

Bouche Financial Group, Ltd.

SEC File Number: 801 – 51979

ADV Part 2A, Firm Brochure

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Contact: Martin X. Shields, Chief Compliance Officer
1819 Fifth Avenue
Troy, New York 12180-3302
www.bouche.com

This Brochure provides information about the qualifications and business practices Bouche Financial Group, Ltd. (“Bouche Financial”). If you have any questions about the contents of this Brochure, please contact us at (518) 720-3333 or MS Shields@bouche.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 Bouche Financial Group, Ltd. also is available on the SEC’s website at www.adviserinfo.sec.gov.

References herein to Bouche Financial Group, Ltd. as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Item 2 Material Changes

Since Bouchey Financial's March 29, 2019 Annual Amendment filing, this Brochure has been amended as follows:

- At Items 4 and 10 to remove references to representatives of Bouchey Financial serving as licensed insurance agents
- At Item 4 to revise disclosures related to the use of mutual funds, cash positions, and periods of portfolio inactivity
- At Items 4 and 5 to revise disclosures related to brokerage commissions and transaction fees
- At Item 7 to revise description of Bouchey Financial's minimum asset level
- At Item 8 to incorporate disclosures regarding risks associated with various asset types that may be utilized in the management of client accounts

Bouchey Financial's Chief Compliance Officer, Martin X. Shields, remains available to address any questions that a client or prospective client may have regarding any aspect of this ADV Part 2A, Firm Brochure.

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Item 4 Advisory Business

- A. Bouchey Financial is a corporation formed on August 30, 1995 in the State of New York. Bouchey Financial became registered as an Investment Adviser Firm in May 1996. Bouchey Financial is owned by Steven B. Bouchey. Mr. Bouchey is Bouchey Financial's President.
- B. As discussed below, Bouchey Financial offers to its clients (individuals, pension and profit sharing plans, business entities, trusts, estates and charitable organizations, etc.) investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

INVESTMENT ADVISORY SERVICES

The client can determine to engage Bouchey Financial to provide discretionary and/or non-discretionary investment advisory services on a *fee* basis.

Bouchey Financial primarily allocates investment assets among mutual funds, individual equity securities, fixed income securities and exchange traded funds on a discretionary and/or non-discretionary basis in accordance with the client's designated investment objective(s). Once allocated, Bouchey Financial provides ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives.

AUTOMATED INVESTMENT PROGRAM

For clients with investment advisory assets of less than \$250,000, Bouchey Financial provides portfolio management services through an automated investment program (the "Program"). Through the Program, Bouchey Financial offers clients a range of investment strategies it has constructed and manages, each consisting of a portfolio of exchange-traded funds ("ETFs") and a cash allocation. The client may instruct Bouchey Financial to exclude up to three ETFs from their portfolio. The client's portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. ("CS&Co"). Bouchey Financial uses the Institutional Intelligent Portfolios® platform (the "Platform"), offered by Schwab Performance Technologies ("SPT"), a software provider to independent investment advisors and an affiliated of CS&Co., to operate the Program. Bouchey Financial is independent of and not owned by, affiliated with, or sponsored or supervised by CS&Co or its affiliates (together, "*Schwab*").

Bouchey Financial, and not *Schwab*, are the client's investment advisor and primary point of contact with respect to the Program. Bouchey Financial is solely responsible, and *Schwab* is not responsible, for determining the appropriateness of the Program for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis.

Bouchey Financial has contracted with SPT to provide it with the technology platform and related trading and account management services for the Program. This Platform enables Bouchey Financial to make the Program available to clients online and includes a system that automates certain key parts of the Bouchey Financial investment process (the "System"). The System includes an online questionnaire that helps Bouchey Financial determine the client's investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that Bouchey Financial will recommend a portfolio via the System in response to the client's answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less

or more conservative or aggressive than the recommended portfolio, but Bouchey Financial then makes the final decision and selects a portfolio based on all the information Bouchey Financial has about the client. The System also includes an automated investment engine through which Bouchey Financial manages the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects). Bouchey Financial does not receive a portion of a wrap fee for our services to clients through the Program.

Bouchey Financial charges clients a fee for its services as described below under Item 5 Fees and Compensation. Bouchey Financial's fees are not set or supervised by *Schwab*. Clients do not pay brokerage commissions or any other fees to CS&Co as part of the Program. *Schwab* does receive other revenues in connection with the Program, which are described below under Item 5.

Bouchey Financial does not pay SPT fees for its services in the Program so long as Bouchey Financial maintains \$100 million in client assets in accounts at CS&Co that are not enrolled in the Program. If Bouchey Financial does not meet this condition, then Bouchey Financial must pay SPT an annual fee of 0.10% (10 basis points) on the value of Bouchey Financial's clients' assets in the Program. **Please Note:** This fee arrangement presents a conflict of interest, as it provides an incentive for Bouchey Financial to recommend that clients maintain their accounts at CS&Co. Notwithstanding, Bouchey Financial may generally recommend to clients that investment management accounts be maintained at CS&Co based on the considerations discussed in Item 12 below, which mitigates this conflict of interest. **Our Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

Clients enrolled in the Program are limited in the universe of investment options available to them. For example, the investment options available are limited to ETFs, whereas Bouchey Financial recommends various other types of securities in its other services. The Program is designed to provide guidance and professional assistance to individuals who are beginning the process of accumulating wealth. Clients will have access to their accounts and a financial interface online but will also have the opportunity to confer with Bouchey Financial with respect to their account.

Rebalancing

The System will rebalance a client's account periodically by generating instructions to CS&Co. to buy and sell shares of ETFs and depositing or withdrawing funds through the "Sweep Program," considering the asset allocation for the client's investment strategy. Rebalancing trade instructions can be generated by the System when (i) the percentage allocation of an ETF varies by a set parameter established by Bouchey Financial, (ii) Bouchey Financial decides to change the ETFs or their percentage allocations for an investment strategy or (iii) Bouchey Financial decides to change a client's investment strategy, which could occur, for example, when a client makes changes to their investment profile or imposes or modifies restrictions on the management of their account. Accounts below \$5,000 may deviate farther than the set parameters as well as the target allocation of the selected investment profile. Rebalancing below \$5,000 may impact the ability to maintain positions in selected asset classes due to the inability to buy or sell at least one share of an ETF. For example, withdrawal requests may require entire asset classes to be liquidated to generate and disburse the requested cash.

Sweep Program

Each investment strategy involves a cash allocation (“Cash Allocation”) that will be held in a sweep program at Charles Schwab Bank (the “Sweep Program”). The Cash Allocation will be a minimum of 4% of an account’s value to be held in cash, and may be higher, depending on the investment strategy chosen for a client. The Cash Allocation will be accomplished through enrollment in the Sweep Program, a program sponsored by CS&Co. By enrolling in the Program, clients consent to having the free credit balances in their brokerage accounts at CS&Co. swept into deposit accounts (“Deposit Accounts”) at Charles Schwab Bank (“Schwab Bank”) through the Sweep Program. Schwab Bank is an FDIC-insured depository institution that is a Schwab affiliate. The Sweep Program is a required feature of the Program. If the Deposit Account balances exceed the Cash Allocation for a client’s investment strategy, the excess over the rebalancing parameter will be used to purchase securities as part of rebalancing. If clients request cash withdrawals from their accounts, this likely will require the sale of ETF positions in their accounts to bring their Cash Allocation in line with the target allocation for their chosen investment strategy. If those clients have taxable accounts, those sales may generate capital gains (or losses) for tax purposes. In accordance with an agreement with CS&Co., Schwab Bank has agreed to pay an interest rate to depositors participating in the Sweep Program that will be determined by reference to an index.

Conditions and Limitations of the Program:

- Clients enrolled in the Program will not receive financial planning and consulting services.
- Clients may contact an advisor via email or telephone for questions about their portfolio, but such advice will be limited.
- Enrollment in the Program will generally be limited to clients with asset levels of less than \$250,000. Once a client has reached this asset level, they may be required to convert to a standard advisory relationship.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent requested by a client, Bouchey Financial may provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Prior to engaging Bouchey Financial to provide planning or consulting services, clients are generally required to enter into a *Financial Planning Agreement* with Bouchey Financial setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Bouchey Financial commencing services. If requested by the client, Bouchey Financial may recommend the services of other professionals for implementation purposes, including through Bouchey Financial’s affiliated entities in their capacities as licensed insurance agencies (*See* disclosure at Item 10.C). The client is under no obligation to engage the services of any such recommended professional or entity. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Bouchey Financial. Please Note: If the client engages any professional (i.e. attorney, accountant, insurance agent, etc.), recommended or otherwise, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from the engaged professional. At all times, the engaged professional(s), and not Bouchey Financial, shall be responsible for the quality and competency of the services provided. Please Also Note: It remains the client’s responsibility to promptly notify Bouchey Financial if there is ever any change in his/her/its

financial situation or investment objectives for the purpose of reviewing, evaluating or revising Bouchey Financial's previous recommendations and/or services.

RETIREMENT PLAN CONSULTING

Bouchey Financial also provides non-discretionary retirement consulting services, pursuant to which it assists sponsors of self-directed retirement plans with the selection and/or monitoring of investment alternatives (generally open-end mutual funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. In addition, to the extent requested by the plan sponsor, Bouchey Financial shall also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. The terms and conditions of the engagement shall generally be set forth in a *Retirement Plan Consulting Agreement* between Bouchey Financial and the plan sponsor.

Bouchey Financial also offers pension-consulting services on a discretionary basis. All client accounts are regulated under the Employee Retirement Income Securities Act of 1974 as amended ("ERISA"). Bouchey Financial will provide discretionary investment advisory services to direct investing and reinvesting plan assets as appropriate, considering each plan's stated objective, liquidity needs, and stated policies and guidelines. Bouchey Financial employs an initial and ongoing screening process based upon various factors, including fund performance and costs.

MISCELLANEOUS

Non-Investment Consulting/Implementation Services. To the extent requested by the client, Bouchey Financial *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither Bouchey Financial, nor any of its representatives, serves as an attorney or accountant, and no portion of Bouchey Financial's services should be construed as same. To the extent requested by a client, Bouchey Financial may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including Bouchey Financial's affiliated entities in their separate capacities as discussed below. The client is under no obligation to engage the services of any such recommended professional or entity. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Bouchey Financial. **Please Note:** If the client engages any professional, recommended or otherwise, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from the engaged professional. At all times, the engaged professional(s), and not Bouchey Financial, shall be responsible for the quality and competency of the services provided. **Please Also Note:** It remains the client's responsibility to promptly notify Bouchey Financial if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Bouchey Financial's previous recommendations and/or services.

Non-Discretionary Service Limitations. Clients that determine to engage Bouchey Financial on a non-discretionary investment advisory basis must be willing to accept that Bouchey Financial cannot affect any account transactions without obtaining prior consent to any such transaction(s) from the client. Thus, in the event that Bouchey Financial would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, Bouchey Financial will

be unable to affect the account transaction(s) (as it would for its discretionary clients) without first obtaining the client's consent.

Please Note: Fee Differentials. As indicated above, Bouchey Financial shall price its services based upon various objective and subjective factors. As a result, Bouchey Financial's clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall consulting services to be rendered. The services to be provided by Bouchey Financial to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

Inverse/Enhanced Market Strategies. Bouchey Financial may utilize long and short mutual funds and/or ETFs that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct Bouchey Financial, in writing, not to employ any or all such strategies for his/her/their/its accounts.

Independent Managers. Bouchey Financial may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers ("Independent Manager(s)") in accordance with the client's designated investment objective(s). In such situations, the Independent Manager(s) will have day-to-day responsibility for the active discretionary management of the allocated assets. Bouchey Financial will continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Bouchey Financial generally considers the following factors when recommending Independent Manager(s): the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated Independent Manager(s) are exclusive of, and in addition to, Bouchey Financial's ongoing investment advisory fee, and are subject to the terms and conditions of a separate agreement between the client and the Independent Manager(s). Bouchey Financial's advisory fee is set forth in the fee schedule at Item 5 below.

Retirement Plan Rollovers – No Obligation / 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 Bouchey Financial recommends that a client roll over their retirement plan assets into an account to be managed by Bouchey Financial, such a recommendation creates a conflict of interest if Bouchey Financial will earn a new (or increase its current) advisory fee as a result of the rollover. No client is under any obligation to roll over retirement plan assets to an account managed by Bouchey Financial.

Please Note-Use of Mutual and Exchange Traded Funds: Most mutual funds and exchange traded funds are available directly to the public. Thus, a prospective client can obtain many of the funds that may be utilized by Bouchey Financial independent of engaging Bouchey Financial as an investment adviser. However, if a prospective client determines to do so, he/she will not receive the Bouchey Financial's initial and ongoing investment advisory services. **Please Note - Use of DFA Mutual Funds:** Bouchey Financial utilizes mutual funds issued by Dimensional Fund Advisors ("DFA"). DFA funds are generally only available through registered investment advisers. Thus, if the client was to terminate Bouchey Financial's services, and not transition to another adviser who utilizes DFA funds, restrictions regarding additional purchases of, or reallocation among other, DFA funds will generally apply. **ANY QUESTIONS: Bouchey Financial's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above.**

Schwab. As discussed below at Item 12, Bouchey Financial recommends that Schwab serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Schwab charge brokerage commissions and/or transaction fees for effecting certain securities transactions. In addition to Bouchey Financial's investment management fee and applicable brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). The fees charged Schwab, as well as the charges imposed at the mutual fund and exchange traded fund level, are in addition to Bouchey Financial's advisory fee referenced in Item 5 below.

Cash Positions. Depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), Bouchey Financial may maintain cash and cash equivalent positions (such as money market funds, etc.) for defensive, liquidity, or other purposes. Unless otherwise agreed in writing, all cash equivalent positions are included as part of assets under management for purposes of calculating Bouchey Financial's advisory fee, while actual cash holdings are excluded.

Portfolio Activity. Bouchey Financial has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Bouchey Financial 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, mutual fund manager tenure, style drift, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when Bouchey Financial determines 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. Of course, as indicated below, there can be no assurance that investment decisions made by Bouchey Financial will be profitable or equal any specific performance level(s).

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

Yodlee. Bouche Financial, in conjunction with the services provided by Yodlee, 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 managed by Bouche Financial (the "Excluded Assets"). The client and/or his/her/its other advisors that maintain trading authority, and not Bouche Financial, shall be exclusively responsible for the investment performance of the Excluded Assets. Unless otherwise specifically agreed to, in writing, Bouche Financial's service relative to the Excluded Assets is limited to reporting only. Unless otherwise agreed to, in writing, the sole exception to the above shall be if Bouche Financial is specifically engaged to monitor and/or allocate the assets within the client's 401(k) account maintained away at the custodian directed by the client's employer. As such, except with respect to the client's 401(k) account (if applicable), Bouche Financial does not maintain any trading authority for the Excluded Assets. Rather, the client and/or the client's designated other investment professional(s) maintain supervision, monitoring and trading authority for the Excluded Assets. If Bouche Financial is asked to make a recommendation as to any Excluded Assets, the client is under absolutely no obligation to accept the recommendation, and Bouche Financial shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that Bouche Financial provide investment management services for the Excluded Assets, the client may engage Bouche Financial to do so pursuant to the terms and conditions of the Investment Advisory Agreement between Bouche Financial and the client.

Disclosure Statement. A copy of Bouche Financial's written Brochure as set forth on Part 2 of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the applicable form of agreement.

- C. Bouche Financial shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, Bouche Financial shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on Bouche Financial's services.
- D. Bouche Financial does not participate in a wrap fee program.
- E. As of December 31, 2019, Bouche Financial had \$601,449,377 in assets under management on a discretionary basis and \$12,756,578 in assets under management on a non-discretionary basis.

Item 5 Fees and Compensation

A.

INVESTMENT ADVISORY SERVICES

If a client determines to engage Bouche Financial to provide discretionary investment advisory services on a *fee* basis, Bouche Financial's annual investment advisory fee shall vary and shall be based upon the level and scope of the overall investment advisory services to be rendered, which is based upon various objective and subjective factors, including, but not limited to: the amount of assets to be managed; account 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); and negotiations with the client. Moreover, the services to be provided by Bouchey Financial to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly (*See* Fee Differentials section above). Bouchey Financial's fee shall not exceed 1.50% of the total assets placed under Bouchey Financial's management.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent specifically requested by a client, Bouchey Financial may provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Bouchey Financial's planning and consulting fees are negotiable on a fixed fee basis and range from \$100 to \$300 on an hourly rate basis for the renewal of an existing contract.

RETIREMENT PLAN CONSULTING

Bouchey Financial charges a negotiable annual fee for retirement plan consulting services, which generally ranges from 0.25% to 1.00% of plan assets depending on the level and scope of services requested, and the size of the plan.

- B. Clients may elect to have Bouchey Financial's advisory fees deducted from their custodial account. Both Bouchey Financial's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of Bouchey Financial's investment advisory fee and to directly remit that management fee to Bouchey Financial in compliance with regulatory procedures. In the limited event that Bouchey Financial bills the client directly, payment is due upon receipt of Bouchey Financial's invoice. Bouchey Financial shall deduct fees and/or bill clients quarterly in arrears, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, Bouchey Financial shall generally recommend that *Schwab* serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* charge brokerage commissions and/or transaction fees for effecting certain securities transactions in accordance with the broker-dealer's brokerage commission and transaction fee schedule. In addition to Bouchey Financial's investment management fee and applicable brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and ETF purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

Clients do not pay fees to SPT or brokerage commissions or other fees to CS&Co. as part of the Program. *Schwab* does receive other revenues, including (i) the profit earned by *Schwab Bank*, on the allocation of the Sweep Program described above; (ii) investment advisory and/or administrative service fees (or unitary fees) received by Charles Schwab Investment Management, Inc., a *Schwab* affiliate, from Schwab ETFs™, Schwab Funds®, and Laudus Funds® that Bouchey Financial selects to buy and hold in a client's brokerage account; (iii) fees received by *Schwab* from third-party ETFs that participate in the Schwab ETF OneSource™ program and mutual funds in the Schwab Mutual Fund Marketplace® (including certain Schwab Funds and Laudus Funds) in the client's brokerage account for services *Schwab* provides; and (iv) remuneration *Schwab* may receive from the market

centers where it routes ETF trade orders for execution. Brokerage arrangements are further described in Item 12 below.

- D. Bouche Financial's annual investment advisory fee shall be prorated and paid quarterly, in arrears, based upon the market value of the assets on the last business day of the previous quarter. The *Investment Advisory Agreement* between Bouche Financial and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, Bouche Financial shall debit the client's account for the pro-rated portion of the unpaid advisory fee due to Bouche Financial, based upon the number of days that services were provided during the billing quarter.
- E. Neither Bouche Financial, nor its representatives, accepts compensation from the sale of securities or other investment products.

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

Neither Bouche Financial, nor any supervised person of Bouche Financial, accepts performance-based fees.

Item 7 Types of Clients

Bouche Financial's clients shall generally include individuals, pension and profit sharing plans, business entities, trusts, estates and charitable organizations. Bouche Financial generally requires a \$250,000 minimum asset level for investment advisory services. Clients below this minimum would generally be managed through the Automated Investment Program described in Item 4 above. Bouche Financial, in its sole discretion, may charge a lesser investment management fee and/or waive or reduce its minimum asset level 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.). **Please Note:** Similar advisory services may be available from other investment advisers for similar or lower fees.

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

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

Bouche Financial may utilize, or otherwise assist clients in implementing, the following investment strategies:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)

- Short Sales (contracted sale of borrowed securities with an obligation to make the lender whole)
- Margin Transactions (use of borrowed assets to purchase financial instruments)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

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

ETF Characteristics

Investors buying or selling Exchange-Traded Fund (ETF) shares on the secondary market may incur customary brokerage commissions. Market prices may differ to some degree from the net asset value of the shares. Investors who sell fund shares may receive less than the share's net asset value. Shares may be sold throughout the day on the exchange through any brokerage account. However, unlike mutual funds, shares may only be redeemed directly from the fund by authorized participants, in very large creation/redemption units. If the fund's authorized participants are unable to proceed with creation/redemption orders and no other authorized participant is able to step forward to create or redeem, fund shares may trade at a discount to the fund's net asset value and possibly face delisting.

Risk Considerations

The ETF's shares will change in value, and you could lose money by investing in the fund. One of the principal risks of investing in the fund is market risk. Market risk is the risk that a particular stock owned by the fund, fund shares or stocks in general may fall in value. There can be no assurance that the fund's investment objective will be achieved.

ETF's may invest in securities issued by companies concentrated in a particular industry. ETF's may invest in small capitalization and mid-capitalization companies. Such companies may experience greater price volatility than larger, more established companies.

An investment in a fund containing securities of non-U.S. issuers is subject to additional risks, including currency fluctuations, political risks, withholding, the lack of adequate financial information, and exchange control restrictions impacting non-U.S. issuers. The fund may invest in depositary receipts which may be less liquid than the underlying shares in their primary trading market.

Certain ETFs may be classified as "non-diversified" and may invest a relatively high percentage of its assets in a limited number of issuers. As a result, the fund may be more susceptible to a single adverse economic or regulatory occurrence affecting one or more of these issuers, experience increased volatility and be highly concentrated in certain issuers.

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

However, every method of analysis has its own inherent risks. To perform an accurate market analysis Bouchey Financial must have access to current/new market information.

Bouchey Financial has no control over the dissemination rate of market information; therefore, unbeknownst to Bouchey Financial, certain analyses may be compiled with outdated market information, severely limiting the value of Bouchey Financial's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Bouchey Financial's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short-term investment strategy and substantially higher transaction costs than a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, Bouchey Financial may also, at the direction of the client, implement short selling, use of margin, and/or options transactions. Each of these strategies has a high level of inherent risk. (See discussion below) and, as a result, Bouchey Financial will open implement these strategies at the direction of the client.

Short Selling. Bouchey Financial does not recommend the use of short selling. Short selling, involves the selling of assets that the investor does not own. The investor borrows the assets from a third party lender (i.e. Broker-Dealer) with the obligation of buying identical assets at a later date to return to the third party lender. Individuals who engage in this activity shall only profit from a decline in the price of the assets between the original date of sale and the date of repurchase. Conversely, the short seller will incur a loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets.

Access to Margin. Bouchey Financial does not recommend the use of margin. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments and/or to access liquidity. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. Although clients may retain the ability to use margin, Bouchey Financial does not use margin for investment purposes and does not recommend its use by clients. The use of margin by a client will not impact a client's fees.

Options Transactions. Bouchey Financial does not recommend options transactions. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Please Note: The use of options-related strategies (i.e. straddles, short positions, etc.), may produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies.

Risks Specific to the Program. ETFs in which the Program may invest involve certain inherent risks generally associated with investments in a portfolio of securities, including the risk that the general level of security prices may decline, thereby adversely affecting the value of each unit of the ETF. Moreover, an ETF may not fully replicate the performance of its benchmark index because of the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or the number of securities held. ETFs in which the strategies invest have their own fees and expenses as set forth in the ETF prospectuses. ETFs may have exposure to derivative instruments, such as futures contracts, forward contracts, options, and swaps. There is a risk that a derivative may not perform as expected. The main risk with derivatives is that some types can amplify a gain or loss, potentially earning or losing substantially more money than the actual cost of the derivative, or that the counterparty may fail to honor its contract terms, causing a loss for the ETF. Use of these instruments may also involve certain costs and risks such as liquidity risk, interest rate risk, market risk, credit risk, management risk, and the risk that an ETF could not close out a position when it would be most advantageous to do so. Some ETFs available, including Schwab ETFsTM, are less than 10 years old. Accordingly, there is limited data available to use when assessing the investment risk of some of these ETFs. As a result, one or more of the following may occur: (i) poor liquidity in or limited availability of the ETFs, or (ii) lack of market depth causing the ETFs to trade at excessive premiums or discounts

- C. Currently, Bouchey Financial primarily allocates client investment assets among mutual funds, individual equity securities, fixed income securities, ETFs, and *Independent Manager(s)* on a discretionary and/or non-discretionary basis in accordance with the client's designated investment objective(s). (See Independent Managers disclosure at Item 4.B. above).

Risks associated with these asset types include:

1. Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
2. Market Risk: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk may be caused by external factors independent of the fund's specific investments as well as due to the fund's specific investments. Additionally, each security's price will fluctuate based on market movement and emotion, which may, or may not be due to the security's operations or changes in its true value. For example, political, economic and social conditions may trigger market events which are temporarily negative, or temporarily positive.
3. Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
4. Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

5. **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
6. **Market Risk (Systematic Risk):** Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities to rise or fall. Because the value of your portfolio will fluctuate, there is a risk that you will lose money.
7. **Unsystematic Risk:** Unsystematic risk is the company-specific or industry-specific risk in a portfolio. The combination of systematic (market risk) and unsystematic risk is defined as the portfolio risk that the investor bears. While the investor can do little to reduce systematic risk, he or she can affect unsystematic risk. Unsystematic risk may be significantly reduced through diversification. However, even a portfolio of well-diversified assets cannot escape all risk.
8. **Credit Risk:** Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value, and thus, impact performance. Credit risk is greater for fixed income securities with ratings below investment grade (BB or below by Standard & Poor's Rating Group or Ba or below by Moody's Investors Service, Inc.). Fixed income securities that are below investment grade involve higher credit risk and are considered speculative.
9. **Call Risk:** Call risk is the risk that during periods of falling interest rates, a bond issuer will call or repay a higher-yielding bond before its maturity date, forcing the investment to reinvest in bonds with lower interest rates than the original obligations.
10. **Income Risk:** Income risk is the risk that falling interest rates will cause the investment's income to decline.
11. **Purchasing Power Risk:** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply. Rising inflation means that if you have \$1,000 and inflation rises 5 percent in a year, your \$1,000 has lost 5 percent of its value, as it cannot buy what it could buy a year previous.
12. **Political Risks:** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
13. **Regulatory Risk:** Changes in laws and regulations from any government can change the market value of companies subject to such regulations. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
14. **Risks Related to Investment Term:** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not

what we believe it is truly worth. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value.

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as ETFs and mutual funds are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss. As such, a mutual fund or ETF client or investor may incur substantial tax liabilities even when the fund underperforms.

Shares of mutual funds are distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per-share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes in the market value of the fund's holdings. The trading prices of a mutual fund's shares can differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies can cause the shares to trade at a premium or discount to their pro-rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. While clients and investors may be able to sell their ETF shares on an exchange, ETFs generally only redeem shares directly from shareholders when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Item 9 Disciplinary Information

Bouchey Financial has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. Neither Bouchey Financial, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither Bouchey Financial, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Licensed Insurance Agencies.** Bouchey Financial's Principal, Steven B. Bouchey, is affiliated with Bouchey & Clarke Benefits, Inc. and Bouchey, Millet, and Schafer, LLC (together the "*Affiliated Entities*"), corporations licensed with the New York State

Department of Insurance. Mr. Bouchey and Bouchey Financial's representatives may recommend that certain of Bouchey Financial's clients purchase insurance products through Bouchey Financial's *Affiliated Entities*, on a fully disclosed commission basis.

Conflict of Interest: The recommendation that a client utilize the services of one the *Affiliated Entities* presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from the *Affiliated Entities*. Clients are reminded that they may purchase insurance products recommended by Bouchey Financial through other, non-affiliated insurance agencies. Bouchey Financial's Chief Compliance Officer, Martin X. Shields, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

- D. Bouchey Financial does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

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

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

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

Bouchey Financial has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Bouchey Financial's "Access Persons". Bouchey Financial's securities transaction policy requires that an

Access Person of Bouche Financial must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date Bouche Financial selects.

- D. Bouche Financial and/or representatives of Bouche Financial *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Bouche Financial and/or representatives of Bouche Financial are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, Bouche Financial has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Bouche Financial's Access Persons.

Item 12 Brokerage Practices

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

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

1. Non-Soft Dollar Research and Additional Benefits

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

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

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

Brokerage Practices Under the Program

Client accounts enrolled in the Program are maintained at, and receive the brokerage services of, *Schwab*, a broker-dealer registered with the SEC and a FINRA/SIPC member. While clients are required to use CS&Co. as custodian/broker to enroll in the Program, the client decides whether to do so and opens its account with *Schwab* by entering into a brokerage account agreement directly with *Schwab*. Bouchey Financial does not open the account for the client. If the client does not wish to place his or her assets with CS&Co., then Bouchey Financial cannot manage the client's account through the Program. *Schwab* may aggregate purchase and sale orders for ETFs across accounts enrolled in the Program, including both accounts for Bouchey Financial's clients and accounts for clients of other independent investment advisory firms using the Platform.

Schwab Advisor Services™ (formerly called Schwab Institutional) is *Schwab*'s business serving independent investment advisory firms like Bouchey Financial. Through Schwab Advisor Services, *Schwab* provides Bouchey Financial and its clients, both those enrolled in the Program and clients not enrolled in the Program, with access to its institutional brokerage services—trading, custody, reporting, and related services—many of which are not typically available to *Schwab* retail customers. *Schwab* also makes available various support services. Some of those services help Bouchey Financial manage or administer its clients' accounts, while others help it manage and grow its business. *Schwab*'s support services described below are generally available on an unsolicited basis (Bouchey Financial does not have to request them) and at no charge to Bouchey Financial. The availability of *Schwab*'s products and services to Bouchey Financial is not based on Bouchey Financial giving particular

investment advice, such as buying particular securities for its clients. Here is a more detailed description of *Schwab*'s support services:

Schwab'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 *Schwab* include some to which Bouchey Financial might not otherwise have access or that would require a significantly higher minimum initial investment by Bouchey Financial's clients. *Schwab*'s services described in this paragraph generally benefit the client and the client's account.

Schwab also makes available to Bouchey Financial other products and services that benefit Bouchey Financial but may not directly benefit the client or its account. These products and services assist Bouchey Financial in managing and administering Bouchey Financial's client accounts. They include investment research, both *Schwab*'s own and that of third parties. Bouchey Financial may use this research to service all or some substantial number of Bouchey Financial's client accounts, including accounts not maintained at *Schwab*. In addition to investment research, *Schwab* 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 Bouchey Financial's fees from Bouchey Financial's client accounts; and
- assist with back-office functions, recordkeeping, and client reporting.

Schwab also offers other services intended to help Bouchey Financial manage and further develop its business enterprise. These services include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers.

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

The availability of services from *Schwab* benefits Bouchey Financial because Bouchey Financial does not have to produce or purchase them. Bouchey Financial does not have to pay for these services, and they are not contingent upon Bouchey Financial committing any specific amount of business to CS&Co. in trading commissions or assets in custody. With respect to the Program, as described above under Item 4, Bouchey Financial does not pay SPT fees for the Platform so long as it maintains \$100 Million in client assets in accounts at *Schwab* that are not enrolled in the Program. In light of Bouchey Financial's arrangements with *Schwab*, Bouchey Financial has an incentive to recommend that clients maintain their accounts with CS&Co. based on its

interest in receiving *Schwab*'s services that benefit its business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of transactions. This presents a **conflict of interest**. When making such a recommendation, however, Bouche Financial believes that its recommendation of *Schwab* as custodian and broker is in the best interests of its clients. It is primarily supported by the scope, quality, and price of *Schwab*'s services and not *Schwab*'s services that benefit only Bouche Financial.

2. Brokerage for Client Referrals.

Bouche Financial receives client referrals from *Schwab* through participation in Schwab Advisor Network® ("the Service"), designed to help investors find an independent investment advisor. *Schwab* is a broker-dealer independent of and unaffiliated with Bouche Financial. *Schwab* does not supervise Bouche Financial and has no responsibility for Bouche Financial's management of clients' portfolios or Bouche Financial's other advice or services. Bouche Financial pays *Schwab* fees to receive client referrals through the Service. Bouche Financial's participation in the Service may raise potential conflicts of interest described below.

Bouche Financial pays *Schwab* a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Bouche Financial is a percentage of the fees owed by the client to Bouche Financial or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. Bouche Financial pays *Schwab* the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to Bouche Financial quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by Bouche Financial and not by the client. Bouche Financial has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Bouche Financial charges clients with similar portfolios (pursuant to Bouche Financial's standard fee schedule as in effect from time to time) who were not referred through the Service.

Bouche Financial generally pays *Schwab* a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from *Schwab*, unless the client was solely responsible for the decision not to maintain custody at *Schwab*. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed in custody other than at *Schwab*. The Non-Schwab Custody Fee is higher than the Participation Fees Bouche Financial generally would pay in a single year. Thus, Bouche Financial will have an incentive to recommend that client accounts be held in custody at *Schwab*.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of Bouche Financial's clients who were referred by *Schwab* and those referred clients' family members living in the same household. Thus, Bouche Financial will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at *Schwab* and to instruct *Schwab* to debit Bouche Financial's fees directly from the accounts.

For accounts of Bouche Financial's clients maintained in custody at *Schwab*, *Schwab* will not charge the client separately for custody but will receive compensation from

Bouchey Financial's clients in the form of commissions or other transaction-related compensation on securities trades executed through *Schwab*. *Schwab* also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades to be executed through *Schwab* rather than another broker-dealer. Bouchey Financial nevertheless acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at *Schwab* may be executed through a different broker-dealer than trades for Bouchey Financial's other clients. Thus, trades for accounts custodied at *Schwab* may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers. Bouchey Financial's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest such arrangement may create.

Bouchey Financial does not receive any other referrals from broker-dealers (except as indicated immediately above).

3. Directed Brokerage.

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

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

Bouchey Financial's Chief Compliance Officer, Martin X. Shields, remains available to address any questions that a client or prospective client may have regarding the above arrangements.

- B. To the extent that Bouchey Financial provides investment management services to its clients, the transactions for each client account may be affected independently, unless Bouchey Financial decides to purchase or sell the same securities for several clients at approximately the same time. Bouchey Financial may combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Bouchey Financial's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any

given day. Bouchey Financial shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

- A. For those clients to whom Bouchey Financial provides investment supervisory services, account reviews are conducted on an ongoing basis by Bouchey Financial's Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise Bouchey Financial of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with Bouchey Financial on an annual basis.
- B. Bouchey Financial may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Bouchey Financial may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, Bouchey Financial may receive economic benefits from *Schwab* including support services and/or products without cost or at a discount. Bouchey Financial's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding commitment made by Bouchey Financial to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

Bouchey Financial's Chief Compliance Officer, Martin X. Shields, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

- B. If a client is introduced to Bouchey Financial by either an unaffiliated or an affiliated solicitor, Bouchey Financial *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Bouchey Financial's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to Bouchey Financial by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of Bouchey Financial's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between Bouchey Financial and the solicitor, including the compensation to be received by the solicitor from Bouchey Financial.

Item 15 Custody

Bouchey Financial shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Bouchey Financial may also provide a written periodic report summarizing account activity and performance.

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

In addition, certain clients have established asset transfer authorizations which permit the qualified custodian to rely upon instructions from Bouchey Financial to transfer client funds or securities to third parties. These arrangements are also disclosed at ADV Part 1, Item 9, but in accordance with the guidance provided in the SEC's February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subject to an annual surprise CPA examination.

Bouchey Financial's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding custody-related issues.

Item 16 Investment Discretion

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

Clients who engage Bouchey Financial on a discretionary basis may, at any time, impose restrictions, in writing, on Bouchey Financial's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Bouchey Financial's use of margin, etc.).

Item 17 Voting Client Securities

- A. Bouchey Financial does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

With respect to the Program, clients are required to submit an Issuer Communication and Release Information Form, or similarly named form, to be certain that they receive proxies and corporate actions directly from the issuer of securities. Bouchey Financial does not offer any consulting assistance regarding proxy issues to clients.

- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Bouchey Financial to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

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

ANY QUESTIONS: Bouchey Financial's Chief Compliance Officer, Martin X. Shields, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.