

# SFG Retirement Plan Consulting, LLC

## Form ADV Part 2A Brochure

*This brochure provides information about the qualifications and business practices of SFG Retirement Plan Consulting, LLC. If you have any questions about the contents of this brochure, please contact us at (626) 578-0816 or by email at: [info@sfgRPC.com](mailto:info@sfgRPC.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 SFG Retirement Plan Consulting, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). SFG Retirement Plan Consulting, LLC's CRD number is: 170233.*

225 S. Lake Ave., Suite 600  
Pasadena, CA, 91101  
(626) 578-0816  
[info@sfgRPC.com](mailto:info@sfgRPC.com)

*Registration does not imply a certain level of skill or training.*

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### Item 2: Material Changes

As of 2/19/20, Isaac Kim has joined the firm as the new Chief Compliance Officer. We have updated our payment of fees (Item 5 Section B) to describe our termination billing period. We have updated our client list (Item 7) to include hospitals. We have updated our registration relationships and possible conflicts of interest (Item 10 Section C) to include Pan Pacific Partners, LLC, an outside business entity that one of our Investment Adviser Representative is affiliated with. Lastly, we have updated our proxy voting disclosure (Item 17), as we may accept voting authority for client securities, at client's request on a case-by-case basis.

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

SFG Retirement Plan Consulting, LLC is a Limited Liability Company organized in the State of California. The firm was founded in February 2014 as a non-proprietary, independently owned and operated registered investment adviser, focused on delivering unbiased and objective advice to our clients. The firm's founder and the principal owner, Mark Allan Shuster, has worked in the financial services industry since 1985.

SFG Retirement Plan Consulting, LLC is referred to in this document as "SFGRPC", "the Company", "us", "we", or "our". In this document we refer to current and prospective clients of SFGRPC as "you", "client", or "your".

## **B. Types of Advisory Services**

SFGRPC provides Investment Supervisory services whereby clients enter into a written Investment Advisory Agreement, where SFGRPC and our investment adviser representatives provide asset management services on a continuous and ongoing basis guided by the individual needs of the client. Using the information provided by the client, the investment advice is tailored to each client's individual situation. We regularly inquire about any changes to your investment goals, time horizon, and risk tolerance. These investment supervisory services are generally not provided to all your holdings or net worth but rather only to assets specifically designated by you and agreed to by us as managed assets.

We consider many different types of securities when formulating the investment advice we give to you. If you come to us with existing investments, we evaluate them with respect to your financial goals, risk tolerance, and investment time horizon. Depending upon your situation, your account(s) managed by us may contain individual stocks, corporate and/or government bonds, mutual funds, or exchange traded funds ("ETFs"), including negatively correlated mutual funds and ETFs. In some situations we may recommend that real estate be part of your investment portfolio.

In certain unique situations, we may recommend that all or a portion of your investment portfolio be actively managed by another investment adviser(s). These other advisors are reviewed and recommended by us to provide you with expertise in a particular investment style, market segment or investment strategy. We consider your individual circumstances, needs, and objectives when recommending other advisers. The other advisers managing portions of your portfolio will charge a fee for these services and these fees are distinct, separate, and in addition to, the fees we charge. A detailed description of the other advisers' services and fees is provided in their disclosure brochure. Our role is to oversee these other advisers to assure they perform their services as expected.

## **C. Client Tailored Services and Client Imposed Restrictions**

SFGRPC offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client's current situation. Clients may impose restrictions in investing in certain securities or types of securities or may require a specific securities inclusion in their portfolio. Clients must clearly identify these restrictions in writing to us. If client imposed restrictions prevent SFGRPC from properly servicing the client account, SFGRPC reserves the right to end the relationship or limit SFGRPC's fiduciary responsibility as described in the client's investment advisory agreement.

## **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. SFGRPC does not participate in any wrap fee programs as a portfolio manager.

# **Item 5: Fees and Compensation**

## A. Fee Schedule

The entirety of our revenue is generated from our investment advisory services. We have a standard fee schedule that is based upon plan assets. However, we assess the scope of services to be provided to determine the fees required. We normally charge a fee that encompasses the proposed range of services to be provided throughout a 12-month period. Fees can also be charged on an a-la-carte/fee for service basis. All our fees are negotiable.

Consideration of the following factors is made to determine the fee charged.

- Size of assets supervised
- Types of securities managed
- Range of services required
- Location/client travel requirements
- Meeting requirements

We may adjust our fees periodically to account for inflation or to cover the cost of services that fall outside the scope of services listed in our Investment Advisory Agreement with each client. Fees will not be adjusted without advance, written client agreement. Travel expenses and other out-of-pocket costs (if applicable) may be billed to the client separately, as detailed in the client agreement. Lower fees for comparable services may be available from other sources.

## B. Payment of Fees

Fees may be charged as a percentage of assets or as a flat annual fee. Generally, fees are billed monthly in arrears, hereby known as the "Billing Period." The billed fee and frequency is stated in our Investment Advisory Agreement.

For purposes of determining and calculating the fee as a percentage of assets, plan assets are valued as of the last trading day of the month, unless otherwise indicated. Annual flat fees will be billed on a monthly basis at the end of each month. Initial fees billed will be the amount, prorated for the number of days remaining in the initial Billing Period. Thereafter, fees will be billed at the end of each month. Termination fees billed will be the amount, prorated for the number of days remaining in the last Billing Period, prior to the effective date of termination.

Clients may choose to pay for our services via deduction from client account (via written authorization provided to the custodian) or by having SFGRPC bill clients for fees incurred.

You may terminate the Investment Advisory Agreement without fee or penalty by providing written notice to SFGRPC within five (5) business days from the execution of the agreement. Thereafter, either party may terminate the Investment Advisory Agreement by providing written notice.

## C. Valuation of Assets

Publicly traded securities are usually valued as of the end of business on the last trading day of the calendar month. We use the securities valuation provided by the independent qualified custodian for reporting and billing purposes.

Some of our clients hold privately issued securities in their managed account portfolios. Your independent qualified custodian may hold the privately issued securities, you may hold the physical certificates, or you may have ownership that is only reflected on the books of the issuer. These privately issued securities are not publicly traded and therefore do not have a daily indication of their fair market value. It is our policy to use the last known transaction price to value these non-publicly traded securities for reporting and billing purposes. Because the last known transaction price for these securities may be from a date far in the past, it may be higher or lower than the actual fair value of the securities at the portfolio valuation date. Therefore, the management fee related to the asset will be higher or lower than it would have been, had an actual fair market value been available and used.

## **D. Client Responsibility For Third Party Fees & Expenses**

Clients are responsible for the payment of all third party fees and expenses. These fees are separate and distinct from the fees charged by SFGRPC and will be disclosed in fund prospectuses and/or other written agreements. A description of some, but not all, of the additional fees and expenses you may be charged are as follows:

### Custodian/Broker-Dealer Fees

In addition to the investment advisory fees you pay to us, you will pay transaction fees (commissions) to your custodian or broker-dealer for executing securities transactions and charges for special services elected by you or SFGRPC. These special fees may include but are not limited to:

- Periodic distribution fees
- Certificate delivery fees
- Reorganization fees
- Outbound account transfer fees
- Returned check fees
- International security transfer fees
- Overnight mail and check fees
- Transfer agent fees

### Investment Company Fees

Investment company funds (e.g., mutual funds or ETFs) that are held by you will bear their own internal transaction and execution costs, as well as directly compensate their investment managers along with internal administrative services. Some funds pay 12b-1 fees, distribution fees, and/or shareholder service fees to broker-dealers that offer investment company funds to their clients. These fees affect the net asset value of the fund shares and are indirectly borne by fund shareholders such as you.

Some fund companies have imposed a redemption fee. A redemption fee is another type of fee that some funds charge their shareholders when shares are sold or redeemed within a short period of time from the purchase of the fund shares. Although a redemption fee is deducted from redemption proceeds just like a deferred sales load, it is not considered to be a sales load. Unlike a sales load, which is generally used to compensate brokers, a redemption fee is typically used to defray fund costs associated with a shareholder's redemption and is paid directly to the fund, not to a broker. The SEC generally limits redemption fees to 2%. In most cases, the funds will use the "first-in, first-out" (FIFO) method to determine the holding period. Under this method, the date of the redemption will be compared with the earliest purchase date of shares held in the account. While it is not the general practice of SFGRPC to sell client's securities in a period that would generate a redemption fee, we might do so if we believe the sale is in your best interests, or if fund shares must be redeemed to pay fees from the account.

A complete explanation of these charges is contained in the Prospectus and Statement of Additional Information for each investment company fund. You can obtain a prospectus through the investment company website, by telephone, or by mail.

#### Third-Party Advisor Fees

SFGRPC has entered into agreements with various third-party advisers. We offer clients various types of programs sponsored by these third-party advisers. We may help you select a particular third-party adviser's service or program. The third-party adviser provides the investment advice regarding the portfolio under their management. We provide investment advice regarding the selection and replacement of third party advisers.

Each third-party adviser provides differing levels of service to clients. The fees you will pay depend upon the size and complexity of your investment portfolio and the services provided. Please refer to the Investment Advisory Agreement you have with the third-party adviser to determine your actual fee.

The investment advisory fees you pay to a third-party adviser are separate from and in addition to the fee that you pay to us.

SFGRPC does not receive any portion of the fees listed above. Please see Item 12 of this brochure regarding broker-dealer/custodian.

### **D. Prepayment of Fees**

SFGRPC collects its fees in arrears. It does not collect fees in advance.

### **E. Outside Compensation For the Sale of Securities to Clients**

SFGRPC does not accept compensation for the sale of securities or other investment products. However, some supervised persons will accept compensation for the sale of securities or other investment products, including asset based sales charges or service fees from the sale of mutual funds in their role as a registered representatives of a broker-dealer, investment advisor representative of other registered investment advisors, and/or as an insurance agent. This compensation is not for services provided by SFGRPC but is disclosed here for information only. See Item 10 for information concerning other financial industry affiliations.

Clients always have the option to purchase SFGRPC recommended products through other brokers or agents that are not affiliated with SFGRPC.

Advisory fees that are charged to clients are not reduced to offset the commissions or markups on securities or investment products recommended to clients.

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

SFGRPC does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7: Types of Clients

SFGRPC provides consulting services to a diversified group of clients including individuals, high net worth individuals, trusts, estates, charitable organizations, business entities, municipal government entities, non-profit organizations, churches, hospitals, and endowments.

### **Minimum Account Size**

There is no account minimum for any of SFGRPC's services.

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

### A. Methods of Analysis and Investment Strategies

#### **Methods of Analysis**

SFGRPC's methods of investment analysis include a thorough analysis of historical performance, publicly available financial statements, manager activity, manager fees, revenue sharing, and internal investment redundancy. Both quantitative and qualitative factors are used in evaluating fund managers and their investment strategies. Sources used to perform investment analysis include, but are not limited to, publicly available financial statements, financial periodicals, corporate reports, prospectuses, and multiple outside independent research providers.

As part of our analysis of investments, we use a method called modern portfolio theory. Modern portfolio theory is a theory of investment that attempts to maximize an investment portfolio's expected return for a given amount of portfolio risk, when risk is defined as volatility of the value of the investment portfolio, or to minimize risk for a given level of expected return. We attempt to do this by carefully choosing the proportions of various assets in an investment portfolio.

Modern portfolio theory is a mathematical formulation of the concept of diversification in investing, with the aim of selecting an assortment of investment assets that has collectively lower risk than any individual asset. Modern portfolio theory models an asset's return as a normally distributed function (or more generally as an elliptically distributed random variable), defines risk as the standard deviation of return, and models a portfolio as a weighted combination of assets so that the return of a portfolio is the weighted combination of the assets' returns. By combining different assets whose returns are not perfectly positively correlated, modern portfolio theory seeks to reduce the total variance of the portfolio return. Modern portfolio theory also assumes that investors are rational, markets are efficient, and that the future performance of investments will have some similarity to their historical performance. These assumptions are not guaranteed and might not come to pass. Past performance might not be indicative of future performance.

#### **Investment Strategies**



SFGRPC offers various investment strategies to our clients. As part of our investment strategy we use a method called Tactical Asset Allocation. Tactical Asset Allocation is a dynamic investment strategy that adjusts a portfolio's asset allocation. Our goal in using Tactical Asset Allocation is to improve the risk-adjusted returns of an investment portfolio when compared with other investment strategies. We modify our asset allocation advice according to our opinion of the valuation of the markets in which our clients are invested. We attempt to adjust our asset allocation advice to over-weight or focus on a market or sector of the market that we feel will perform better than others. We strive to buy investments with the goal of holding them as long-term investments, but we might recommend you sell a particular investment if, in our opinion, it is no longer in your best interest to hold.

SFGRPC recommends a long term investment strategy.

## **B. Material Risks Involved**

Clients should be aware that there is a material risk of loss using any investment strategy. The investments recommended by SFGRPC are not guaranteed or insured by SFGRPC, the FDIC or any other government agency.

SFGRPC's investment analysis may perform differently than expected as a result of, among other things, the factors used in performing the analysis, the weight placed on each factor, and changes from the factors' historical trends. Past performance does not guarantee future results.

Our long term investment strategy is designed to capture market rates of both return and risk. Due to its nature, our long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, exchange rate risk, market risk, and political/regulatory risk. SFGRPC may use a passive investment strategy that is not actively managed where we do not attempt to take defensive positions in declining markets.

Investing in mutual funds carries the risk of capital loss and thus, you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be Money Market Funds, funds that consist of short term debt instruments like government Treasury Bills; Income Funds, providing current income on a steady basis; Bond Funds, investing in various types of Bonds; Balanced Funds, designed to provide both income and capital appreciation; Equity Funds, Funds that invest in stocks; Global and International Funds, investing in assets located outside of the United States; Specialty Funds, such as Sector or Regional Funds; Index Funds, passively managed Funds that seek to replicate an Index; and Exchange Traded Funds (ETFs), a pooled investment vehicle that are structured into Trusts that can be bought and sold like securities.

Although fixed income funds generally contain investments paying a return on a fixed schedule, there is still a risk involved in these investments. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury

inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described above.

Investing in Exchange Traded Funds ("ETFs") carry the risk of capital loss and thus, you may lose money investing in ETFs. All ETFs have costs that lower investment returns. ETFs may be more volatile than the underlying portfolio of securities the ETF is designed to track, or may drift from the portfolio they are seeking to track.

Investing in or utilizing the services of third-party advisers to manage a portion or all of your account(s) carries the risk of capital loss and thus, you may lose money using a third-party adviser. All third-party advisers charge an adviser fee that lowers investment returns. You should refer to the Risk section (Item 8) of the Brochure for any third-party advisers that you choose to manage your account. Additionally a third-party adviser might charge a wrap fee program. In a wrap fee program, the third-party adviser's fee includes the cost of securities transactions and they have the full discretionary power to decide if and when a securities transaction is made. In this situation the third-party adviser has the financial incentive not to make securities transaction. Paying for securities transactions in the client's investment portfolio creates a potential conflict of interest where the third-party adviser has the financial incentive not to make securities transactions in the client's account, when it is in the client's best interests to do so.

**Investing in securities involves a risk of loss of principal that you, as a client, should be prepared to bear.**

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## Item 9: Disciplinary Information

### A. Criminal or Civil Actions

There are no criminal or civil actions to report.

### B. Administrative Proceedings

There are no administrative proceedings to report.

### C. Self-regulatory Organization (SRO) Proceedings

There are no self-regulatory organization proceedings to report.

## Item 10: Other Financial Industry Activities and Affiliations

### A. Registration as a Broker/Dealer or Broker/Dealer Representative

Some representatives of SFGRPC are registered representative of AXA Advisors, LLC, an unaffiliated broker/dealer. These individuals, in their separate capacity, accept compensation for the sale of securities.

Any investment advice provided by SFGRPC is independent of AXA Advisors, LLC. AXA Advisors, LLC is not acting as fiduciary for your account, and neither provides, oversees nor monitors (i) any investment advice you may receive from SFGRPC or (ii) the compliance of SFGRPC with applicable law including but not limited to ERISA fiduciary standards and prohibited transaction rules.

## **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither SFGRPC nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

## **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Some representatives of SFGRPC are registered representative of AXA Advisors, LLC and from time to time, will offer clients advice or products in their role as a registered representative of AXA Advisors, LLC. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. SFGRPC always acts in the best interest of the client, including with respect to the sale of commissionable products to advisory clients. Clients are under no obligation to implement the plan through any representative of SFGRPC in such individual's capacity as a registered representative.

Some representatives of SFGRPC are investment adviser representative of AXA Advisors, LLC, The Sterling Group, LLC, Kobo Wealth Conservancy, LLC, KOBO Retirement Strategies, LLC, Daniel Investment Associates, LLC, and/or Pan Pacific Partners, LLC, and from time to time, will offer clients advice or products from those activities. These representatives will receive additional compensation if clients follow their recommendation and use the services of these outside investment advisory firms. This financial incentive creates a conflict of interest and gives these representatives an incentive to recommend products based on the compensation received rather than on the client's needs. SFGRPC always acts in the best interest of the client and clients are under no obligation to use the services of any representative of SFGRPC in connection with such individual's activities outside of SFGRPC.

Some representatives of SFGRPC are insurance agents with AXA Network and/or Shuster Financial and Insurance Services, Inc., and from time to time will offer clients advice or products from these activities. These representatives will receive additional compensation if clients follow their recommendation and use the services of these outside activities. This financial incentive creates a conflict of interest and gives these representatives an incentive to recommend products based on the compensation received rather than on the client's needs. SFGRPC always acts in the best interest of the client and clients are under no obligation to use the services of any representative of SFGRPC in connection with such individual's activities outside of SFGRPC.

SFGRPC is affiliated with KOBO Retirement Strategies, LLC and Shuster Financial & Insurance Services, Inc. and may share client expenses related to common clients. In addition to the conflicts described above

regarding an individual's incentive to recommend the services of these companies, SFGRPC has incentive to refer clients to its affiliated companies. Clients are under no obligation to use the services of any of SFGRPC's affiliated companies.

We believe that all material conflicts of interest under California Code of Regulations Section 260.238(k) are disclosed regarding the investment adviser, its representatives or any of its employees, which could reasonably be expected to impair the rendering of unbiased and objective advice.

#### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

SFGRPC may recommend third-party investment advisers to provide portfolio management services. In some cases, SFGRPC or its owner or representative might recommend a third party investment adviser that is affiliated through common ownership or our representative is dually registered as representatives of the third party investment advisers. In these cases, we or our representatives will receive additional compensation from these third party investment advisers. This compensation creates a financial incentive to recommend an affiliated third party investment adviser. This financial incentive creates a conflict of interest and gives our supervised person an incentive to recommend products based on the compensation received rather than on the client's needs.

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

#### **A. Code of Ethics**

SFGRPC has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. SFGRPC's Code of Ethics is available upon request to any client or prospective client, free of charge.

#### **B. Recommendations Involving Material Financial Interests**

SFGRPC does not recommend that clients buy or sell any security in which a related person to SFGRPC or SFGRPC has a material financial interest.

#### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of SFGRPC may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of SFGRPC to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting from the recommendations they provide to clients.

## **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of SFGRPC may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of SFGRPC to buy or sell securities before or after recommending securities to clients resulting in representatives profiting from the recommendations they provide to clients.

Such transactions may create a conflict of interest; however, SFGRPC will never engage in trading that operates to the client's disadvantage. If representatives of SFGRPC desire to buy or sell securities at or around the same time as clients, all transaction conducted by representatives of SFGRPC will occur after the trading of clients on any given day.

To address the potential conflicts of interest, we review the personal securities transactions of our Investment Advisor Representatives to assure our clients' interests are always held foremost.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

SFGRPC does not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15 – Custody, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We may require that our clients use a particular qualified custodian ("Custodian"), typically a registered broker-dealer, Member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with the Custodian. The Custodian will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we require that you use the custodian, you will decide whether to do so and will open your account with the Custodian by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so.

#### **How We Select Brokers/Custodians**

We seek to use a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds, etc.)
- Availability of investment research and tools that help us make investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices

- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us

### **Your Brokerage and Custody Costs**

For our clients' accounts that the Custodian maintains, the Custodian generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your account. The Custodian's commission rates applicable to our client accounts were negotiated based on the condition that our clients collectively maintain minimum amount of assets in accounts at the Custodian. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. In addition to commissions, the Custodian charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have the Custodian execute most trades for your account. We have determined that having the Custodian execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How We Select Brokers/Custodians").

### **Products and Services Available to Us from the Custodian**

The Custodian(s) we recommend are in the business serving independent investment advisory firms like us. They provide us with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to The Custodian's retail customers. The Custodian also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. The Custodian's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a minimum amount of assets with the Custodian. Following is a more detailed description of the Custodian's support services.

### **Services That Benefit You**

The Custodian's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through the Custodian include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. The Custodian's services described in this paragraph generally benefit you and your account.

### **Services That May Not Directly Benefit You**

The Custodian also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both the Custodian's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at the Custodian. In addition to investment research, the Custodian also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data

- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

### **Services That Generally Benefit Only Us**

The Custodian also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

The Custodian may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. The Custodian may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. The Custodian may also provide us with other benefits, such as occasional business entertainment of our personnel.

### **Our Interest in The Custodian's Services**

The availability of these services from the Custodian benefits us because we do not have to produce or purchase them. We don't have to pay for the Custodian's services so long as our clients collectively keep a minimum amount of their assets in accounts at the Custodian. The minimum may give us an incentive to recommend or require that you maintain your account with the Custodian, based on our interest in receiving the Custodian's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of the Custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of the Custodian's services (see "How We Select Brokers/Custodians") and not the Custodian's services that benefit only us.

### **Brokerage for Client Referrals**

SFGRPC does not have any agreements in place where securities transactions are directed to particular broker-dealers in exchange for client referrals.

### **Directed Brokerage**

If you direct SFGRPC to execute securities transaction at a broker-dealer other than one we use for our other clients you will forgo any benefit from savings on execution costs that we may have obtained through our negotiation of volume discounts or batched orders. In directing the use of a particular broker-dealer, it should be understood that we will not have authority to negotiate commissions or obtain volume discounts, and best execution may not be achieved. You may incur higher commissions, other transactions costs, greater spreads, or receive less favorable net prices, on transactions for your account than would otherwise be the case had you used a broker-dealer we prefer.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

When we decide to purchase or sell a specific security for multiple clients at the same time, we will consider aggregating, or combining the orders. This procedure will result in a single average price for all client transactions in the aggregated order. The account custodian charges for each transaction as if it were placed individually.



Similarly, SFGRPC may allocate securities among accounts when enough of a particular security or securities cannot be purchased or sold on a given day at a desired price. In this event, we will allocate the shares actually purchased or sold on pro rata basis. We may remove small allocations from the process if we believe it would not be in the best interest of our client(s).

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

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

SFGRPC will review the securities held in its clients' investment supervisory accounts on an ongoing basis. Your accounts are reviewed at least quarterly for proper asset allocation and to ensure they comply with your Investment Policy Statement ("IPS") and/or Investment Advisory Contract ("IAC"). All reviews are overseen by our Chief Investment Officer with specific task related to a review delegated to other supervised persons.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes to fund managers or changes in financial situation/needs of the client.

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of SFGRPC will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian. Some third-party advisers may require that clients agree to receive reports electronically.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

SFGRPC has not entered into any agreement where we will receive a referral fee or other economic benefit from any third party for advice rendered to SFGRPC's clients. However, because of common ownership interests between the owners of SFGRPC and other entities, there will be an economic benefit if one of the other entities provides additional services for a client of SFGRPC. Please refer to Item 10 for a discussion and disclosure of these entities.

### **B. Compensation to Non – Advisory Personnel for Client Referrals**

In a limited number of instances, SFGRPC will compensate individuals or companies for client referrals. All clients will be informed in writing of any referral compensation arrangements prior to entering into any agreement with SFGRPC. SFGRPC will not charge an advisory fee that is different from our customary charge when a client referred to us. You will not directly or indirectly bear the cost of the above referenced compensation.



## Item 15: Custody

SFGRPC does not maintain custody of client funds and/or securities. Therefore, clients will receive their monthly and/or quarterly account statements directly from the qualified custodian. You are encouraged to review these statements carefully and compare the amounts on the custodian statements with any statements we send and the fee schedule outlined in your Investment Advisory Agreement.

## Item 16: Investment Discretion

Most of our clients grant SFGRPC a limited power of attorney to select, purchase, or sell securities without obtaining your specific consent within the account(s) you have under our management. The limited powers of attorney are granted in the written Investment Advisory Agreement entered into between us. There are no restrictions upon the securities that may be purchased, sold, or held in your account unless you provide these restrictions to us in writing.

Some of our clients request that we contact them and receive their consent before every security transaction placed in their account. Because of the requirement for pre-approval of transactions, trades in these non-discretionary accounts may be placed later than those in discretionary accounts or not at all if, in our opinion, a specific investment opportunity has passed.

## Item 17: Voting Client Securities (Proxy Voting)

SFGRPC may accept voting authority for client securities. SFGRPC will receive proxies directly from the issuer of the security or the custodian.

## Item 18: Financial Information

### A. Balance Sheet

SFGRPC neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither SFGRPC nor its management has any financial condition that is likely to reasonably impair SFGRPC's ability to meet contractual commitments to clients.

### C. Bankruptcy Petitions in Previous Ten Years

SFGRPC has not been the subject of a bankruptcy petition in the last ten years.