

FIRM BROCHURE
(Part 2A of Form ADV)

April 22, 2021

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CRD #284960

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Part 2A of Form ADV (the “Brochure”) provides information about the qualifications and business practices of Quintes Financial Services, LLC. If you have any questions about the contents of this Brochure, please contact Steve Shearn at (831) 759-6336 or by email at Steve@quintes.us. 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.

Quintes Financial Services, LLC is a registered investment adviser with the Securities and Exchange Commission; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made. Additional information about the firm also is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 1: COVER PAGE

Please see previous page.

ITEM 2: MATERIAL CHANGES

This updated version of the Brochure contains the following material changes since its last annual amendment filing dated January 28, 2021:

Item 4 – Advisory Services – updated to reflect the firm registration with Securities and Exchange Commission.

Item 5 – Fees and Compensation – updated to reflect that our Onboarding Fee can also be charged as a fixed dollar amount and that this fee can be waived at the discretion of QFS. Updated to remove language indicating clients are provided with an informational invoice about the fee paid to QFS.

Item 10 -Other Financial Industry Activities and Affiliations – updated to remove language indicating IARs can receive a bonus if a QAIS client opens an advisory account with QFS.

Item 16 – Investment Discretion - updated to reflect that QFS accepts discretionary authority to select third party advisers for Separately Managed Account clients.

Other non-material changes were made to the Brochure. We encourage each client to read the Brochure carefully and to call us if you have any questions.

Pursuant to applicable rules, the Firm will ensure that clients receive a summary of any material changes to this Brochure, along with an offer to receive the compliance Brochure within 120 days of the close of the Firm's fiscal year. The Firm's Brochure is available upon request and may be requested by contacting the Firm's Chief Compliance Officer, Steve Shearn at (831) 759-6336 or by e-mail at Steve@quintes.us.

Additional information about the Firm and its investment adviser representatives is available on the SEC's website at www.adviserinfo.sec.gov.

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ITEM 4: ADVISORY BUSINESS

A. Description of Firm

Quintes Financial Services, LLC (hereinafter referred to as “QFS” or the “Firm”) was formed in 2016 and is a California-based investment advisory firm providing advisory services as described below to qualified retirement plans.

The Firm is an investment adviser registered with the Securities and Exchange Commission (“SEC”). Prior to SEC registration, QFS was registered with the State of California. The Firm is owned by Quintes Administrative & Insurance Services, LLC (“QAIS”). Mr. Steve Shearn owns 100% of QAIS and serves as the Firm’s Manager, Managing Director and Chief Compliance Officer.

B. Types of Advisory Services Offered

Advisory Services to Separately Managed Accounts

QFS offers advisory services to individuals and high-net worth clientele. Our core service is providing discretionary investment management; however, based on a client’s needs, additional services will be provided, which include:

- Financial Planning (including a written financial plan)
- Risk Profile Modeling
- Investor Education
- Financial Review Meetings

At the beginning of the relationship, a QFS adviser representative will meet with clients and gather information regarding the client’s investment objectives, risk tolerance, income needs, and time horizon (“Investment Guidelines”). Based on such guidelines, the QFS adviser representative works with the client to map out a financial plan and select an appropriate asset allocation portfolio for investment.

As granted by each client in the investment advisory agreement with QFS, the Firm has authority to enter into agreements with one or more third party advisers (each a “Sub-Adviser”) to manage all or a portion of a QFS client’s managed assets. QFS will monitor the investments made by each Sub-Adviser to help ensure the Sub-Adviser’s strategy and investments remain aligned with the client’s Investment Guidelines. QFS retains discretionary authority to hire and fire a Sub-Adviser and reallocate client’s managed assets when such action is deemed by QFS to be in the best interest of the client. Each client that has account assets managed by one or more Sub-Advisers will receive a copy of each Sub-Adviser’s Form ADV Part 2A (Disclosure Brochure) at the beginning of the relationship and annually, which should be read in its entirety, along with the QFS Form ADV Part 2A. This will allow clients to fully understand the services, fees, and conflicts surrounding these arrangements.

See Item 8 below for further information on investment selections.

A client can impose restrictions on investments in their account(s). In these instances, clients are solely responsible for informing QFS in writing of the restrictions and any changes. QFS does not

assume any responsibility for the accuracy of any information provided by clients or from a client's other professionals (e.g., attorney, accountant, etc.). Under all circumstances, clients are responsible for promptly notifying us in writing of any material changes to their financial situation, investment objectives, time horizon, risk tolerance, and/or restrictions. If a client notifies the Firm of changes in their financial circumstances, we will review such changes to determine whether changes need to be made to the client's managed account portfolio.

In addition, depending on a client's needs, QFS will recommend the purchase of certain insurance products. This creates a conflict of interest since QFS advisory representatives are licensed insurance agents with QFS's owner and affiliated insurance agency, QAIS, and they receive commissions anytime a client purchases the insurance through QAIS. Clients always retain the right to select any insurance agency to implement the insurance recommendations provided by QFS. Please refer to Item 10 for further information on the conflicts surrounding the affiliations and how QFS addresses the conflicts.

Advisory Services to Retirement Plans

QFS offers investment advisory services to qualified retirement plans and will serve either as an ERISA¹ Section 3(21) fiduciary and provide non-discretionary services, or as a Section 3(38) investment manager and provide discretionary services.

QFS provides some or all of the following services to retirement plan clients:

1. Selection and monitoring of recordkeeping contracts
2. Creation and review of Investment Policy Statement
3. Selection and monitoring of the plan level investment menu²
4. Participant education

Below is a summary of each of the above services:

Selection and monitoring of recordkeeping contracts for qualified retirement plans

For this service, QFS will search, select and recommend recordkeeping contracts as the funding vehicle for a retirement plan to consider. The recordkeeping contracts recommended typically include a menu of investment options, custody of assets and tracking of participant account balances. Once selected, QFS will monitor and benchmark the record-keeper contract. QFS will also take the lead in resolving problems with the record-keeper and transitioning the plan from one record keeper to another, if applicable.

Creation and Review of Investment Policy Statement

QFS will create (or review, as applicable) and monitor the plan's Investment Policy Statement ("IPS") and assist the plan trustee(s) with selection and monitoring of the plan level investment menu³. The IPS shall include investment objectives, policies, and constraints consistent with the

¹ Employee Retirement Income Security Act of 1974 ("ERISA").

² For trustee-directed retirement plans, QFS will only serve as a 3(38)-investment manager having discretion over plan assets allocated to QFS.

³ When serving as a 3(38)-investment manager, QFS will have discretion over the establishment and/or updating of the plan client's IPS.

Plan's requirements and requirements under ERISA. Any investment restrictions imposed by the plan trustee(s) will be outlined in the IPS.

Selection and monitoring of the plan level investment menu

In the role of a 3(21) fiduciary for participant directed retirement plans, QFS will make recommendations to the plan trustee(s) on which investment options within the recordkeeping contract (mainly open end mutual funds) should be made available to participants under the plan and once a selection is made, QFS will monitor the selected investment options and recommend any changes to the plan trustee(s). Also, at least annually, QFS will meet with the plan trustee(s) or investment committee to review investment performance and suitability. During this meeting QFS will provide a plan health report and address general compliance and governance issues.

In the role of a 3(38)-investment manager for participant directed retirement plans, QFS has discretionary authority to select and manage the investment options made available to participants under the plan and implement any changes to the options directly with the recordkeeper/custodian, without first discussing with the plan trustee(s).

For trustee-directed retirement plans, QFS serves as a 3(38)-investment manager and is granted full discretion and sole authority to invest and reinvest the assets of the plan's portfolio allocated for QFS management.

Please refer to Item 8 below for further information on the types of investments recommended by QFS, along with a summary of the risks associated with the investments.

Participant education

QFS' non-fiduciary education services offered to plan participants cover information on how to use the plan's electronic recordkeeping system (i.e., website) and provide information on the various mutual fund selections within the plan. QFS also will provide general investment education to participants but will not provide individualized investment advice to participants.

Advisory Services to Plan Participants

QFS also offers advisory services to plan participants, which are independent of the above services and provided under a separate advisory agreement entered into by the plan participant and QFS. The services provided usually include financial wellness planning specific to the plan participant and can include investment management of the plan participant's retirement plan assets.

The relationship between QFS and plan participants can cause a conflict of interest when QFS is also providing services to the retirement plan related to the plan participant. Mainly, this is because QFS also owes certain fiduciary duties to that retirement plan, as required under ERISA regulations. To mitigate the conflict, QFS has developed policies and procedures specifying that QFS will only manage the retirement assets of a plan participant when QFS believes that doing so would be in the best interest of the participant.

C. Important Information Relating to the Firm's Services

1. Advisory Services, Agreements and Disclosures

Prior to engaging QFS to provide services, the client will be required to enter into one or more written agreements with us setting forth the terms and conditions under which the Firm shall render its services (collectively the "Agreement"). In accordance with SEC regulations, QFS will provide this brochure (Form ADV Part 2A), one or more brochure supplements (Form ADV Part 2Bs). Retail clients also will receive a copy of our client relationship brochure (Form CRS). These disclosure documents will be provided prior to or contemporaneously with the execution of the Agreement. The Agreement between QFS and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement.

Neither the Firm nor the client may assign the Agreement without the consent of the other party. Transactions that do not result in a change of actual control or management of the Firm shall not be considered an assignment.

The Firm will provide advisory services but will not provide custodial services. At no time will QFS accept or maintain physical custody of a client's funds or securities. Client is responsible for all custodial and securities execution fees charged by the custodian and executing record-keeper (as applicable), unless otherwise negotiated.

When providing our advisory services to ERISA plans as a plan fiduciary, the sole standard of care imposed upon us is to act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. QFS will provide certain required disclosures to the "responsible plan fiduciary" (as such term is defined in ERISA) in accordance with Section 408(b)(2), regarding the services we provide and the direct and indirect compensation we receive by such clients. Importantly, these disclosures are contained in this Form ADV Part 2A, the client agreement and/or in separate ERISA disclosure documents and are designed to enable the plan's ERISA fiduciary to: (1) determine the reasonableness of all compensation received by QFS; (2) identify any potential conflicts of interests; and (3) satisfy reporting and disclosure requirements to plan participants.

2. Wrap Programs

QFS does not sponsor or participate as an investment manager in wrap account programs.

D. Assets Under Management

As of December 31, 2020, the following represents the amount of client assets under management by the Firm on a discretionary and non-discretionary basis:

Type of Account	Assets Under Management ("AUM")
Discretionary	\$5,945,514
Non-Discretionary	\$ 121,584,180
Total:	\$127,529,694

ITEM 5: FEES AND COMPENSATION

The Firm charges advisory fees based on the types of advisory service described in Item 4B. The specific fees charged by the Firm for its advisory services will be set forth in each client's written agreement with the Firm. Although the Firm believes its advisory fees are competitive, clients should be aware that lower fees for comparable services may be available from other sources.

A. Fees for Services to Separately Managed Accounts and Trustee Directed Retirement Plans

The following is the Firm's basic fee schedule for our advisory services to separately managed accounts and trustee directed retirement plan clients. These fees are negotiable at the sole discretion of the Firm, and arrangements with any client can vary. Fees are assessed based on a variety of factors, including but not limited to the extent and complexity of services provided and the size of a client's account. QFS does not charge a minimum fee and reserves the right to waive fees for certain friends and family of the firm.

<u>Account Value</u>	<u>Annual Fee</u>
The first \$999,999	0.90%
The next \$1,000,000 - \$1,999,999	0.70%
The next \$2,000,000 - \$4,999,999	0.50%
The next \$5,000,000 - \$9,999,999	0.30%
The next \$10,000,000 and over	0.10%

Clients will be charged a "blended" fee based on the above tiered schedule. For example: Client accounts totaling \$3,000,000 will pay a fee of 0.70%. The fee would be calculated as follows; .90% on \$999,999 (\$9,000), .70% on \$1,000,000 (\$7,000) and .50% on \$1,000,001 (\$5,000) for a total fee of \$21,000. $\$21,000/\$3,000,000 = 0.70\%$.

QFS bills advisory fees quarterly in arrears. Account valuations and billing data of each account are determined by a non-affiliated third-party service provider. The service provider receives and reconciles daily account holdings, valuations, and securities pricing data electronically from clients' custodians. The Firm's advisory fees for separately managed accounts and trustee directed retirement plan clients are calculated based on the average daily balance of the assets held in the Account(s) during the preceding quarter. The "average daily balance" of an account is determined by calculating the total dollar value for each account every calendar day during the previous quarter. All account balances for the previous quarter are then added together and divided by the number of days in the quarter. The resulting fee is then calculated by multiplying the average daily balance of the account by the annual percentages set forth in the fee schedule above. The fee is charged on the value of all securities held (based on trade date), cash and cash equivalents, dividend and interest accruals, and any margin balance pertaining to the account(s). Due to that, along with other factors such as timing of transactions, calculations and billing, the average daily balance of each account for fee billing purposes can be different (in some cases higher) than the market value of an account as reflected on the custodian's account statement. Clients should be aware that QFS is not liable for any pricing errors made by clients' custodians.

For billing purposes, QFS will consider all separately managed accounts managed by QFS which belong to certain familial relations of each such client, which is typically referred to as

“householding”. Specifically, the average daily balance of a client’s account(s) will be aggregated with the average daily balance of all managed accounts belonging to a separately managed client’s spouse, custodial accounts for minor children who reside at the same address of client, and any trust assets where the trustees, trustors and current beneficiaries all reside at the same address as client (collectively, a “household”). Clients are required to notify QFS of any such “household” relationships.

At times, a client may possess securities (*i.e.*, stocks or similar securities) in addition to those held as part of their account(s) to be managed by QFS (hereinafter referred to as “Outside Assets”). In such instances, the client will be responsible for directing QFS as to whether such Outside Assets shall be liquidated for eventual investment as part of the client’s investment portfolio or held separate from the client’s investment portfolio. If not included as part of the investment portfolio, such Outside Assets may be housed as part of a courtesy account at the client’s custodian under QFS’s master custodial account (a separate *Courtesy Account Agreement* will be entered into by and between the Firm and the client regarding such Outside Assets). Clients should understand that QFS will not actively manage the Outside Assets, nor will QFS assess a fee on the Outside Assets.

When a new separately managed account or trustee directed retirement plan account is opened during the quarter, advisory fees will be billed at the end of the initial quarter. If QFS’s services are terminated mid-quarter, the fee will be calculated through the date of termination and be deducted from the account prior to the funds transferring to a successor custodian.

If a client has a margin account, QFS’s advisory fees will be based on the full value of the assets under management, including margin debt. Clients should be aware that buying investments using margin increases the amount of fees paid to us, which creates a conflict of interest as it gives us an incentive to recommend margin accounts to clients. We do not however, recommend margin accounts to our clients as part of our investment strategies. Also, a client with a margin account is charged margin interest by the custodian on the margin debit balance in the client’s account. There also are certain risks associated with margin accounts. Please refer to Item 8 below for further information on these risks.

As authorized in the agreement signed by clients, QFS advisory fees will be deducted from a client’s managed account. At the beginning of each calendar quarter, a billing statement will be sent to each client’s custodian for payment. Notably, custodians do not verify the accuracy of QFS’s advisory fee; therefore, it is a client’s responsibility, and any questions should be directed to QFS. Clients receive a periodic (at least quarterly) account statement from their custodian, which will reflect among other things, the advisory fees withdrawn by the custodian and paid to QFS. Clients are urged to compare account statements received by their custodian with the statements sent by QFS. Please refer to Item 13 below for more information on the reports provided by custodians and QFS.

QFS’s advisory fees do not include third-party fees, including custodian fees, brokerage fees, Sub-Adviser fees⁴, odd-lot differential fees, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes. A client’s managed account that is invested in mutual funds and exchange

⁴This does not apply to any services provided by Dynamic, as outlined in Item 8 of this Disclosure Brochure.

traded funds (“ETFs”) will be subject to certain fees and expenses, which are imbedded in the price of the mutual fund or ETF. These fees are described in each fund’s prospectus. Mutual funds also charge a distribution (12b-1 fee), and in some cases, a front-end load (commission) or deferred sales or surrender charges. These third-party fees and expenses are separate from and in addition to the fees charged by QFS and QFS does not receive or share in any of these third-party fees. However, as outlined in Items 4 & 10, QFS is owned by QAIS, an affiliated insurance agency and ERISA plan administrator, and certain QFS advisory representatives are licensed insurance agents with QAIS. When an advisory representative recommends insurance to separately managed account clients there is a conflict of interest due to the affiliation. Please refer to Item 10 for further information on the conflict and how the Firm addresses the conflict.

B. Fees for Services to Retirement Plan

The Firm provides its advisory services to clients for a fee, which is based upon a percentage of the retirement plan client’s assets. QFS provides its consulting services for an hourly rate or a fixed rate, depending on client needs. For the asset based advisory fee, the percentage will depend on the types of advisory services offered and the complexity of the project. The fee will be negotiated with the client at the beginning of the relationship and be outlined in the Agreement. The services QFS provides are generally performed in different stages depending on each client’s needs. The stages are as follows:

Onboarding Stage

The initial transition of a retirement plan from a prior advisor and record-keeper or custodian to a record-keeper or custodian serviced by QFS is considered onboarding. During this stage, QFS typically performs the following steps:

- selection of the recordkeeping or custodian contract
- creation or update of the IPS
- selection of the plan level investment menu
- initial participant education

The complexity of the steps performed during this stage depends upon such factors as the type of plan, amount of plan assets, number of employees, plan design, required frequency of trustee meetings, desired level of employee education, and other factors unique to the plan

For an existing plan, the QFS onboarding fee will be either a percentage of the plan’s assets transferred to QFS, or a fixed dollar amount. For a start-up plan, the QFS onboarding fee will be a fixed dollar amount. This is a one-time fee, which can be waived at the discretion of QFS. If charged, the fee will be outlined in the Agreement and billed upon acceptance of the Agreement. This fee is in addition to QFS’s Servicing Fee outlined in the “Servicing Stage” section below. The percentage fee ranges from 0.0% to 1.5%. The fixed fee amount can range from approximately \$1,000 to \$2,500.

Unless otherwise indicated in the Agreement with the plan client, the record-keeper or custodian will debit the QFS onboarding fee from the retirement plan’s assets after the plan

assets have been transferred in and will forward payment to QFS either at the end of the following month or quarter, depending on the record-keeper's or custodian's policies.

Servicing Stage

The annual support provided to a retirement plan by QFS is considered servicing. For this stage, QFS typically performs the following during each of the plan's fiscal years:

- monitoring of the recordkeeping or custodian contract
- review of the IPS
- monitoring of the plan level investment menu
- ongoing participant education

The complexity of the steps performed during this stage depends upon such factors as the type of plan, amount of plan assets, number of employees, plan design, required frequency of trustee meetings, desired level of employee education, etc.

The QFS annual servicing fee for plans that use a Recordkeeper will be a percentage of plan assets ranging from 0.05% to 1%, or a fixed fee ranging from \$1,000 to \$50,000. The fee charged will depend on the complexity of the plan and services provided.

The agreed upon QFS fee for servicing will be calculated in arrears by each retirement plan's record-keeper or custodian, as applicable. The record-keeper or custodian will debit QFS fees from the retirement plan's assets and forward payment to QFS either monthly or quarterly, depending on the record-keeper's or custodian's policies.

For both stages above, QFS is paid by the plan client's record-keeper or custodian. Based on the fees outlined in the Agreement between QFS and the plan client, the client's record-keeper or custodian calculates the fees and pays QFS.

Consulting

Should a client request any project or assistance that is not provided as part of the Onboarding and Servicing stages, such services will be billed at an hourly rate or a fixed fee, depending on the needs of the client. For clients that are charged an hourly rate, QFS will calculate the fees due and bill monthly in arrears. The Firm's hourly billing rate ranges from \$225 to \$450 per hour. For clients that are charged a fixed fee, Fixed fees range from \$1000 to \$20,000. At no time will QFS bill a client a fee of \$1,200 or more, six months or more in advance of any services performed.

Advisory and consulting fees are negotiable and arrangements with any client may differ from those described above. In addition, for family and friends of the Firm, the Firm can, in its sole discretion, reduce or waive its fees in their entirety.

QFS does not have any authority to debit fees from plan assets. In the event the Firm's services are terminated mid-month, any earned and unpaid QFS fees will be waived.

C. Other Fees and Expenses Charged to Retirement Plans

Clients should understand that the advisory fees described above do not include certain charges imposed by record-keepers and the underlying investment options offered by the record-keeper. For example, Plan participant assets invested in mutual funds will be subject to certain fees and expenses imposed directly by mutual funds to their shareholders, which shall be described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee.

If the plan purchases a record-keeping contract in the form of a group annuity contract ("insurance product") or group funding agreement (registered product), the total annual operating expense of each variable investment option provided under the product, and all other charges, fees, or penalties that may be imposed in connection with the purchase, holding, exchange or termination of the product are described in disclosure materials provided by the product provider.

These fees and expenses are separate from and in addition to the fees charged by the Firm. Accordingly, retirement plan clients should review all fees charged to the plan, including the fees charged by the investment offerings within the selected recordkeeping contract, together with the fees charged by the Firm, to fully understand the total amount of fees to be paid by the plan and its participants and to thereby evaluate the advisory services being provided.

Additionally, both QAIS and Mr. Shearn participate in other financial industry affiliations for which they are compensated and that create conflicts of interest. Please refer to Item 10 below for further details.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

QFS does not charge performance-based fees (*i.e.*, fees calculated based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client). Consequently, the Firm does not engage in side-by-side management of accounts that are charged a performance-based fee with accounts that are charged another type of fee (such as assets under management).

ITEM 7: TYPES OF CLIENTS

The Firm offers investment advisory services to individuals, high net worth clientele, and qualified retirement plans.

The Firm has no account minimums. However, the Firm reserves the right to accept or decline a potential client for any reason in its sole discretion. Prior to engaging the Firm to provide any of the investment advisory services described in this Brochure, the client will be required to enter into one or more written agreements with the Firm setting forth the terms and conditions under which the Firm shall render its services.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis

Separately Managed Accounts

As outlined in Item 4 above, QFS will utilize certain Sub-Advisers to manage all or a portion of QFS clients' assets. To that end, QFS has an agreement in place with an unaffiliated SEC registered investment adviser, Dynamic Advisor Solutions LLC (CRD#151367) ("Dynamic"), to provide, among other things, various model portfolios that are based on different types of investment strategies and utilize equities, bonds, mutual funds, and/or ETFs. The portfolios selected by QFS for our separately managed account clients are based upon each client's specific Investment Guidelines.

The Firm evaluates a variety of information about the Sub-Advisers, which include the Sub-Advisers' public disclosure documents and materials supplied by the Sub-Advisers. QFS generally takes into consideration each Sub-Adviser's management style, historical returns, client reporting, pricing and research capabilities, among other factors. As mentioned in Item 4 above, QFS will monitor the investments made by each Sub-Adviser to help ensure the Sub-Adviser's strategy and investments remain aligned with the client's Investment Guidelines.

Retirement Plans

The Firm uses an analytic program called Retirement Plan Advisory Group (RPAG) to generate a Provider Comparison Report that provides investment monitoring and selection, plan fee analysis, and investment line-up comparison. Other financial simulation programs used by third-party managers may assist with asset allocations and take into account the effects of various historical rates of return from different asset classes.

B. Investment Strategies

Separately Managed Accounts

As mentioned in Item 8.A above, QFS has access to model portfolios from Dynamic to use with clients. These portfolios are based on a variety of different strategies and selected for clients based on each client's Investment Guidelines.

Retirement Plans

QFS believes a qualified retirement plan should offer a menu of investment options that range from conservative to aggressive. These options should include a fixed account (*e.g.*, stable value fund or Guaranteed Investment Contract ("GIC")), target date mutual funds, risk based mutual funds, a custom modeling tool and a core mutual fund line-up that covers the major asset classes. It is the Firm's strategy to assist plan trustees with the selection of the investment menu offered to plan participants then educate the plan participants about the investment options available to them through the retirement plan.

QFS mainly utilizes/recommends open-end mutual funds, GICs and stable value funds to retirement plan clients. We do not provide advice or recommendations on other types of securities.

C. Risk of Loss

Investing in securities, including mutual funds involves a significant risk of loss that clients should be aware of and prepared to bear. The Firm's investment recommendations are subject to various market, currency, economic, political and business risks, and the recommended securities may not always be profitable. Clients should be aware that there may be a significant loss or depreciation to the value of their managed account, and that at any given time, the value of such account may be worth more or less than the initial amount invested. Past performance of investments is no guarantee of future results.

The market value of stocks will generally fluctuate with market conditions, and small-stock prices generally will fluctuate more than large-stock prices. Stocks of mid-capitalization companies often have greater price volatility, lower trading volume, and less liquidity than the stocks of larger, more established companies. While stocks have historically outperformed other asset classes over the long term, they tend to fluctuate over the short term as a result of factors affecting the individual companies, industries or the securities market as a whole.

The market value of bonds will generally fluctuate inversely with interest rates and other market conditions prior to maturity and will equal par value at maturity. Interest rates for bonds can be fixed at the time of issuance, and payment of principal and interest can be guaranteed by the issuer and, in the case of U.S. Treasury obligations, backed by the full faith and credit of the U.S. Treasury. The market value of Treasury bonds will generally fluctuate more than Treasury bills since Treasury bonds have longer maturities.

Mutual fund (including ETFs) investing involves risk including the possible loss of principal. Non-diversified funds are more susceptible to financial, market and economic events effecting the particular issuers and industry sectors in which they invest and therefore may be more volatile or risky than less concentrated investments. In addition, there is no assurance that a mutual fund will achieve its investment objective. There are certain risks pertaining to stable value funds and GICs. For example, for GICs, the main risk is the financial stability of the issuer (usually a bank or insurance company) of the GIC since it is a contract for receiving a pre-determined amount of interest for depositing a certain amount of money for a set time period. For stable value funds, since they have underlining investments there is financial stability risk pertaining to the issuer, and also risks pertaining to their investments. They also carry liquidity risks.

Clients with margin accounts should be aware that there are a number of additional risks that need to be considered when trading securities on margin. The risks associated with margin include, but are not limited to, the following: (i) clients can lose more assets than deposited in the margin account. A decline in the value of securities that are purchased on margin can require the client to provide additional funds to the brokerage firm that has made the loan to avoid the forced sale of those securities or other securities in a client's account; and (ii) the lending brokerage firm is able to force the sale of securities in a client's account. If the equity in a client's account falls below the maintenance margin requirements under the law—or the lending brokerage firm's higher "house" requirements—the brokerage firm can sell the securities in a client's account to cover the margin deficiency. A client would also be responsible for any short fall in their account after such a sale.

Past performance of investments is no guarantee of future results.

Some additional investment risks a client should be aware of include, but are not limited, to the following:

- **Equity Risk**: Since certain strategies invest in equity securities, they are subject to the risk that stock prices can fall over short or extended periods of time. Historically, the equity markets have moved in cycles, and the value of equity securities can fluctuate significantly from day-to-day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies can suffer a decline in response. These factors contribute to price volatility, which is the principal risk of investing in the strategies we offer.
- **Market Risk**: The price of a stock, bond, mutual fund or other security can drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances.
- **Business Risk**: These risks are associated with a particular industry or a particular company within an industry.
- **Currency Risk**: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **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.
- **Liquidity Risk**: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Political and Legislative Risk**: Companies face a complex set of laws and circumstances in each country in which they operate. The political and legal environment can change rapidly and without warning, with significant impact, especially for companies operating outside of the United States or those companies who conduct a substantial amount of their business outside of the United States.
- **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.

We do not represent, guarantee or imply that the services or methods of analysis employed by us can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. Also, the above listed risks are not inclusive of all risks associated with the investments recommended by QFS, so separately managed account clients, plan trustees and participants should carefully read the applicable documentation and disclosures provided to fully understand all risks prior to investing.

ITEM 9: DISCIPLINARY INFORMATION

Registered investment advisers such as the Firm are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of the Firm or the integrity of its management. The Firm does not have any such legal or disciplinary events.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither QFS nor any of its supervised persons are registered, or have an application pending to register as a:

- Broker-Dealer
- Registered Representative of a Broker-Dealer
- Futures Commission Merchant (FCM)
- Commodity Pool Operator (CPO)
- Commodity Trading Advisor (CTA)
- Associated Person of a FCM, CPO or CTA

QFS does not select or recommend third party investment advisory firms to its clients; however, we do have an agreement with a sub-adviser, as outlined in Item 4 above.

Outside of his activities for QFS, Mr. Shearn is owner and President of Quintes Administrative and Insurance Services (QAIS). QAIS is the owner of QFS and provides third party administration ("TPA") and insurance brokerage services to qualified retirement plans. QAIS also is a licensed insurance agency (California license # 0H93971) and Mr. Shearn is a licensed insurance agent (California license #0A76362) with QAIS. As owner & President of QAIS, Mr. Shearn receives compensation and shares in the profits and losses of QAIS. QAIS receives commissions from any client that purchases insurance through QAIS. Additionally, as a licensed insurance agent, Mr. Shearn receives commissions from QAIS when selling any insurance product to QAIS clients. Currently, this amounts to 100% of his annual income.

Other advisory representatives also are licensed insurance agents with QAIS and receive commissions from QAIS when selling any insurance product to QAIS clients. They also receive a portion of the advisory paid by QFS clients. Additional details are provided in each representative's Form ADV Part 2B, including how much time is spent and the percent of their annual income that is derived from the additional compensation. A copy of Form ADV Part 2B is provided to new clients and can also be found at www.adviserinfo.sec.gov.

There will be times when Mr. Shearn or other advisory representatives refers QFS clients to QAIS and vice versa. This creates a conflict of interest because Mr. Shearn, as owner & President of QAIS and Managing Director of QFS has an incentive to make the referral since both he and QAIS will receive monetary benefits, both directly and indirectly, should a QFS client or QAIS client decide to obtain services from the affiliated company. Such referrals also create a conflict because when QAIS is providing TPA services, they usually enter into a revenue sharing arrangement (also known as recapture arrangement) with the plan's record-keeper and can receive additional fees under such arrangement.

Also, a conflict exists due to the fact the time spent by Mr. Shearn and other advisory representatives in performing services for QAIS takes time away from the services they perform for QFS. However, Mr. Shearn and the advisory representatives will devote as much time to the business and affairs of QFS as is reasonably necessary to deliver the advisory services outlined in the QFS Form ADV Part 2A. As of the date of this ADV Part 2A, Mr. Shearn spends approximately 70% of his time on performing services for QAIS.

QFS has adopted policies and procedures to address the conflicts presented by the affiliation and outside business activities. Importantly, as part of the Firm's fiduciary duty to its clients, the Firm, Mr. Shearn, and QFS advisory representatives will endeavor at all times to put the interest of QFS investment advisory clients first. Additionally, the conflicts presented by this practice are disclosed to clients at the time of entering into an advisory agreement, mainly through the delivery of this Form ADV Part 2A and the Form ADV Part 2Bs for Mr. Shearn and QFS advisory representatives.

Also, as service providers to ERISA plans, QFS and QAIS are required to provide ERISA plan sponsors with detailed disclosures regarding, among other things, both direct (paid by the plan) and indirect fees and compensation (paid by other sources) received for providing services to the plan. Such disclosures are provided to prospective plan clients prior to entering into an agreement with QFS and/or QAIS and anytime there is a material change to the information provided.

As mentioned in Item 8 above, QFS has entered into an agreement with Dynamic. Under this agreement, Dynamic provides QFS with certain back office support, including technology platforms, account reconciliation and billing, account report preparation and delivery, marketing assistance. Under the agreement, Dynamic also provides QFS with model investment portfolios, and research and trading services. Fees charged by Dynamic under this agreement are paid directly by QFS.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. Code of Ethics Summary

The Firm has adopted a Code of Ethics ("Code") which establishes standards of conduct for the Firm's supervised persons and includes general requirements that such supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It contains written policies reasonably designed to prevent the unlawful use of material non-public information by the Firm or any of its Associated Persons (The Firm, its officers, directors, agents or employees). The Code also requires that certain of the Firm's personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings. Unless specifically permitted in the Code, none of the Firm's Access Persons may affect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the Access Person) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of the Firm's clients.

The Code also requires supervised persons to report any violations of the Code promptly to the Firm's Chief Compliance Officer ("CCO"). Each supervised person receives a copy of the Code and any amendments to it and must acknowledge in writing having received the materials. Annually, each supervised person must certify that he or she complied with the Code during that year.

The Firm will provide a copy of its Code of Ethics to any client or prospective client upon request by contacting the Firm's CCO, Steve Shearn at (831) 759-6336.

B. Participation or Interest in Client Transactions

It is the Firm's policy not to enter into any principal transactions or agency cross transactions on behalf of client accounts. Principal transactions occur where an adviser, acting as principal for its own account, buys securities from or sells securities to any advisory client. Agency cross transactions occur where a person acts as an investment adviser in relation to a transaction in which the adviser, or an affiliate of the adviser, acts as broker for both the advisory client and for another person on the other side of the transaction.

The Firm or individuals associated with the Firm may buy or sell for their personal account(s) mutual funds and/or other securities and investment products identical to those offered within a plan client's recordkeeping contract and recommended by QFS to its clients. Such recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the client. In addition, QAIS uses a record-keeper for its 401k Plan that is also recommended to retirement plan clients and that offers investment choices that are also offered to our clients via their recordkeeping contract. Notably, these investment choices are mainly mutual funds, which eliminates the potential for front-running. Nevertheless, such practices present potential conflicts of interest. To mitigate these conflicts, it is the Firm's policy that no person employed by the Firm may purchase or sell certain securities or investment products without first obtaining prior approval from the CCO as required by the Firm's Code of Ethics. Additionally, as part of the Firm's fiduciary duty to clients, the Firm and its Associated Persons will endeavor at all times to put the interests of the clients first and at all times are required to adhere to the Firm's Code of Ethics.

C. Personal Trading

To help mitigate any conflicts of interest, the Firm's Code of Ethics sets forth certain standards of business and professional conduct regarding the personal trading activities of its Associated Persons. The following are our procedures for the purchase and or sales of securities held within personal accounts.

- The Firm requires quarterly reporting of all personal securities transactions with the exception of certain exempt transactions and securities (such as government securities and money market funds). Associated Persons or those members with a beneficial interest, such as immediate family members, may not buy or sell securities for their personal portfolio(s) where their decision is derived in whole or in part, by material non-public information.
- The Firm and its Associated Persons may not participate in private placements or initial public offerings (IPOs) without pre-clearance from the Firm's CCO.
- Records will be maintained of all securities bought or sold by Associated Persons of the Firm

and shall be reviewed periodically by designated Firm personnel.

- Any individual not in observance of the above will be subject to sanctions.

The Firm and its Associated Persons may also buy or sell specific securities for their own accounts based on personal investment considerations, which the Firm does not deem appropriate to recommend to clients.

ITEM 12: BROKERAGE PRACTICES

Retirement Plans

For participant directed retirement plans. QFS does not select brokers and/or place any transactions on behalf of its retirement plan clients' participants.

Separately Managed Accounts and Trustee Directed Retirement Plans

QFS recommends that each separately managed account and trustee directed retirement plan client use TD Ameritrade, Inc. ("TD Ameritrade") as the custodian and broker of record for the client account. The custodian and brokerage services that TD Ameritrade provided to QFS clients are typically not available to retail investors. As part of these services, TD Ameritrade does not charge custodial fees for an account as long as the account's transactions are placed with TD Ameritrade for execution. TD Ameritrade charges a transaction fee per transaction for each account. All fees and charges are fully disclosed on the account statements sent by TD Ameritrade to each client. QFS also receives certain benefits from TD Ameritrade due to the relationship, which are described below.

QFS participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., an unaffiliated SEC-registered broker-dealer and FINRA/SIPC member. TD Ameritrade offers to independent investment advisers services which include custody of securities, trade execution, clearance and settlement of transactions. QFS receives certain benefits from TD Ameritrade through participation in the Program. (Please see the disclosure under Item 14. below.)

Best Execution

Through our client agreement, QFS has the discretion to place buy and sell orders with or through such brokers or dealers as it deems appropriate. Our general policy is to place client trades with the client's broker custodian (e.g., TD Ameritrade) and we will continue to do so as long as we feel that the broker custodian is providing the best overall deal for the client ("best execution"). While QFS strives to achieve the best execution possible for clients' securities transactions, we are not required to solicit competitive bids or obtain the lowest available commission cost. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the overall best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among other things, the value of any research provided, their execution capability, commission rates, and responsiveness. Importantly, QFS is not required to negotiate "execution only" commission rates, thus the client may be deemed to be paying for research and related services (i.e., "soft dollars") provided by the broker, the cost of which are included in the transaction costs.

As part of our best execution obligation, QFS will periodically (at least annually) review our trading process and the broker/custodian utilized. The review will look at the full range of brokerage and custodian services offered by the brokers/custodian, which can include, but is not limited to execution prices, commissions/transaction costs, research offered, the ability to aggregate trades, the firm's capital strength and stability, reliable and accurate communications and settlement processing, and use of automation. We also consider the benefits received by clients and those received by the Firm.

Trade Aggregation and Allocation

When possible and deemed by QFS to be in the best interests of clients, QFS will aggregate client trades for the same security together and place as a block trade. For block trades that are completely filled, each participating account will receive the average share price. If the block order is only partially filled, QFS will allocate the securities traded among participating clients prorate unless the partial fill is not meaningful; then QFS will allocate in a manner that the Firm considers equitable to the participating accounts.

Sub-Advisers

Generally, the Sub-Adviser selected for managing a portion of a client's assets is provided with trading authority over those assets through the applicable agreements. The Sub-Adviser, like QFS, has a fiduciary duty to the QFS client to seek best execution on the trades placed on the client's behalf. The Form ADV Part 2A for each Sub-Adviser outlines, among other things, the Sub-Adviser's brokerage and best execution procedures. That document is provided to each QFS separately managed account client utilizing a Sub-Adviser and it is important for each such client to read the document to fully understand the Sub-Adviser's trading practices, including any associated conflicts.

Under the Dynamic arrangement, Dynamic has trading authority and will place transactions for QFS separately managed account clients with their custodian, TD Ameritrade unless it is determined by QFS or Dynamic that a better overall deal for the client can be obtained by trading with a different broker-dealer.

ITEM 13: REVIEW OF ACCOUNTS

A. Periodic Reviews

Separately Managed Accounts

Separately managed accounts and trustee directed retirement plan clients are reviewed on a continuous basis by the Firm's advisory representatives assigned to the accounts. The reviews are based upon and can be triggered by a variety of factors, including but are not limited to: the economic environment, outlook for the securities markets and the merits of the securities in which the accounts are invested.

An ad hoc review can be triggered by one or more of the following: 1) a change in the client's investment objectives, guidelines and/or financial situation, 2) change in strategy or diversification, 3) tax considerations, 4) cash added or withdrawn from the account, 5) purchase or sale of a security in the account, 6) a major change in the market, and/or 7) if requested by the client.

Advisory representatives will periodically meet with clients (at least annually) to discuss and review account performance and the status of the client's Investment Guidelines.

Retirement Plans

Advisory representatives monitor the Firm's investment recommendations on an ongoing basis and will provide recommended changes to retirement plan clients, as appropriate. The assigned advisory representative may meet with the trustee(s) of a retirement plan client to monitor the performance of the plan level investment menu.

B. Regular Reports

Separately Managed Accounts

Clients will receive periodic reports (at least quarterly) directly from their custodian. Clients are urged to compare custodial reports with any account reports sent by QFS.

Retirement Plans

During meetings with plan trustee(s), QFS provides reports obtained from the RPAG software that are used to analyze and compare the mutual funds offered by the retirement plan.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits Received

Certain IARs of QFS are employed with QAIS and receive certain benefits and compensation for referring QFS clients and/or recommending insurance products. Please refer to Item 10 above for details.

As outlined in Item 12 above, QFS recommends that separately managed account clients use TD Ameritrade as their custodian and broker of record. While there is no direct linkage between the investment advice given to the client and QFS's participation in the TD Ameritrade Institutional program, economic benefits are received by the Firm, which would not be received if QFS did not give investment advice to clients. The benefits do not depend on the amount of transactions directed by QFS to TD Ameritrade. The benefits include, but are not limited to: (i) a dedicated service group and an account services manager dedicated to QFS clients' accounts, (ii) access to a real time order matching system, (iii) ability to "block" client trades, (iv) electronic download of account trades, balances and positions in TD Ameritrade's portfolio management software, (v) duplicate and batched client statements, (vi) confirmations and year-end summaries, (vii) the ability to have advisory fees directly debited from client accounts (in accordance with federal and state requirements), and (viii) availability of third party research.

B. Compensation for Client Referrals

The firm does not directly or indirectly compensate any person who is not a supervised person for client referrals.

ITEM 15: CUSTODY

QFS will not have physical custody of clients' assets. Pursuant to Rule 206(4)-2 of the Advisers Act, QFS is deemed to have "constructive custody" of separately managed account clients' assets because the Firm has the authority and ability to debit its advisory fees directly from their accounts.

When exercising its discretionary authority, QFS can only implement investment management services after each separately managed account client has arranged for and furnished QFS with all information and authorization regarding his/her accounts held at the designated custodian. Clients will receive statements on at least a quarterly basis directly from the custodian that holds and maintains their assets. Clients are urged to carefully review all account statements received from their custodian and compare them to any reports provided by QFS. Please refer to Items 12 & 14 for additional information relating to QFS's practices and relationships with custodians.

ITEM 16: INVESTMENT DISCRETION

QFS provides its advisory services on either a discretionary or a non-discretionary basis to retirement plans, as agreed upon in writing with the retirement plan client.

With respect to Separately Managed Account clients, QFS has discretionary authority to enter into agreements with one or more third party advisers (each a "Sub-Adviser") to manage all or a portion of the client's managed assets. QFS retains discretionary authority to hire and fire a Sub-Adviser and reallocate client's managed assets when such action is deemed by QFS to be in the best interest of the client. Client agrees to this upon execution of the Client Agreement.

As noted in Item 4 above, separately managed account clients are allowed to impose reasonable restrictions on their accounts. Once this information is gathered, each client is responsible for informing us in writing of any changes to these restrictions or to their overall Investment Guidelines.

ITEM 17: VOTING CLIENT SECURITIES

It is the Firm's policy not to accept proxy voting authority with respect to client securities holdings. Consequently, all proxy solicitations related to securities held in client accounts will be sent directly to the client for voting. In the event a proxy solicitation is sent to the Firm on a client's behalf, it is the Firm's practice to forward the solicitation to the client's address of record immediately so that the client may cast the proxy vote.

ITEM 18: FINANCIAL INFORMATION

The Firm does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet. The Firm does not have any financial commitments that impair its ability to meet contractual and fiduciary obligations to clients and has not been the subject of a bankruptcy proceeding.