

**Part 2A of Form ADV: *Firm Brochure***

**S&F Investment Advisors**

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This brochure provides information about the qualifications and business practices of S&F Investment Advisors. If you have any questions about the contents of this brochure, please contact us at 310.481.9320 or [Amy@foxaccountancy.com](mailto:Amy@foxaccountancy.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about S&F Investment Advisors also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The use of the term registered investment adviser does not imply a certain level of skill or training.

You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 129367.

## **Item 2 - Material Changes**

The firm is switching from SEC registration to State registration. The principal place of business changed to 16633 Ventura Blvd., #540, Encino, CA 91436.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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## **Item 4 - Advisory Business**

S&F Investment Advisors (the “Advisor”) is a registered investment adviser and has been in business since 1991. Roger B. Fox is the principal owner.

The Advisor offers the following advisory services:

### **MUTUAL FUND PROGRAM**

Our firm provides continuous asset management of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on the client's particular circumstances are established, we develop the client's personal investment policy. We create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we may also review and discuss a client's prior investment history, as well as family composition and background.

There are four (4) Model Portfolios that are recommended by the Advisor. The four (4) Model Portfolios are:

- Conservative
- Moderate
- Aggressive
- Super Aggressive

Once the client's portfolio has been established, we review the portfolio continuously, and if necessary, rebalance the portfolio based on the client's individual needs. Triggering factors include various empirical data, which may indicate a changing financial and/or economic environment.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Warrants
- Mutual fund shares
- Options contracts on securities
- Interests in partnerships investing in real estate

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

1. Send quarterly written reminders to each Model Portfolio Management Services client requesting any updated information regarding changes in the client's financial situation and investment objectives
2. Be reasonably available to consult with the client; and
3. Maintain client suitability information in each client's file.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives.

### **SEPARATELY MANAGED ACCOUNTS**

This program is designed for high net-worth individuals. The accounts are managed using proprietary event-driven strategies that are implemented primarily using listed options. Performance among accounts in the same strategies will vary and can vary greatly based on many factors including but not limited to when the account was opened, the size of the opening deposit and if funds are randomly added or withdrawn from the account.

### **BLOCK TRADING**

In placing its orders to purchase or sell securities in accounts, the firm may elect to aggregate orders. In doing so, the firm will not aggregate transactions unless aggregation is consistent with its duty to seek best execution and the terms of advisor's investment advisory agreement with each client for which trades are being aggregated; no advisory client will be favored over any other client. Before placing a block trade a determination is made as to appropriateness for each account. Criteria include account size, buying power, available margin and existing positions in related securities.

If the order is completely filled it will be allocated according to account size or equally, depending on the type of security. If the order is partially filled it will be allocated pro-rata subject to a minimum account based on the circumstances. If fill size is insufficient then a minimum quantity shall be allocated on a fair and equitable basis, so as to allocate all available securities. A written explanation for the basis of allocation shall be provided. Advisor shall receive no additional compensation of any kind as a result of the proposed allocation. The minimum account size of this program is \$200,000.

### **INCOME STRATEGIES**

This program's objective is to produce a return which exceeds that of short term, low risk investments such as U.S. Treasury Bills. Individual Corporate bonds and Preferred stocks are used as well as dividend paying stocks.

Call options may be written off stocks owned and occasionally naked calls (call options without corresponding positions in the underlying equities) with the goal producing additional income. Put options and occasionally naked put options (put options without corresponding short positions in the underlying equities) are used to generate income. Naked puts have elevated risks and could potentially expose clients to losses in the event that prices of the underlying equities decline. Mutual funds may also be used. The minimum account size of this program is \$500,000.

### **AMOUNT OF MANAGED ASSETS**

As of July 22, 2021, we were actively managing \$78,062,977 of clients' assets on a discretionary basis plus \$0.00 of clients' assets on a non-discretionary basis.

### **GENERAL INFORMATION**

All material conflicts of interest under CCR Section 260.238 are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice, are disclosed within this brochure.

The Adviser doesn't participate in wrap fee programs by providing portfolio management or any other services.

## **Item 5 - Fees and Compensation**

The Adviser bills a client or deducts fees directly from the client's accounts, based on the option the client selects. Direct debits from investment management accounts and checks are acceptable forms of payments.

### **MUTUAL FUND PROGRAM**

Our annual fees for Model Portfolio Management Services are based upon a percentage of assets under management and generally range from **0.5%** to **1.00%**. Investors will be invoiced quarterly in arrears. Fees are due on the first day of the calendar quarter and are based on the account's asset value as of the last business day of the prior calendar quarter with adjustments for deposits and distributions. Fees are prorated for accounts opened during the quarter.

The annualized fee for Model Portfolio Management Services will be charged as a fixed fee. Overall factors to be considered will include the type and amount of assets to be managed and the complexity of the client's circumstances. The Advisor may charge a fixed fee of **\$25.00**.

The Mutual Fund fee schedule is as follows:

<u>Assets</u>	<u>Per Year</u>
Minimum Quarterly fee	\$25.00
First \$500,000	1.00%
Next \$500,000	0.75%
Over \$1 Million	0.50% for assets

A billing statement will be sent to each client. Fees are paid quarterly in arrears. Fees are due on the first day of the calendar quarter, and are based on the account's asset value as of the last business day of the prior calendar quarter with adjustments for deposits and distributions. Fees are prorated for accounts opened during the quarter. Lower fees for comparable services may be available from other sources.

### **SEPARATELY MANAGED ACCOUNTS**

The Client will compensate the Advisor by paying an Investment Management Fee or an Annual Performance Fee, the higher of the two:

The investment management fee is 2% and is paid annually in arrears. Fees are due on the first day of the calendar year. Fees are based on the account's asset value as of the last business day of the prior calendar year with adjustments for deposits and distributions. Fees are prorated for accounts opened during the quarter.

The annual performance fee is 20%. The fee is calculated based on the year-end account value. The performance fee is due on the first day of the following calendar year. The performance fee is prorated based on the initial investment date. All cumulative net asset increases must equal or exceed all cumulative net asset decreases and the account must return 10% on an annualized basis before the performance fee is assessed.

A billing statement will be sent to each client. Fees are paid quarterly in arrears. Fees are due on the first day of the calendar quarter and are based on the account's asset value as of the last business day of the prior calendar quarter with adjustments for deposits and distributions. Fees are prorated for accounts opened during the quarter. Lower fees for comparable services may be available from other sources.

The Adviser will comply with SEC Rule 205-3 when there is an imposition of performance fees. Accordingly, all clients that will be charged a performance fee must have at least \$1,000,000 invested with the Adviser or have a net worth of more than \$2,000,000 at the time of entering into an Agreement.

### **INCOME STRATEGIES ACCOUNTS**

Our fees are based upon a percentage of assets under management. The fee is calculated based on the year-end account value at a rate of 1.0%. Investors will be billed in arrears. Lower fees for comparable services may be available from other sources. Fees are due on the first day of the calendar year and are based on the

account's asset value as of the last business day of the prior calendar year with adjustments for deposits and distributions. Fees are prorated for accounts opened during the year. Investors will be invoiced on an annual basis.

## **GENERAL INFORMATION**

***Termination of the Advisory Relationship:*** Client will have a period of five business days from the date of signing an agreement to unconditionally rescind the agreement and receive a full refund of all fees.

Termination of the agreement shall not, in any case, affect or preclude the consummation of any prior transaction or the associated fees assessed by the Custodian or product sponsor. Thereafter the Client may terminate the agreement at any time by giving written notice, effective upon receipt by the Advisor. The Advisor may terminate an agreement at any time, by providing a written notice to the Client, to become effective thirty (30) days after receipt. Termination notices should be sent to the address of record. If this Agreement is terminated prior to the end of the quarter, fees will be prorated for services performed. If the Client is an individual person, this Agreement shall terminate upon receipt by the Advisor of written notice of the death or mental disability of the Client.

***Mutual Fund Fees:*** All fees paid to S&F Investment Advisors for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager affects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this ADV for additional information.

***Advisory Fees in General:*** Lower fees for comparable services may be available from other sources. The Advisor's fees are not negotiable.

***Investment Products and Securities Sales:*** Neither the Adviser nor any supervised person accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.



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

### **SEPARATELY MANAGED ACCOUNTS**

As disclosed in Item 5 of this Brochure, our firm accepts performance-based fees from clients. To qualify for a performance-based fee arrangement, a client (or Fund investor, as applicable) must either demonstrate a net worth of at least \$2,000,000 or must have at least \$1,000,000 under management immediately after entering into a management agreement.

Clients should be aware that a performance-based fee arrangement may create an incentive for us to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Furthermore, as we also have clients who do not pay performance-based fees, we have an incentive to favor accounts that do pay such fees because compensation we receive from these clients is more directly tied to the performance of their accounts. Performance-based fees will only be charged in accordance with the provisions of CCR Section 260.234.

## **Item 7 - Types of Clients**

S&F Investment Advisors provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals - Individuals who are “qualified clients” under rule 205-3 of the Advisers Act of 1940 or are “qualified purchasers”
- Pension and profit-sharing plans (other than plan participants)
- Business organizations including partnerships

The Mutual Fund Program requires a minimum of \$20,000 of assets under management. The minimum account size for the Separately Managed Account Program is \$200,000. The minimum account size for the Income Strategies Program is \$500,000. These account sizes may be negotiable under certain circumstances. S&F Investment Advisors may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

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

### **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

***Fundamental Analysis.*** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to

determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Margin transactions.** We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to buy with your available cash, and allows us to purchase stock without selling other holdings.

**Technical Analysis.** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases.** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically, we employ this strategy when:

- We believe the securities to be currently undervalued, and/or
- We want exposure to a particular asset class over time, regardless of the current projection for this class.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

**Trading.** We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

**Short sales.** We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner.

We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

**Option writing.** We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

Option strategies we use include the purchase of both puts and calls, spreads, straddles and the sale of uncovered puts and calls. The sale of uncovered options may entail the risk of substantial losses.

**Mutual Fund share selections.** We will purchase institutional and non-institutional share classes of the same mutual fund on behalf of clients. Depending on the size of the account, we might determine that it's cheaper for the larger account to purchase the share class with the transaction fee (institutional shares) because the expense ratio is less than for the non-institutional share class. For smaller accounts, it may be cheaper to pay the higher expense ratio but save the transaction fee. In all cases, the determination is based on choosing the best alternative for the client.

## **RISK OF LOSS**

Clients are advised that investing in securities involves the risk of loss of the entire principal amount invested including any gains. Clients should not invest unless they are able to bear this risk. Any of the above investment strategies may lead to a loss on investments.

Even hedging strategies may fail if markets move against the hedged investments. In addition, investing carries with it opportunity risk it is impossible to accurately predict the sectors of the market or asset classes that will have more favorable returns for a given period.

### **Item 8.A – Frequent Trading of Securities**

Strategies involving frequent trading can affect investment performance, particularly through increased brokerage costs, commissions, transaction costs and taxes. These additional costs can lower the value of investment gains and even principal.

### **Item 8.B – Material Risks of Particular Securities**

**Municipal securities** – Municipal securities are backed by either the full faith and credit of the issuer or by revenue generated by a specific project (like a toll road or parking garage) for which the securities were issued. The latter type of securities could quickly lose value or even become virtually worthless if the expected project revenue does not meet expectations.

**Options contracts** – Options trading can present some or all of the following material risks (not an exclusive list):

- Option sellers receive fixed compensation in exchange for accepting an obligation to buy or sell an underlying asset at a price that can fluctuate wildly.
- Securities price movement can make exercising options financially impractical and the options would expire worthless. This would result in the loss of the entire amount used to purchase the options.
- Options sold may be exercised at any time before expiration requiring the seller to purchase or sell underlying securities at an unfavorable price.
- Sellers of naked positions run margin risks if the value of the position drops (i.e. liquidation of positions by the broker).
- Sellers of call options can lose more money than a short seller of that stock on the same increase in the share price of the underlying stock.
- Call options can be exercised outside of market hours inhibiting remedies that can be taken by the seller of those options.
- Sellers of stock options may be obligated to buy or sell securities upon exercise even if a trading market is not available or they are unable to perform a closing transaction.

- The value of the underlying stock may unexpectedly increase or decline, leading to automatic exercises of options against the seller.
- Options markets have the right to halt trading of options, thus preventing investors from realizing value.

**Partnership interests** (real estate, oil and gas interests) – Investment partnerships are typically composed of a limited number of partners and at least one general partner. The liability of the limited partners is restricted to the amount of each partner's investment. The liability of the general partner is theoretically unlimited and extends beyond the amount invested to personal or corporate assets. Because of this increased exposure, the general partner manages the partnership, makes the investment decisions and receives management fees and a higher portion of the return on partnership investments.

Because of the nature of the limited partnership structure partnership investments should be considered long term and illiquid. There are typically no secondary markets in which these types of investments trade. Therefore, if the value of the underlying assets should decline, the value of partnership shares would also decline and unlike other types of securities, an investor may find it hard to quickly sell shares in an illiquid market.

## **Item 9 - Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our firm and our management personnel have no reportable disciplinary events to disclose.

### **Item 9.A – Criminal or Civil Actions**

Neither the Adviser nor any management person has been found guilty of or has any criminal or civil actions pending in a domestic, foreign or military court.

### **Item 9.B – Administrative Proceedings**

Neither the Adviser nor any management person has any administrative proceedings pending before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.

### **Item 9.C – Self-Regulatory Organization (“SRO”) Proceedings**

Neither the Adviser nor any management person have been found by any SRO to have caused an investment-related business to lose its authorization to do business, or to have been involved in violating the SRO's rules or were barred or suspended from membership or from associating with other members, or were expelled from membership, otherwise significantly limited from investment-related activities, or fined.

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

### **Item 10.A – Broker-Dealer Registration**

Neither the Advisor nor its management persons is or owns a securities broker-dealer or has an application for registration pending. No associated person of the Advisor is a registered representative of a broker-dealer.

### **Item 10.B – Futures Commission Merchant/Commodities**

Neither the Adviser nor any management person is a commodity broker/futures commission merchant, a commodity pool operator, commodity trading advisor or an associated person for the foregoing entities; nor do they have any registration applications pending.

### **Item 10.C – Relationships with Related Persons**

Neither the Adviser nor any of its management persons have any material relationships with related persons that create a material conflict of interest with clients.

### **Item 10.D – Relationships with Other Advisers**

Neither the Adviser nor any of its management persons have any other material relationships or conflicts of interest with any related financial industry participants other than those discussed above.

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

### **Item 11.A – Code of Ethics**

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. S&F Investment Advisors and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering.

Our code also provides for oversight, enforcement and recordkeeping provisions.

S&F Investment Advisors' Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [amy@foxaccountancy.com](mailto:amy@foxaccountancy.com), or by calling us at 310.481.9320.

S&F Investment Advisors or individuals associated with our firm may buy securities for the firm or for themselves from our advisory clients; or sell securities owned by the firm or the individual(s) to our advisory clients. We will ensure, however, that such transactions are conducted in compliance with all the provisions under Section 206(3) of the Advisers Act governing principal transactions to advisory clients. S&F Investment Advisors and individuals associated with our firm are prohibited from engaging in agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients.

In addition, any related person(s) may have an interest or position in a certain security-(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis.

In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be **included** in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments by associated persons of the firm. Unless associated persons are investing in the properties offered through the Real Estate Syndicate Program for which they have blanket approval.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
6. We have established procedures for the maintenance of all required books and records.
7. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
8. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
9. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
10. Any individual who violates any of the above restrictions may be subject to termination.

## **Item 11.B – Participation or Interest in Client Transactions**

### **Principal Trading**

Neither the Advisor nor any affiliated broker-dealer affects securities transactions as principal with the Advisor's clients. Neither the Advisor nor any associated person acting as a principal, buys securities from (or sells securities to) clients, acts as general partner in a partnership in which Advisor solicits client investments or acts as an investment Advisor to an investment company that the Advisor recommends to clients.



## **Agency-Cross Action Transactions**

Neither the Advisor nor any associated person recommends that clients buy from or sell securities to other clients.

### **Item 11.C – Personal Trading by Associated Persons**

The Adviser recommends that clients invest in various types of assets. The Adviser and its associated persons may invest in the same types of assets. Permitted investments for associated persons are all asset classes.

**See Item 11.A & 11.D for information concerning conflicts of interest.**

### **Item 11.D – Conflicts of Interest with Personal Trading by Associated Persons**

Associated persons may own an interest in or buy or sell for their own accounts the same securities, which may be recommended to advisory clients. Associated persons seek to ensure that they do not personally benefit from the short-term market effects of their recommendations to clients and their personal transactions are regularly monitored.

Associated persons are aware of the rules regarding material non-public information and insider trading. Associated persons may also buy or sell a specific security for their own account based on personal investment considerations, which the Adviser does not deem appropriate to buy or sell for clients.

## **Item 12 - Brokerage Practices**

### **Item 12.A – Factors in Selecting or Recommending Broker-Dealers**

S&F Investment Advisors has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides our firm with their "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like the Advisor in conducting business and in serving the best interests of our clients but that may also benefit us. Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables S&F Investment Advisors to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers.

As part of the arrangement, Fidelity also makes available to our firm, at no additional charge to us, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by S&F Investment Advisors (within specified parameters). As a result of receiving such services for no additional cost, we may have an incentive to continue to use or expand the use of Fidelity's services. We examined this potential conflict of interest when we chose to enter into the relationship with Fidelity and have determined that the relationship is in the best interests of S&F Investment Advisors' clients and satisfies our client obligations, including our duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to affect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, while S&F Investment Advisors will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

Although the investment research products and services that may be obtained by us will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

**S&F Investment Advisors and Fidelity are not affiliated and no broker-dealer affiliated with us is involved in the relationship between S&F Investment Advisors and Fidelity.**

#### **Item 12.A1 – Research and Other Soft Dollar Benefits**

S&F Investment Advisors does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

#### **Item 12.A2 – Brokerage for Client Referrals**

The Advisor does not refer clients to particular broker-dealers in exchange for client referrals from those broker-dealers.

#### **Item 12.A3 – Directed Brokerage**

The Advisor does not require that clients direct their brokerage business to any particular broker-dealer.

#### **Item 12.B – Trade Aggregation**

The Advisor will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of

assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. S&F Investment Advisors will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. S&F Investment Advisors' block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with S&F Investment Advisors, or our firm's order allocation policy.
- 2) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit and will enable S&F Investment Advisors to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 5) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order and must share in the commissions on a pro rata basis in proportion to the client's participation.

Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.

- 6) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of

the aggregate trade.

- 7) S&F Investment Advisors' client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 8) Funds and securities for aggregated orders are clearly identified on S&F Investment Advisors' records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 9) No client or account will be favored over another.

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

**REVIEWS:** S&F Investment Advisors (Roger B. Fox, Principal) continually reviews and monitors the Mutual Fund's holdings in accordance with the investment objectives as detailed in the Fund Prospectus. S&F Investment Advisors (Roger B. Fox, Principal) continually reviews and monitors the Separately Managed Accounts and Income Strategy Accounts in accordance with the investment objectives.

**REPORTS:** Brokerage statements are generated no less than quarterly and the account custodian sends copies directly to clients. These reports list the account positions, activity in the account over the covered period and other related information. The custodian also sends confirmations following each brokerage account transaction unless confirmations have been waived.

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

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- Whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

It is S&F Investment Advisors' policy not to accept or allow our related persons to accept any form of compensation, including cash, sales, awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

## **Item 15 - Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts. As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

Client assets are held by qualified custodians. The Adviser has custody of the funds and securities solely as a consequence of its authority to make withdrawals from client accounts to pay its advisory fee. The Adviser intends to use the following safeguards when advisory fees are withdrawn directly from *clients'* accounts:

- The Adviser will get written authorization from the client to deduct advisory fees from the account held with the qualified custodian.
- Each time a fee is directly deducted from a client account, the Adviser will concurrently send the qualified custodian an invoice or statement of the amount of the fee to be deducted from the client's account and send the client an invoice or statement itemizing the fee. Itemization will include the formula used to calculate the fee, the value of the assets under management on which the fee is based and the time period covered by the fee.

## **Item 16 - Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission. Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell
- Select the broker or dealer to be used for the purchase or sale of a security

Clients give us discretionary authority when they sign a discretionary agreement with our firm and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

## **Item 17 - Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of clients. Although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited

by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. We may provide clients with consulting assistance regarding proxy issues.

## **Item 18 - Financial Information**

S&F Investment Advisors has no financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients. Under no circumstances do we require or solicit payment of fees in excess of \$500 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

## **Item 19 – Requirements for State Registered Advisers**

### **Item 19.A – Management Biographical Information**

Refer to Item 2 and the Part 2B Supplement for management person information. All material conflicts of interest are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

### **Item 19.B – Outside Business Activities**

Neither the Adviser nor any management person is involved in any outside business activities and affiliations.

### **Item 19.C – Performance Based Fees**

The Adviser is compensated for advisory services with performance-based fees. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client. Refer to Item 6 in this document for additional information.

### **Item 19.D – Arbitration Claims, Litigation and Other Proceedings**

Neither the Adviser nor any management person has been found liable as a result of any arbitration claim, or civil, self-regulatory organization, or administrative proceeding.

### **Item 19.E – Relationships with Issuers of Securities**

Neither the Adviser nor any management person has any relationship or arrangement with any issuer of securities.