

# **ISI Financial Group, Inc.**

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**March 23, 2020**

## **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of ISI Financial Group, Inc. If you have any questions about the contents of this brochure, please contact us at 717-393-3353. 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 ISI Financial Group, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

ISI Financial Group, Inc. is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Summary of Material Changes

There have been no material changes made to our Part 2A disclosure brochure since our last annual amendment filed on March 28, 2019.

**ISI Financial Group's Chief Compliance Officer, Timothy J. Decker, remains available to address any questions that an existing or prospective client may have regarding this Brochure.**

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## Item 4 Advisory Business

ISI Financial Group, Inc. ("ISI Financial") is a registered investment adviser based in Lancaster, Pennsylvania. We are organized as a corporation under the laws of the Commonwealth of Pennsylvania and we have been providing investment advisory services since 1995. Our firm is owned by Timothy J. Decker. Mr. Decker is the firm's President and Chief Compliance Officer.

We provide investment management services, and, to the extent specifically requested by a client, financial planning and consulting services. We also provide educational seminars/workshops for a fee.

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our" and "us" refer to ISI Financial Group, Inc. and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm.

### INVESTMENT MANAGEMENT SERVICES

Clients may engage our firm to provide discretionary investment management services on a *fee-only* basis. If you retain our firm for investment management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information at the beginning of our advisory relationship. We will use the information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice and to make investments on your behalf. As part of our investment management services, we will create an investment portfolio for you according to your risk tolerance and investing objectives. Investment portfolios may be based on one or more proprietary model portfolios developed by our firm which will be customized for each particular client. Once we construct an investment portfolio for you, we will monitor your portfolio on an ongoing basis, and will rebalance the portfolio as needed in line with your investment policy statement and financial condition.

If you retain our firm for investment management services, we require discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account, subject to a previously agreed upon Investment Policy Statement, without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and the appropriate trading authorization forms.

Generally we do not allow clients to impose restrictions on the management of their accounts, however in certain circumstances after discussion with our firm, we may agree that you may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing.

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

To the extent requested by a client, we may provide financial planning services which typically involve providing advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. Financial planning services are provided on a stand-alone separate fee basis (including investment and non-investment related matters, including estate planning, insurance planning, etc.).

If you retain our firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. Once we review and analyze the information you provide to our firm, we will deliver a written plan to you, designed to help you achieve your stated financial goals and objectives.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to us. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

To the extent requested by a client, we may provide consulting services on investment and/or non-investment related matters, such as portfolio reviews, investment consulting, estate planning, tax planning, insurance, etc. Neither our firm, nor any of its representatives, serves as an attorney, accountant, or licensed insurance agent, and no portion of our services should be construed as same. 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.). Clients are under no obligation to engage the services of any such recommended professional. Clients retain absolute discretion over all such implementation decisions and are free to accept or reject any of our recommendations.

If you engage any recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, you agree to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional (i.e. attorney, accountant, insurance agent, etc.), and not our firm, shall be responsible for the quality and competency of the services provided.

It remains your responsibility to promptly notify us if there is ever any change in your financial situation or investment objectives for the purpose of reviewing, evaluating or revising our previous recommendations and/or services.

### **COMPANY RETIREMENT PLAN SERVICES**

We offer company retirement plan services to employee benefit plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. In general, these services may include selection and monitoring of the Plan's investment alternatives, recommendation of asset allocation models and individualized investment advice to participants. These retirement plan services will generally be non-discretionary and advisory in nature. The ultimate decision to act on behalf of the plan shall remain with the plan sponsor or other named fiduciary. In certain cases, we may provide discretionary services.

We may also assist with participant enrollment meetings and provide investment-related educational seminars to plan participants on such topics as:

- Diversification
- Asset allocation
- Risk tolerance
- Time horizon

Our educational seminars may include other investment-related topics specific to the particular plan.

We may also provide additional types of retirement plan services to plans on an individually negotiated basis. All services, whether discussed above or customized for the plan based upon requirements from the plan fiduciaries (which may include additional plan-level or participant-level services) shall be detailed in a written agreement and be consistent with the parameters set forth in the plan documents.

## **Advisory Services to Retirement Plans**

As disclosed above, we offer various levels of advisory and consulting services to employee benefit plans ("Plan") and to the participants of such plans ("Participants"). The services are designed to assist plan sponsors in meeting their management and fiduciary obligations to Participants under the Employee Retirement Income Securities Act ("ERISA"). Pursuant to adopted regulations of the U.S. Department of Labor under ERISA Section 408(b)(2), we are required to provide the Plan's responsible plan fiduciary (the person who has the authority to engage us as an investment adviser to the Plan) with a written statement of the services we provide to the Plan, the compensation we receive for providing those services, and our status (which is described below).

The services we provide to your Plan are described above, and in the service agreement that you have signed with our firm. Our compensation for these services is described below, at Item 5, and also in the service agreement. We may, with consent of the Plan, and in accordance with Plan documents, bill out-of-pocket expenses (such as overnight mailings, messenger, translation fees, etc.) at cost. We do not reasonably expect to receive any other compensation, direct or indirect, for the services we provide to the Plan or Participants.

## **EDUCATIONAL SEMINARS/WORKSHOPS**

We may be separately engaged to participate and/or provide educational seminars/workshops that focus on investment and non-investment matters. These seminars are limited in nature and are not intended to provide the participants with personalized investment advice.

## **MISCELLANEOUS**

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

As indicated above, to the extent requested by a client, we may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. We do not serve as an attorney, accountant, or insurance agency, and no portion of our services should be construed as legal, accounting, or insurance brokerage services. Accordingly, we do not prepare estate planning documents, tax returns or sell insurance products.

To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance agents, etc.). Clients are reminded that they are 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 made by us or our representatives.

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. At all times, the engaged licensed professional (i.e. attorney, accountant, insurance agent, etc.), and not our firm, shall be responsible for the quality and competency of the services provided.

### **Retirement Rollovers- Conflict of Interest**

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 we recommend that a client roll over their retirement plan assets into an account to be managed by us, such a recommendation creates a conflict of interest. No client is under any obligation to roll over retirement plan assets to an account managed by the firm.

### **Use of Dimensional Fund Advisors Mutual Funds**

While we may recommend allocating investment assets to mutual funds that are not available directly to the public, we may also recommend that clients allocate investment assets to publically-available mutual funds that the client could obtain without engaging us as an investment adviser. However, if a client or prospective client determines to allocate investment assets to publically-available mutual funds without engaging us as an investment advisor, the client or prospective client would not receive the benefit of our initial and ongoing investment advisory services.

Others mutual funds, such as those issued by Dimensional Fund Advisors (“DFA”), are generally only available through registered investment advisers. We may allocate client investment assets to DFA mutual funds. Therefore, upon the termination of our services to a client, restrictions regarding transferability and/or additional purchases of, or reallocation among DFA funds will apply. Our Chief Compliance Officer, Timothy J. Decker, remains available to address any questions that a client or prospective client may have regarding the above.

### **Portfolio Activity**

We have a fiduciary duty to provide services consistent with our clients’ best interests. As part of our investment advisory services, we 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, and/or a change in the client’s investment objective. Based upon these factors, there may be extended periods of time when we determine that changes to a client’s portfolio are neither necessary nor prudent. Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity.

### **Trade Error Policy**

Our firm will reimburse accounts for losses resulting from our trade errors, but we will not credit accounts for such errors resulting in market gains. If a profit results from correcting the trade, all net gains (positive error accounts balances resulting from trade corrections) will be moved to a TD Ameritrade error account and subsequently donated to charity.

### **ByAllAccounts, Inc.**

Our firm, in conjunction with the services provided by ByAllAccounts, Inc, may also provide periodic comprehensive reporting services, which can incorporate all of the client’s investment assets including those investment assets that are not part of the assets we manage (the “Excluded Assets”). Our service relative to the Excluded Assets is limited to reporting services only, which does not include investment implementation. Because we do not have trading authority for the Excluded Assets, to the extent applicable to the nature of the Excluded Assets (assets over which the client maintains trading authority vs. trading authority designated to another investment professional), the client (and/or the other investment professional), and not ISI Financial, shall be exclusively responsible for directly implementing any recommendations relative to the Excluded Assets. The client and/or their other advisors that maintain trading authority, and not ISI Financial, shall be exclusively responsible for the investment performance of the Excluded Assets. Without limiting the above, we shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event a client desires that we provide investment management services with respect to the Excluded Assets, the client may engage ISI Financial to do so pursuant to the terms and conditions of an investment advisory agreement.

### **Performance Reporting Services**

In addition to account statements provided by the account custodian, clients may also have access to quarterly performance reports noting fees, holdings, account performance, and other account related information. Performance reports are provided for informational purposes only and are not official records of ISI Financial. Reports are prepared using sources and information believed to be reliable

and are not a guarantee of positions owned or of the market value of such positions. Although great effort is taken to provide accurate information, these reports should not be used for tax or legal purposes. Clients should compare performance reports against statements received from the account custodian and should bring any inconsistencies or questions to the immediate attention of their investment adviser representative or ISI Financial.

Our firm has entered into an agreement with Orion Advisor Services, LLC ("Orion") to provide, among other things, account reconciliation, reporting, securities pricing and valuation, and fee calculation services for client accounts. In computing the market value of any security or other investment in the account, each security listed on a national securities exchange will be valued by Orion, as of the valuation date, at the closing price on the principal exchange on which it is traded, or as determined by Orion. Any other security or investment in the account will be valued based on prices obtained or provided by Orion.

### **Client Obligations**

In performing our services, we shall not be required to verify any information received from you or from your other professionals, and is expressly authorized to rely thereon. Moreover, you are advised that it remains your responsibility to promptly notify our firm if there is ever any change in your financial situation or investment objectives for the purpose of reviewing, evaluating or revising our previous recommendations and/or services.

### **Disclosure Statement**

A copy of our written disclosure statement, as set forth on Part 2 of Form ADV, is provided to each client prior to, or contemporaneously with, the execution of their agreement.

### **Wrap Fee Program**

Our firm does not participate in a wrap fee program.

### **Types of Investments**

We primarily offer advice on no load institutional mutual funds and exchange traded funds.

### **Assets Under Management**

As of December 31, 2019, we provide continuous management services for \$512,493,993 in client assets on a discretionary basis.

## **Item 5 Fees and Compensation**

### **INVESTMENT MANAGEMENT SERVICES**

Our fee for investment management services is based on a percentage of your assets we manage and is set forth in the following fee schedule:

<b>Account Size</b>	<b>Annual Fee</b>
First \$499,999	1.32%
Next \$500,000 - \$999,999	0.98%
Next \$1,000,000 - \$2,999,999	0.85%
Next \$3,000,000 - \$4,999,999	0.75%
Next \$5,000,000 - \$9,999,999	0.55%
Next \$10,000,000+	Negotiable



Our investment advisory fee is negotiable at our discretion, depending upon objective and subjective factors including but not limited to: the amount of assets to be managed; portfolio composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; the professional(s) rendering the service(s); prior relationships with our firm and/or its representatives, and negotiations with the client. As a result of these factors, similarly situated clients could pay different fees, the services to be provided by our firm to any particular client could be available from other advisers at lower fees, and certain clients may have fees different than those specifically set forth above.

Our annual portfolio management fee is payable quarterly in arrears based on the value of your account on the last day of the quarter. If the investment advisory agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee may be negotiable, depending on individual client circumstances and portfolio size. Also, existing clients' fee schedules may be different than the one stated above.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. In limited circumstances, we may invoice clients directly for advisory fees in which case payment shall be due and payable directly upon receipt of invoice.

You may terminate the investment advisory agreement upon 30 days written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client.

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

We charge a non-negotiable fixed fee of \$2,950 for financial planning services which entitles you to receive a financial plan taking up to 7 hours to prepare and review with you. For financial plans for new clients, in the event more than 7 hours is needed to prepare and review the plan with you, we will charge you a non-negotiable hourly fee of \$375. We require half of the financial planning fee to be paid in advance with the remainder due upon presentation of the plan. An estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate.

For consulting services, we charge a non-negotiable hourly fee of \$375. Consulting fees are immediately due upon completion of the services rendered. We have a minimum fee of \$375 for consulting services and charge in 15 minute increments. We do not require you to pay fees six or more months in advance.

You may terminate the financial planning and consulting agreement upon written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement, which

means you will incur advisory fees based upon the portion of the work performed and any pre-paid unearned fees will be refunded to you.

### **COMPANY RETIREMENT PLAN SERVICES**

For company retirement plan services, we charge a negotiable fee ranging up to 1.20% per year of the value of the Plan's assets or a non-negotiable fixed fee of \$375 per hour. Our asset based fee is due and payable quarterly in arrears and our hourly fees are generally due upon invoice. The Plan custodian generally deducts our fee out of the Plan's accounts and remits the fee to us. In some cases, we may invoice clients directly for our fee.

Our advisory fees for customized services will be negotiated with the plan sponsor or named fiduciary on a case-by-case basis.

You may terminate the retirement agreement upon written notice to our firm in accordance with the terms of the agreement. You will incur a pro rata charge for services rendered prior to the termination of the agreement based on the number of days in the quarter you were a client of the firm.

### **EDUCATIONAL SEMINARS/WORKSHOPS**

We charge a fixed fee for participation in an educational seminar or workshop. Our fee is generally not negotiable and the exact fee will depend upon the substance of the seminar but will generally be at least \$15 per person. We may, in our sole discretion, charge a lesser fee. The fee is payable directly to our firm either before or at the time of the educational seminar/workshop. This fee is generally not refundable.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and exchange traded funds (described in each prospectus). These fees will generally include a management fee and other fund expenses. You may also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the *Brokerage Practices* section of this brochure.

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees.

## **Item 7 Types of Clients**

Our clients shall generally include individuals, pension and profit sharing plans, business entities, trusts, estates and charitable organizations. We generally require a \$1,000,000 minimum asset level for investment management services. However, we may, in our sole discretion, reduce or waive our minimum asset requirement 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.).

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

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- **Quantitative and Qualitative Assessment** - involves the evaluation of fund managers based on quantitative (measurable) factors such as performance and qualitative factors, which cannot be precisely measured, such as experience and caliber of management style and investment philosophy. Although quantitative and qualitative factors are distinguishable, they must be combined to arrive at sound business and financial judgment.  
**Risk:** The risk of quantitative and qualitative assessment is that the information obtained is subject to a subjective analysis which may lead to differing conclusions on decisions to invest.
- **Long-Term Purchases** - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than five years.  
**Risk:** Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in, or perhaps just your particular investment, will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

### Tax Considerations

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional prior to and throughout the investing of your assets.

### Risk of Loss

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### Recommendation of Particular Types of Securities

As disclosed under the *Advisory Business* section in this brochure, we primarily invest in no load institutional mutual funds and exchange traded funds. However, we may invest in other types of investments as appropriate for you since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

Mutual Funds and Exchange Traded Funds: Mutual funds and exchange traded funds (ETFs) are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market,

primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Exchange traded funds differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are “no load” and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be “closed end” or “open end”. So-called “open end” mutual funds continue to allow in new investors indefinitely whereas “closed end” funds have a fixed number of shares to sell which can limit their availability to new investors.

We may also allocate investment management assets of our client accounts, on a discretionary basis, among one or more of our mutual fund asset allocation programs as designated on the Investment Policy Statement. Our asset allocation strategies have been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, such as our asset allocation programs, with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is applicable to our management of client assets:

1. Initial Interview – at the opening of the account, through our designated representatives, we shall obtain from the client information sufficient to determine the client’s financial situation and investment objectives;
2. Individual Treatment - the account is managed on the basis of the client’s financial situation and investment objectives;
3. Quarterly Notice – at least quarterly we shall notify the client to advise us whether their financial situation or investment objectives have changed, or if they want to impose and/or modify any reasonable restrictions on the management of the account;
4. Annual Contact – at least annually, we shall contact the client to determine whether their financial situation or investment objectives have changed, or if they want to impose and/or modify any reasonable restrictions on the management of the account;
5. Consultation Available – We shall be reasonably available to consult with the client relative to the status of the account;
6. Quarterly Report – the client shall be provided with a quarterly report for the account for the preceding period from the custodian;
7. Ability to Impose Restrictions – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct us not to purchase certain mutual funds;
8. No Pooling – the client’s beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account;
9. Separate Account - a separate account is maintained for the client with the Custodian;
10. Ownership – each client retains indicia of ownership of the account (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

We believe that our annual investment management fee is reasonable in relation to: (1) the advisory services provided under the Investment Advisory Agreement; and (2) the fees charged by other investment advisers offering similar services/programs. However, ISI Financial’s annual investment management fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to our annual investment management fee, the client will also incur charges imposed directly at the mutual and exchange traded fund level (e.g., management fees and other fund expenses).

Our investment programs may involve above-average portfolio turnover which could negatively impact

upon the net after-tax gain experienced by an individual client in a taxable account.

## **Item 9 Disciplinary Information**

ISI Financial Group, Inc. has been registered and providing investment advisory services since 1995. Neither our firm nor any management person has any reportable disciplinary information.

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

We do not have any relationship or arrangement with any other entity that is material to our advisory business not otherwise disclosed in this Brochure.

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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

We have voluntarily subscribed to the "Real Fiduciary Practices" published by The Institute for the Fiduciary Standard. The Real Fiduciary Practices offer a simple code of conduct and outline a commitment to clients of subscribing financial advisors. They seek to clearly articulate what a client can expect to receive from a subscribing financial advisor. These Real Fiduciary™ Practices do not replace our regulatory compliance obligations or duties to clients under relevant laws, rules, or regulations. The Institute for the Fiduciary Standard's role is limited to publishing the practices as well as maintaining a corresponding register of subscribing financial advisors. You can verify our affirmation of Real Fiduciary™ Practices on our website or at the Institute for the Fiduciary Standard website at [www.thefiduciaryinstitute.org](http://www.thefiduciaryinstitute.org). The practices can be found at <https://thefiduciaryinstitute.org/wp-content/uploads/2019/03/Real-Fiduciary-Practices-2019-02-22.pdf>.

### **Participation or Interest in Client Transactions**

Neither our firm nor any persons associated with our firm has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

## Item 12 Brokerage Practices

Our firm participates in the TD Ameritrade Institutional program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC, an unaffiliated SEC registered broker-dealer and FINRA member. TD Ameritrade offers independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Our firm receives some economic benefits from TD Ameritrade through our participation in this program. (Please see the disclosures under the Client Referrals and Other Compensation section below)

We believe that TD Ameritrade provides quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by TD Ameritrade, including the value of research provided the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of research services and additional brokerage products and services TD Ameritrade provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Directed Brokerage**

In very limited circumstances, we will accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). If you choose to direct our firm to use a particular broker, you should understand that this might prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you. 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.

### **Block Trades**

We do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (the practice of combining multiple orders for shares of the same securities is commonly referred to as "block trading"). Accordingly, you may pay different prices for the same securities transactions than other clients pay. Furthermore, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than other clients.

### **Additional Benefits**

We have received from TD Ameritrade and/or DFA, certain additional economic benefits ("Additional Benefits") that may or may not be offered to us again in the future. Specifically, the Additional Benefits include partial payment for certain educational and social events we host for clients. Over the past two years, TD Ameritrade and DFA have made infrequently and irregular one off payments to third party vendors between \$500 and \$2,000. Each payment is non-recurring and individually negotiated. We have no expectation that these Additional Benefits will be offered again; however, we reserve the right to negotiate for these or similar Additional Benefits in the future. TD Ameritrade and DFA provide the Additional Benefits to us in their sole discretion and at their own expense, and neither we nor our

clients pay any fees to TD Ameritrade or DFA for the Additional Benefits. We have not entered into any written agreement with TD Ameritrade or DFA to govern the Additional Benefits.

**ISI Financial's Chief Compliance Officer, Timothy Decker, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

## **Item 13 Review of Accounts**

For investment management accounts, we monitor accounts on an ongoing basis. A specific review of an account may be performed based on factors including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives,
- upon client request

All investment management clients are advised that it remains their responsibility to advise us of any changes in their investment objectives and/or financial situation.

Investment management clients are provided, at least quarterly, with written or electronic transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Upon request of the client, we may also provide a written periodic report summarizing account activity and performance.

All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with our firm regularly as needed.

We will review/update financial plans only upon your request. Such reviews and updates may be subject to our then current hourly rate.

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

As disclosed under Item 12 above, we participate in TD Ameritrade's Institutional Advisor Program and we may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade's retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our clients; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to our client accounts); the ability to have our fees deducted directly from our clients' accounts; access to an electronic communications network for order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to our firm by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our associated persons and may also pay or reimburse expenses (including travel, lodging, meals and entertainment), expenses for our personnel to attend conferences or meetings relating to the program or to TD Ameritrade's advisor custody and brokerage services generally. Some of the products and



services made available by TD Ameritrade through the program may benefit our firm but may not benefit our client accounts. These products or services may assist our firm in managing and administering our client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help our firm manage and further develop our business enterprise.

The benefits received by our firm and our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade and are not considered “soft dollar” benefits. As part of our fiduciary duties to our clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or associated persons in and of itself creates a conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

We do not compensate, directly or indirectly, any person, other than our representatives, for client referrals.

## **Item 15 Custody**

### **Deduction of Client’s Advisory Fees from Client Accounts**

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

To the extent that we provide clients with periodic account statements or reports, you are urged to compare any statement or report provided by our firm with the account statements received from the account custodian.

The account custodian does not verify the accuracy of our advisory fee calculation. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, please contact us directly at the telephone number on the cover page of this brochure.

### **Third Party Standing Letters of Authorization**

Our firm also provides other services on behalf of its clients that require disclosure at ADV Part 1, Item 9. In particular, certain clients have signed asset transfer authorizations that permit the qualified custodian to rely upon our instructions to transfer client funds to “third parties.” In accordance with the guidance provided in the SEC Staff’s February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subjected to an annual surprise examination.

## **Item 16 Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement. You must grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s), subject to an agreed upon and signed Investment Policy Statement, without obtaining your consent or approval prior to each transaction.

Generally we do not allow clients to impose restrictions on the management of their accounts; however in certain circumstances, on an exception basis, after discussion with our firm, we may agree that you



may specify, in writing, investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

## **Item 17 Voting Client Securities**

We will not vote proxies on behalf of your advisory accounts. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

## **Item 18 Financial Information**

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1,200 in fees six or more months in advance nor have we filed a bankruptcy petition at any time in the past ten years. Therefore, we are not required to include a financial statement with this brochure.

## **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

**ANY QUESTIONS:** Our Chief Compliance Officer, Timothy J. Decker, remains available to address any questions that you may have regarding the above disclosures and arrangements.