



## **Sailer Financial, LLC**

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**March 6, 2020**

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

This Brochure provides information about the qualifications and business practices of Sailer Financial, LLC ("SF"). If you have any questions about the contents of this Brochure, please contact us at telephone number 615-370-1253. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

SF is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training. Additional information about SF is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with SF who are registered, or are required to be registered, as investment adviser representatives of SF.

## Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated March 19, 2019 we have the following material change to report:

- Item 12, *Brokerage Practices*, was amended to remove the reference to soft-dollars. Sailer Financial no longer receives soft-dollars from its relationship with Fidelity.

Our brochure may be requested by contacting Jeremy Hutzal, President & Chief Compliance Officer, at 615-370-1253 or [jeremy.hutzal@sailerfinancial.com](mailto:jeremy.hutzal@sailerfinancial.com). Additional information about Sailer Financial is available by accessing the SEC's web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Sailer Financial who are registered, or are required to be registered, as investment adviser representatives of the firm.

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## Item 4 Advisory Business

SF is a Tennessee limited liability company originally formed as a corporation in May 2003. Jeremy Hutzel directly owns 100% of SF. SF provides financial planning and portfolio management services to high net worth and other individuals. These services are offered on a discretionary basis. Advisory services are tailored to each Client's needs and are more fully explained below. Clients may impose restrictions on investing in certain securities or certain types of securities.

### I. The Sailer Financial Navigator™

The Sailer Financial Navigator™, a Unique Financial Planning Process, is a series of meetings designed to customize a financial plan based on a Client's unique set of financial circumstances. In a consultative process, which takes place in several meetings, Clients are led through a comprehensive review of their financial assets and liabilities and assisted with defining their financial goals. The likelihood of achieving the Client's goals is evaluated and documented by SF in a financial plan. The goal of Sailer Financial Navigator™ is to create a financial plan that is consistent with a Client's financial objectives, risk profile, income needs, tax status, and time horizon (collectively, "Investment Objectives"). As a part of this process, SF offers the following services, as applicable:

- **Budgeting and Cash Flow Analysis**
- **Construction of a Comprehensive Financial Plan**
- **Company Benefits Analysis**, including but not limited to, assistance with the selection of company benefits during open enrollment.
- **Education Planning Services**, including but not limited to, cost projections for post-secondary or private secondary schooling, recommendations for savings rates, and tax planning. SF does not provide tax advice.
- **Insurance Needs Services**, including but not limited, analysis of current coverage, coverage gaps, and potential insurance needs, and implementation of specific insurance solutions.
- **Estate Planning Consulting**, including but not limited to, identification of goals for legacy, philanthropy, and inheritance; recommendation of specific opportunities to maximize wealth transfer; recommendation of beneficiary designations; and coordination with an attorney who can draft and execute estate planning documents. SF does not render legal advice.

Financial plans are based on a client's financial situation at the time a plan is presented, and on the financial information a client provides to us. Clients must promptly notify our firm if their financial situation, goals, objectives, or needs change.

Clients are under no obligation to act on our financial planning recommendations. Should a client choose to act on any of our recommendations, clients are not obligated to implement the financial plan through any of our investment advisory representatives. Clients may act on our recommendations by placing securities transactions with any brokerage firm.

### II. Traditional Asset Management Services

SF offers asset management services on a discretionary basis. SF will manage a Client's account based upon the Client's Investment Objectives. SF will have a limited power of attorney to execute transactions on behalf of the Client without obtaining specific Client consent. This authority is limited to the securities contained in the Client's SF-managed account.

Clients may limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for their accounts) by providing our firm with restrictions and guidelines in writing.

### **III. Asset Allocation Services Through Separate Account Managers (SAM)**

In some cases, SF and a Client may determine that a Separate Account Manager (SAM) may be appropriate for management of all or a portion of Client's portfolio. In these cases, SF has discretionary authority to select a SAM with whom SF has entered into agreements. All SAMs to whom SF refers Clients will be appropriately licensed as investment advisers by their resident states or with the SEC. After obtaining information about a Client's Investment Objectives, SF selects a particular SAM. Client will receive a separate disclosure brochure for the SAM to whom Client is referred. Such disclosure brochure will contain information applicable to the SAM and the program to which the Client is being referred. The disclosure brochure will also include a discussion of the fees associated with the applicable program. Services provided by a SAM may cost a client more or less than obtaining advisory services from another adviser.

### **Types of Investments**

SF offers advice on equity securities, corporate debt securities (other than commercial paper), municipal securities, variable annuities, mutual fund shares, money market funds, and exchange traded funds. SF also recommends investments in various non-publicly traded REITs, limited partnerships and LLCs, and 529 plans, if appropriate. SF may advise clients on various types of investments based on a client's stated goals and objectives. SF may also provide advice on any type of investment held in a client's portfolio at the inception of an advisory relationship.

### **Assets Under Management**

As of December 31, 2019, SF provides continuous management services for \$462,006,062 in client assets on a discretionary basis.

## **Item 5 Fees and Compensation**

All fees are subject to negotiation at SF's discretion. Fees for each service are shown below.

### **I. Financial Planning Fees**

SF offers financial planning services in addition to ongoing asset management services. Fees for financial planning and related services will typically range from \$1,500 to \$5,000 and are separate from any asset management fees described below. Fees are negotiable and are based on various factors such as the services requested by the Client; the complexity of the Client's situation; and the research and resources needed to provide the requested services. Generally, one-half (1/2) of the fee is payable upon the Client's execution of an advisory agreement with SF, and the fee balance is due upon SF's presentation of the plan, completion of the services, or in 90 days, whichever comes first. Typically, SF's presentation of planning services will be made within 90 days of a Client's execution of the advisory agreement. However, the Client may negotiate an alternative payment schedule with SF. Client may pay fees or commissions for additional services provided by SF, such as asset management fees or transaction-based compensation for any products purchased, including securities or insurance products. When multiple services are offered, there is the potential for a conflict of interest, since there is an incentive for SF to recommend products or services for which SF, or a related party, may receive compensation. Financial planning Clients are under no obligation to act upon any recommendations of SF or to implement recommendations through SF if they decide to follow SF's recommendations.

SF will not require prepayment of a fee more than six months in advance and in excess of \$1,200.

A Client may terminate advisory services within five business days after entering into the advisory agreement without penalty. After five business days of entering into the advisory agreement, termination of the advisory agreement by either the Client or SF will be effective upon receipt of the

other party's written notice to terminate. The Client will be responsible for any time spent by SF in providing the Client with advisory services or in analyzing the Client's financial situation. No refund of any earned portion of the initial deposit will be made to the Client.

## **II. Traditional Asset Management Services**

Under traditional asset management services agreements, SF will be compensated based on Clients' assets under management. Advisory fees are paid quarterly in advance, based on the account's average daily account value for the previous calendar quarter as reported by the account custodian, and subject to a minimum fee of \$5,000 per year. Fees are prorated for accounts opened during the calendar quarter. SF will impose no start-up, closing, or penalty fees in connection with the establishment of a client's account. Cash awaiting investment or reinvestment may be invested in cash balances or money market funds at the account custodian. Cash balances are customarily included in the assets that are used to calculate the advisory fees as it serves as part of the allocation strategies from time to time. The account custodian will provide Clients with an account statement reflecting the deduction of the advisory fee. Client is responsible for reviewing the accuracy of the fee. If the advisory agreement is terminated, fees for the final quarter will be prorated to the date of termination, and the unearned portion of the fee will be refunded to the Client.

Fees are negotiable at the sole discretion of SF and are based on the nature of the services requested by the Client; the mix of investment products held in the Client's account; the complexity of the Client's situation; the size of the Client's account; and the scope of the Client's needs. If any of the account's assets are subject to commissions - trailing or otherwise - those assets will not be subject to investment advisory fees. However, if the asset is a variable annuity, the value of the variable annuity will only be deducted from the assets on which the advisory fee is calculated, for the first 36 months the variable annuity contract is in force. After such time, the advisory fee for that asset will be reduced by the amount, if any, of trailing commission earned on the variable annuity.

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

The following fee schedule is used as a baseline for fee negotiations.

<b><i>Assets Under Management</i></b>	<b><i>Annual Percentage (%) Fee</i></b>
First \$1,000,000	1.00%
Next \$1,000,001 to \$2,000,000	0.85%
Next \$2,000,001 to \$5,000,000	0.55%
Next \$5,000,001 to \$10,000,000	0.35%
Next \$10,000,001 to \$20,000,000	0.25%
Next \$20,000,001 and above	0.20%

Alternatively, SF may charge an annual flat fee for investment management and financial planning services. The flat fee shall be negotiated between SF and the Client and will be based upon the size and complexity of the account, among other factors at SF's discretion. In some cases, clients may be subject to a different fee schedule in effect at the time of their original agreement.

The account custodian charges fees, which are in addition to and separate from the investment advisory fees noted here. Custodians may charge accounts for various transaction fees, retirement plan fees, and administration fees. In addition, some mutual fund assets may be subject to deferred sales charges and 12(b)(1) fees. Mutual funds also have annual expenses, which are described in each fund's prospectus. Advisory Clients should also note that fees for comparable services vary, and lower or higher fees for comparable services may be available from other sources.

Generally, fees are debited directly from Client accounts, but a Client may choose to pay fees directly to SF instead. If a Client's account does not contain sufficient funds to pay advisory fees when due, SF has limited authority to sell or redeem securities in sufficient amounts to pay those advisory fees. Clients may reimburse their accounts - except for ERISA and IRA accounts - for advisory fees paid to SF. SF encourages clients to carefully review statement(s) received from the qualified custodian, which disclose fees debited from an account.

A client may terminate the portfolio management agreement upon written notice. A client will incur a pro rata charge for services rendered prior to the termination of the Investment Advisory Agreement, which means a client will incur advisory fees only in proportion to the number of days in the quarter for which someone is a client. If a client has pre-paid advisory fees that SF has not yet earned, the client will receive a prorated refund of those fees.

### **III. Asset Allocation Services through Separate Account Managers ("SAM")**

Fees paid by Clients to independent third-parties are established and payable in accordance with the Form ADV Part II or other equivalent disclosure document of each independent SAM to whom SF refers its Clients and may or may not be negotiable, as disclosed in the disclosure documents of the SAM. SF does not receive a portion of the fee charged by the third-party adviser and will charge its normal and customary asset management fee (as disclosed above) separate and apart from the fee charged by the SAM. Thus, Client may pay more for advisory services provided by a SAM.

Clients who are referred to SAMs will receive disclosure documents that include disclosures of services rendered by, and fee schedules of SAMs, at the time of the referral by delivery of a copy of the relevant SAM's Form ADV Part II or equivalent disclosure document at the same time as the Form ADV Part II or equivalent disclosure document of SF. In addition, if the investment program recommended to a Client is a wrap fee program, the Client will receive the wrap fee brochure provided by the sponsor of the program. SF will provide to each Client all appropriate disclosure statements, including disclosure of any solicitation fees paid to SF or its advisory associates.

In addition to, or as part of, the services listed above, SF may recommend securities or other financial products for which SF associates receive a commission. The recommendation of products for which SF associates receive commissions creates a potential conflict of interest since there is an incentive to recommend one product over another if the compensation arrangement is more favorable.

If any Client assets are subject to commissions, those assets will not be subject to investment advisory fees. However, if the asset is a variable annuity, the value of the variable annuity will only be deducted from the advisory fee calculation for the first 36 months that the variable annuity contract is in force. See below.

### **Additional Fees and Expenses**

As part of the investment advisory services provided to clients, SF may invest, or recommend that clients invest, in mutual funds and exchange traded funds. The fees that clients pay to SF for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. A client will 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. SF does not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost a client will incur, clients should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, refer to the *Brokerage Practices* section of this brochure.

### **Compensation for the Sale of Securities or Other Investment Products**

Persons providing investment advice on behalf of SF are registered representatives with Securities Service Network, LLC, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In their capacity as registered representatives, these persons receive compensation in connection with the purchase and sale of securities or other investment products, including asset-based sales charges, service fees or 12b-1 fees, for the sale or holding, of mutual funds. Compensation earned by these persons in their capacities as registered representatives is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice to advisory clients on behalf of our firm who are registered representatives have an incentive to recommend investment products based on the compensation received rather than solely based on your needs. Persons providing investment advice to advisory clients on behalf of our firm can select or recommend mutual fund investments in share classes that pay 12b-1 fees when clients are eligible to purchase share classes of the same funds that do not pay such fees and are less expensive. This presents a conflict of interest. You are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm who receives compensation described above. If a commission is earned for a recommended product (excluding variable annuities), SF will exclude that asset from asset management fees noted above and such assets will not be subject to investment advisory fees.

SF may recommend that clients purchase variable annuities to be included in an investment portfolio(s). Persons providing investment advice on behalf of our firm may earn commissions on the sale of the variable annuities in his or her capacity as a registered representative of Securities Service Network, LLC. If these persons earn commission on the sale of variable annuities recommended to you, we will not include the annuity accounts in the total value used for our advisory billing/fee computation for thirty-six (36) months after the annuity contract is sold. After the 36 month period, the value of the annuity sub accounts will be added to the value of your total assets for billing purposes. Annuities will be purchased for your account only after you receive a prospectus disclosing the terms of the annuity. You are under no obligation, contractually or otherwise, to purchase variable annuities through any person affiliated with our firm.

Persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.



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

SF does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a Client). SF does not engage in side-by-side account management.

## Item 7 Types of Clients

SF provides financial planning and portfolio management services to individuals, high net-worth individuals, pension and profit sharing plans, trusts and estates, and business entities.

In general, SF does not require a minimum dollar amount to open and maintain an advisory account; however, SF has the right to terminate an Agreement if account values fall below a minimum size which, in our sole opinion, is too small to manage effectively. SF charges a minimum asset management fee of \$5,000 per year.

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

For traditional asset allocation services, SF uses asset allocation modeling to develop investment strategies for its Clients. Recommendations are based on each Client's Investment Objectives. Recommendations may include stocks, bonds, mutual funds, exchange-traded funds, variable annuities, options, and other investments that SF deems appropriate for Client.

Third party investment advisers and/or separate account managers are used for additional diversification of investment strategies, where appropriate. Managers are selected based on their historical performance and track record, their fee structure, and the diversification benefits to the Client's total portfolio.

Sailer Financial, LLC also recommends investments in non-publicly traded REITs, limited partnerships and LLCs, and 529 plans. Special risks in these investments include illiquidity and real estate risks. Clients are encouraged to consult their tax advisors regarding the tax implications of these investments.

Annuities and other insurance products are utilized when appropriate.

SF uses long-term and short-term purchasing strategies.

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

### **Our Methods of Analysis and Investment Strategies**

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

**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 one year.

**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.

**Short-Term Purchases** - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

**Risk:** Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

Our investment strategies and advice vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon a client's predefined objectives, risk tolerance, time horizon, financial information, liquidity needs and other various suitability factors. A client's restrictions and guidelines may affect the composition of the portfolio. **It is important that clients notify SF immediately with respect to any material changes to their financial circumstances, including for example, a change in current or expected income level, tax circumstances, or employment status.**

SF will advise clients on how to allocate your assets among various classes of securities or third party money managers. If SF uses a third party manager, we may replace a manager if there is a significant deviation in characteristics or performance from the stated strategy and/or benchmark.

#### **Tax Considerations**

SF's strategies and investments may have unique tax implications. Regardless of account size or any other factors, SF strongly recommends that clients consult with a tax professional regarding the investing of assets.

Custodians and broker-dealers must report the cost basis of equities acquired in client accounts. Custodians will default to the First-In First-Out ("FIFO") accounting method for calculating the cost basis of investments. Clients are responsible for contacting their tax advisor to determine if this accounting method is the right choice for them. If a client's tax advisor believes another accounting method is more advantageous, the client should provide written notice to SF immediately and we will alert the account custodian of the individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

#### **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. SF does 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. SF cannot offer any guarantees or promises that clients' financial goals and objectives will be met. Past performance is in no way an indication of future performance.

#### **Other Risk Considerations**

When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risks, each of which may affect the probability and magnitude of any potential losses. The following risks may not be all-inclusive, but should be considered carefully by a prospective client before retaining our services.

**Liquidity Risk:** The risk of being unable to sell an investment at a fair price at a given time due to high

volatility or lack of active liquid markets. Investors may receive a lower price or it may not be possible to sell the investment at all.

**Credit Risk:** Credit risk typically applies to debt investments such as corporate, municipal, and sovereign fixed income or bonds. A bond issuing entity can experience a credit event that could impair or erase the value of an issuer's securities held by a client.

**Inflation and Interest Rate Risk:** Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of a client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed income investments to decline.

**Horizon and Longevity Risk:** The risk that an investment horizon is shortened because of an unforeseen event, for example, the loss of a job. This may force an investor to sell investments that they were expecting to hold for the long term. If an investor must sell at a time markets are down, an investor may lose money. Longevity Risk is the risk of outliving savings. This risk is particularly relevant for people who are retired, or are nearing retirement.

### **Recommendation of Particular Types of Securities**

SF recommends various types of securities and we do not primarily recommend one particular type of security over another 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 general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment.

## **Item 9 Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that are material to an evaluation of SF or to the integrity of SF's management. SF and its management have nothing to report.

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

Jeremy P. Hutzl is a registered representative of Securities Service Network, LLC, a registered broker-dealer and FINRA member. A potential conflict of interest exists because there may be an incentive to recommend one product over another if the compensation arrangement is more favorable. However, Clients are under no obligation to act upon any recommendations or to affect any transactions through associated persons of SF if the Clients decide to follow SF's recommendations.

SF is not a licensed insurance company, but some of its associated persons are insurance agents. SF's associated persons who maintain insurance licenses can receive commissions from the sale of insurance products. As part of the financial planning process, associated persons may recommend securities, insurance, or other products, and may receive customary commissions if products are purchased through any firms through which the associated person is affiliated. A potential conflict of interest exists because there is an incentive to recommend one product over another if the compensation arrangement is more favorable. However, Clients are under no obligation to act upon recommendations or to effect transactions through the associated persons of SF if they decide to follow the recommendations.

As noted above, SF may recommend separate account managers ("SAM") in certain circumstances. When SF recommends SAMs, Clients will pay normal and customary asset management fees to SF and will also pay an advisory fee to the SAM, as detailed in the SAM disclosure brochure. Accordingly, SF does not receive additional income by recommending a SAM, but Clients could pay higher overall fees due to the additional fees paid to the SAM. Since SF does not receive additional compensation in these instances, SF does not have a conflict of interest.

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

SF has adopted a Code of Ethics for the purpose of instructing its personnel in their ethical obligations and to provide rules for employees' personal securities transactions. SF and its personnel owe duties of loyalty, fairness, and good faith to their Clients and have an obligation to adhere not only to the specific provisions of the Code but also to the general principles that guide the Code.

The Code covers a range of topics, including general ethical principles; reporting of personal securities trades; exceptions to reporting securities trades; reportable securities; initial public offerings and private placements; reporting ethical violations; distribution of the Code; review and enforcement processes; amendments to Form ADV; and written supervisory procedures. SF will provide a copy of the Code to any Client or prospective Client upon request.

SF and its personnel may invest in open end mutual funds that are also recommended to SF's Clients. Due to the nature and pricing of open end mutual funds, this does not represent a conflict of interest.

### **Personal Trading Practices**

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

### **Block Trading**

Our firm or persons associated with our firm may buy or sell securities for clients at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with client orders to purchase securities ("block trading"). Refer to the *Brokerage Practices* section in this brochure for information on our block trading practices. It is our policy that neither our firm nor persons associated with our firm shall have priority over client accounts in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

SF will have discretion over the selection and amount of securities to be bought or sold without obtaining specific Client consent. SF will typically require Clients to utilize the clearing and custodial services provided by Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity"), although SF may allow Client to direct brokerage to another custodian under certain, limited circumstances. SF will not have discretion to determine commission rates paid for transactions executed at Fidelity, but instead, Client will pay normal and customary transaction charges and custodial rates imposed by Fidelity.

In their capacity as registered representatives of Securities Service Network, LLC ("SSN") SF employees may suggest that Clients implement their recommendations through SSN. If a Client so elects, associated persons will receive normal and customary commissions as sales agents resulting from any securities transactions, which may create a conflict of interest. Furthermore, in implementing a plan through relationships maintained by associated persons, Clients may pay commissions or fees that are higher or lower than those that may be obtained from elsewhere for similar services. Clients are advised that they are under no obligation to implement a financial plan or its recommendations through associated persons in their capacities as registered representatives.

Although SF is not affiliated with Fidelity, SF has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC through which Fidelity provides SF with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and related services. Fidelity's institutional platform services that assist SF in managing and administering Clients' accounts include software and other technology that (i) provides access to Client account data (such as trade confirmations and account statements); (ii) facilitates trade execution and allocates aggregated trade orders for multiple Client accounts; (iii) provides research, pricing, and other market data; (iv) facilitates payment of fees from Clients' accounts; and (v) assists with back-office functions like recordkeeping and Client reporting. The aggregation or blocking of client transactions allows an adviser to execute transactions in a more timely, equitable, and efficient manner and seeks to reduce overall commission charges to clients. With respect to this issue, SF may aggregate client transactions, at its sole discretion, where possible and when advantageous to clients. The firm may not always aggregate client transactions as accounts are managed on an individual basis. However, the blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts. In these instances, clients participating in any aggregated transactions will receive an average share price and transaction costs (i.e., commissions and trading fees) will be determined on an account by account basis based on each client's account status at Fidelity.

Fidelity also offers other services intended to help SF manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting; contact management systems; third party research; publications; access to educational conferences, roundtables, and webinars; practice management resources; and access to consultants and other third-party service providers who provide a wide array of business related services and technology to SF, and with whom SF may contract directly.

Fidelity generally does not charge its advisory Clients separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts (e.g., transaction fees are charged for certain no-load mutual funds; commissions are charged for individual equity and debt securities transactions). Fidelity provides access to many no-load mutual funds without transaction charges and access to other no-load funds at nominal transaction charges.

The commissions paid by SF clients comply with the firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified custodian might charge to effect the same transaction where SF determines that the commissions are 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 custodian's services and the fees for those services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. SF seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

SF may combine multiple orders for shares of the same securities purchased for discretionary advisory accounts we manage (this practice is commonly referred to as "block trading"). SF will then distribute a portion of the shares to participating accounts in a fair and equitable manner. Generally, participating accounts will pay a fixed transaction cost regardless of the number of shares transacted. In certain cases, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. In the event an order is only partially filled, the shares will be allocated to participating accounts in a fair and equitable manner, typically in proportion to the size of each client's order. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

We may not be able to block trade for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If a client enters into non-discretionary arrangements with our firm, we may not be able to buy and sell the same quantities of securities for that client and the client may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm.

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

Accounts are reviewed on a quarterly basis. Clients may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. Generally, advisory representatives will monitor accounts for changes or shifts in the economy, changes to the management and structure of a mutual fund or company in which Client assets are invested, and market shifts and corrections. Clients are required to notify SF of any changes in their Investment Objectives or financial situation, which may impact how SF manages Client's portfolio.

Financial plans will be reviewed as needed. These reviews are provided as part of the contracted services. We typically do not charge additional fees for financial plan reviews. We will contact financial planning clients periodically to determine whether any updates may be needed based on changes in circumstances. Changed circumstances may include, but are not limited to marriage, divorce, birth, death, inheritance, lawsuit, retirement, job loss and/or disability, among others. We recommend meeting with clients at least annually to review and update plans if needed. Additional reviews will be conducted upon a client's request. Written updates to the financial plan may be provided in conjunction with a review.

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

Currently, SF does not pay non-employees for Client referrals. If SF begins to compensate non-employees for referrals in the future, SF will ensure that proper disclosures are made to Clients. SF may receive ongoing fees from the sale of certain insurance products and 529 plans.

### **Item 15 Custody**

SF maintains custody of Clients' funds or securities to the extent the firm can debit advisory fees from Client accounts. SF is also deemed to have custody due to the allowance for Clients to establish standing instructions for asset movement within or among Client accounts. Such instructions are at the specific direction of the Client. Clients receive normal and customary account statements from the broker dealer, bank, or other qualified custodian that holds and maintains the Client's investment assets. SF urges its Clients to carefully review such statements and to compare such official custodial records to the performance reports SF provides.



For purposes of managing certain client assets (401k assets, for example), SF may have authority, granted by the client, to log into client accounts for purposes of viewing or rebalancing client assets. Such login privilege is limited to trading authority only, and does not allow SF to take custody of funds. We do not have the ability to disburse funds to third parties or make withdrawals from these accounts.

### **Asset Transfer and/or Standing Letter of Authorization**

Our firm, or persons associated with our firm, may effect asset transfers from client accounts to one or more third parties designated, in writing, by the client without obtaining written client consent for each separate, individual transaction, as long as the client has provided us with written authorization to do so. Such written authorization is known as a Standing Letter of Authorization. An adviser with authority to conduct such third party wire transfers has access to the client's assets, and therefore has custody of the client's assets in any related accounts.

SF does not have to obtain a surprise annual audit, as would otherwise be required by reason of having custody, as long as SF meets the following criteria:

1. Clients provide a written, signed instruction to the qualified custodian that includes the third party's name and address or account number at a custodian;
2. Clients authorize us in writing to direct transfers to the third party either on a specified schedule or from time to time;
3. Clients qualified custodians verify the client's authorization (e.g., signature review) and provides a transfer of funds notice to the client promptly after each transfer;
4. Clients can terminate or change the instructions;
5. SF has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party;
6. SF maintains records showing that the third party is not a related party to us nor located at the same address as us; and
7. The qualified custodian sends client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

SF confirms that the firm meets the above criteria.

## **Item 16 Investment Discretion**

SF is granted discretionary authority from the Client at the outset of an advisory relationship. In all cases, such discretion is to be exercised in a manner consistent with the stated investment objectives for the Client's account, and subject to any investment restrictions or limitations place on SF by Client. Discretionary authority is obtained by a power of attorney executed by the Client at the time of the account opening, or by other documents required by account custodians.

A client may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for their account(s). Refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

## **Item 17 Voting Client Securities**

SF does not have authority to, and does not, vote proxies on behalf of advisory Clients. Clients retain the responsibility for receiving and voting proxies for all securities maintained in Client accounts. Clients should contact the securities' custodian for questions regarding receipt of proxies.



## **Item 18 Financial Information**

SF's financial condition is not reasonably likely to impair its ability to meet its contractual commitments to Clients. SF has never been the subject of a bankruptcy proceeding.

## **Item 19 Privacy Policy**

SF maintains a specific Privacy Policy that is distributed to each client at the time an account is opened and annually thereafter. SF collects nonpublic information about clients from the following sources: information we receive from clients verbally, on applications or other forms and information about client transactions with others or us. We may have to share non-public client information with unaffiliated firms in order to service client accounts. Additionally, we may have to provide information about clients to regulatory agencies as required by law. Otherwise, SF will not disclose any client information to an unaffiliated entity unless a client has given express permission for us to do so. SF is committed to protecting client privacy. We maintain physical, electronic and procedural safeguards that we believe comply with Federal standards to protect against threats to the safety and integrity of client records and information.