualified to participate in the TGS Medical Professional Wrap Fee Program (the “MPP”). The MPP may also be referred to as Triage MD. The services offered under, and

the corresponding terms and conditions pertaining to the MPP are discussed in the Program Brochure, which is presented to all prospective MPP participants. The Wrap Fee Program Brochure is incorporated into this Brochure by reference.

Before rendering services under the MPP, qualified clients are required to enter into a Medical Professional Program Wrap Fee Agreement (the “MPP Agreement”) with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services. The services offered under the MPP include financial planning that is geared to new medical professionals and may include ongoing discretionary investment management, to the extent determined necessary. However, most clients qualifying for MPP will not require discretionary management services.

To the extent investment management services are required for a client in MPP, the client’s account will be placed into the Program.

The Registrant, in its sole discretion, may reduce and/or waive its investment management fee under the MPP based on the extent of financial planning services performed for each client and/or various other factors.

The MPP fee charged by Registrant for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

**ANY QUESTIONS:** Registrant’s Chief Compliance Officer, David A. Burd, remains available to address any questions regarding MPP.

#### **FINANCIAL PLANNING AND CONSULTING SERVICES**

To the extent requested by a client, the Registrant may provide financial planning or consulting services (including investment and non-investment related matters) on a stand-alone separate fee basis (or, in Registrant’s exclusive discretion, as part of the Program). Prior to engaging the Registrant to provide planning or consulting services on a stand-alone basis, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services. Registrant does not serve as a law firm or accounting firm, and no portion of its services should be construed as legal or accounting services. Accordingly, Registrant does not prepare estate planning documents or tax returns. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes. 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 the Registrant. If the client engages any recommended professional, and a dispute arises, the client agrees to seek recourse exclusively from the engaged professional. At all times, the engaged licensed professional[s] (i.e. attorney, accountant, insurance agent, etc.), and not Registrant, shall be responsible for the quality and competency of the services provided. Clients are responsible for promptly notifying the Registrant if there is ever any change in their financial situation or investment objectives so that the Registrant can review, and if necessary, revise its previous recommendations or services.

## MISCELLANEOUS

**Sub-Advisory Arrangements.** The Registrant may engage sub-advisors, including Marshfield Associates, Inc., for the purpose of assisting the Registrant with the management of its client accounts. The sub-advisors shall have discretionary authority for the day-to-day management of the assets that are allocated to it by the Registrant. The Registrant will continue to monitor and review the client's account performance, investment objectives, and asset allocation. The investment management fee charged by the Sub-Advisors, including Marshfield Associates, Inc., is in addition to, the Registrant's investment advisory fee as set forth in Item 5.

**Client Obligations.** The Registrant will not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely on the information in its possession. Clients are responsible for promptly notifying the Registrant if there is ever any change in their financial situation or investment objectives so that the Registrant can review, and if necessary, revise its previous recommendations or services.

**Retirement Rollovers:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If the Registrant recommends that a client roll over their retirement plan assets into an account to be managed by the Registrant, such a recommendation creates a conflict of interest if the Registrant will earn an advisory fee on the rolled over assets. No client is under any obligation to roll over retirement plan assets to an account managed by Registrant. The Registrant's Chief Compliance Officer, David A. Burd, CFP, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by a rollover recommendation.

**eMoney.** Registrant may provide its clients with access to an online platform hosted by "eMoney Advisor" ("eMoney"). The eMoney platform allows a client to view their complete asset allocation, including those assets that Registrant does not manage (the "Excluded Assets"). Registrant does not provide investment management, monitoring, or implementation services for the Excluded Assets. Therefore, Registrant shall not be responsible for the investment performance of the Excluded Assets. The client or their other advisors that maintain trading authority, and not the Registrant, shall be exclusively responsible for the investment performance of the Excluded Assets. In addition, eMoney also provides access to other types of information, including financial planning concepts, which should not, in any manner whatsoever, be construed as services, advice or recommendations provided by Registrant. Registrant does not provide investment management, monitoring or implementation services for the Excluded Assets. If Registrant is asked to make a recommendation as to any Excluded Assets, the client is under absolutely no obligation to accept the recommendation, and Registrant shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. The client may engage Registrant to provide investment management services for the Excluded Assets pursuant to the terms and conditions of the *Investment Advisory Agreement* between Registrant and the client. Finally, Registrant shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the eMoney platform without Registrant's assistance or oversight.

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant's services.
- D. The Registrant only provides services through wrap fee programs. The Registrant receives a portion of the wrap fee after the payment of trading and administrative expenses.
- E. As of December 31, 2019, the Registrant had \$268,325,046 in assets under management on a discretionary basis and \$4,889,121 on a non-discretionary basis.

## **Item 5            Fees and Compensation**

- A. Below is information about the fees charged by TGS:

### **INITIAL PROPOSAL**

The cost of the Initial Proposal generally ranges between \$2,500 and \$5,000, but may exceed this range, depending upon the level and scope of the client's anticipated needs and requirements.

### **TGS FINANCIAL ADVISORS WRAP PROGRAM FEES**

Under the Program, the Registrant is able to offer participants discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual Program fee ranges from negotiable to 1.50% (per the fee schedule annexed to the Investment Advisory Agreement), depending upon the amount of the Program assets. *See* additional disclosure at Item 7 below.

**Wrap Program Conflict.** Participation in the Program may cost more or less than purchasing such services separately. The fee that we charge for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs. When managing a client's account on a wrap fee basis, we shall receive as payment for our investment advisory services, the balance of the wrap fee after all wrap-fee costs (including account transaction fees) have been deducted. Accordingly, we have a conflict of interest because we have an economic incentive to maximize our compensation by seeking to minimize the number of transactions/total costs in the client's account. **ANY QUESTIONS: Our Chief Compliance Officer, David A. Burd, CFP, remains available to address any questions that a client or prospective client may have regarding the corresponding conflict of interest a wrap fee arrangement may create.**

### **TGS MEDICAL PROFESSIONAL WRAP PROGRAM FEES**

A qualified client who determines to engage Registrant to provide services under the MPP, is required to enter into a Medical Professional Program Agreement with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services. The current MPP fee will be \$5,000 per year for three years of service and prorated and paid over the course of the relationship. The Registrant, in its sole discretion, may reduce or waive its fee under the MPP based on the

extent of financial planning services performed for each client and various other factors. Clients may only engage in the MPP for a period of three years. Thereafter, the MPP Agreement will terminate as to each client, who will then be obligated to execute a new investment advisory agreement with Registrant to provide ongoing services should they so desire.

#### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

Registrant's planning and consulting fees are negotiable, but generally range from \$1,000 to \$10,000 on a fixed fee basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant generally recommends that *RJFS* serve as the broker-dealer and custodian for client investment management assets. Broker-dealers such as *RJFS* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). However, clients in the Program will not be responsible for paying these transaction costs. In addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).
- D. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. The Registrant, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The *Investment Advisory Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, the Registrant shall refund the prorated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. Neither the Registrant, nor its representatives accept compensation from the sale of securities or other investment products.

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

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

## **Item 7            Types of Clients**

The Registrant's clients shall generally include individuals, business entities, trusts, estates, charitable organizations, and pension and profit sharing plans. Registrant, in its sole discretion, may charge a lesser investment advisory fee and/or charge a flat fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, competition, negotiations with client, etc.). 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. Registrant's Chief Compliance Officer, David A. Burd, CFP, remains available to address any questions that a client or prospective client may have regarding advisory fees.

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

- A. The Registrant shall utilize the following methods of security analysis:
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
  - Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

The Registrant shall utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)

**Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis, the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.



The Registrant's primary investment strategies - Long Term Purchases, Short Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

**Use of Mutual and Exchange Traded Funds:** 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 Registrant independent of engaging Registrant as an investment advisor. However, if a prospective client determines to do so, he/she will not receive Registrant's initial and ongoing investment advisory services. Registrant utilizes mutual funds issued by Dimensional Fund Advisors ("DFA"). DFA funds are generally only available through registered investment advisers approved by DFA. Thus, if the client was to terminate Registrant's services, and transition to another adviser who has not been approved by DFA to utilize DFA funds, restrictions regarding additional purchases of, or reallocation among other DFA funds, will generally apply. In addition to Registrant's investment advisory fee described below, and transaction and/or custodial fees discussed below, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). **ANY QUESTIONS: Registrant's Chief Compliance Officer, David A. Burd, CFP, remains available to address any questions that a client or prospective client may have regarding the above.**

**Portfolio Activity.** Registrant will review client portfolios on a periodic 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, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when Registrant determines that changes to a client's portfolio are unnecessary. Clients are still subject to the fees described in Item 5 below during periods of inactivity.

- C. Currently, the Registrant, with exceptions, primarily invests client assets in mutual funds and ETFs. The Registrant may also use sub-advisers. See Sub-Advisory Arrangements discussion above in Item 4 for more information on the Registrant's use of sub-advisers.

## **Item 9            Disciplinary Information**

The Registrant has not been the subject of any disciplinary actions.

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

- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Registrant, nor its representatives, 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.

- C. **Insurance License:** The Registrant's Managing Director, James S. Hemphill, in his separate individual capacity, is a licensed insurance agent. Mr. Hemphill maintains his license solely for the purpose of providing insurance-related consulting services to clients consistent with applicable state law requirements. Mr. Hemphill does not sell, nor does he offer to sell, any insurance-related products, nor does he receive any insurance-based commission compensation.
- D. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"), the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of the Registrant's clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons." The Registrant's securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects.

- D. The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation

creates a potential conflict of interest. As indicated above in Item 11.C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

## **Item 12 Brokerage Practices**

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

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

1. Non-Soft Dollar Research and Benefits. Registrant receives from *RJFS* (or another broker-dealer/custodian, investment manager, platform or fund sponsor, or vendor) free or discounted support services and products. Certain of these products and services assist the Registrant to better monitor and service client accounts maintained at these institutions. The support services that Registrant obtains can include investment-related research; pricing information and market data; compliance or practice management-related publications; discounted or free attendance at conferences, educational or social events; or other products used by Registrant to further its investment management business operations.

Certain of the support services or products received may assist the Registrant in managing and administering client accounts. Others do not directly provide this assistance, but rather assist the Registrant to manage and further develop its business enterprise.

Registrant's clients do not pay more for investment transactions effected or assets maintained at the broker-dealers and custodians because of these arrangements.

There is no corresponding commitment made by the Registrant to any broker-dealer or custodian or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products because of the above arrangements

**ANY QUESTIONS: Registrant's Chief Compliance Officer, David A. Burd, CFP, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the corresponding conflict of interest presented by such arrangement.**

2. The Registrant does not receive referrals from broker-dealers.
3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant. Higher transaction costs adversely impact account performance. Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

**The Registrant's Chief Compliance Officer, David A. Burd, CFP, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant does not receive any additional compensation as a result of order aggregation.

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

- A. For Program accounts, reviews are conducted on an ongoing basis by the Registrant's Principals and/or Representatives. All clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. 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 the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

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

- A. As referenced in Item 12.A.1 above, the Registrant receives certain benefits from *RJFS*.
- B. The Registrant does not compensate, directly or indirectly, any person, other than its employees, for client referrals.

### Item 15      **Custody**

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian. 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 the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

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

The Registrant provides other services on behalf of its clients that require disclosure on Form ADV Part 1 at Item 9. Some of these services subject the Registrant to an annual, surprise examination in accordance with the requirements of Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended. In addition, certain clients may establish asset transfer authorizations which permit the qualified custodian to rely upon instructions from the Registrant to transfer client funds or securities to third parties. These arrangements are also disclosed on Form ADV Part 1 at Item 9, but in accordance with the February 21, 2017 Investment Adviser Association No-Action Letter, these accounts are not subject to an annual surprise examination. **ANY QUESTIONS:** Registrant's Chief Compliance Officer, David A. Burd, CFP, remains available to address any questions that a client or prospective client may have regarding custody.

## **Item 16          Investment Discretion**

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming the Registrant as the client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at any time, impose restrictions, in writing, on the Registrant's 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 Registrant's use of margin, etc.).

## **Item 17          Voting Client Securities**

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

## **Item 18          Financial Information**

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: The Registrant's Chief Compliance Officer, David A. Burd, CFP, remains available to address any questions that a client or prospective client may have regarding any disclosures in this Brochure.**