

Prospect Financial Services LLC

Form ADV Part 2A – Disclosure Brochure

Effective: July 29, 2021

This Form ADV Part 2A (“Disclosure Brochure”) provides information about the qualifications and business practices of Prospect Financial Services LLC (“Prospect Financial” or the “Advisor”). If you have any questions about the content of this Disclosure Brochure, please contact the Advisor at 631-424-5218.

Prospect Financial is a registered investment advisor with the U.S. Securities and Exchange Commission (“SEC”). The information in this Disclosure Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about Prospect Financial to assist you in determining whether to retain the Advisor.

Additional information about Prospect Financial and its Advisory Persons is available on the SEC’s website at www.adviserinfo.sec.gov by searching with the Advisor’s firm name or CRD# 314154.

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Item 2 – Material Changes

Form ADV 2 is divided into two parts: *Part 2A (the "Disclosure Brochure")* and *Part 2B (the "Brochure Supplement")*. The Disclosure Brochure provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. The Brochure Supplement provides information about the Advisory Persons of Prospect Financial. For convenience, the Advisor has combined these documents into a single disclosure document.

Prospect Financial believes that communication and transparency are the foundation of its relationship with clients and will continually strive to provide you with complete and accurate information at all times. Prospect Financial encourages all current and prospective clients to read this Disclosure Brochure and discuss any questions you may have with the Advisor.

Material Changes

Prospect Financial is a newly formed registered investment advisor. This is the initial filing of the Disclosure Brochure.

Future Changes

From time to time, the Advisor may amend this Disclosure Brochure to reflect changes in business practices, changes in regulations or routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to you annually and if a material change occurs.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov by searching with the Advisor's firm name or CRD#314154. You may also request a copy of this Disclosure Brochure at any time by contacting the Advisor at 631-424-5218.

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Item 4 – Advisory Services

A. Firm Information

Prospect Financial Services LLC (“Prospect Financial” or the “Advisor”) is a registered investment advisor with the SEC. The Advisor is organized as a Limited Liability Company (LLC) under the laws of the State of New York. Prospect Financial was founded in March 1999 and became a registered investment advisor in September 2021. Prospect Financial is owned and operated by Sean P. Rooney (“Managing Partner and Chief Compliance Officer”), Jay L. Nathan (“Partner”), Anthony C. Sgueglia (“Owner”), and Michael F. Fairbrother (“Owner”). This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by Prospect Financial.

B. Advisory Services Offered

Prospect Financial offers investment advisory services to individuals, high net worth individuals, trusts, estates, businesses, and retirement plans (each referred to as a “Client”).

The Advisor serves as a fiduciary to Clients, as defined under the applicable laws and regulations. As a fiduciary, the Advisor upholds a duty of loyalty, fairness and good faith towards each Client and seeks to mitigate potential conflicts of interest. Prospect Financial's fiduciary commitment is further described in the Advisor's Code of Ethics. For more information regarding the Code of Ethics, please see Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

Wealth Management Services

Prospect Financial provides tailored investment advisory solutions to its Clients. This is achieved through personal Client contact and interaction while providing discretionary investment management over Client portfolios and a broad range of comprehensive financial planning. These services are described below.

Investment Management Services – Prospect Financial provides customized discretionary investment management services for its Clients. Prospect Financial works closely with each Client to identify their investment goals, objectives, financial situation, and risk tolerance to create an overall investment strategy. Prospect Financial will then construct an investment portfolio that may consist of exchange-traded funds (“ETFs”), mutual funds, bonds, individual stocks, independent managers, fee-based annuities, options, and certificates of deposit to achieve the Client's investment goals. The Advisor may retain Client's legacy investments based on portfolio fit and/or tax considerations.

Prospect Financial's investment strategies are primarily long-term focused, but the Advisor may buy, sell or re-allocate positions that have been held for less than one year to meet the objectives of the Client or due to market conditions. Prospect Financial will construct, implement and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by the Client. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to acceptance by the Advisor.

Prospect Financial evaluates and selects investments for inclusion in Client portfolios only after applying its internal due diligence process. Prospect Financial may recommend, on occasion, redistributing investment allocations to diversify the portfolio. Prospect Financial may recommend specific positions to increase sector or asset class weightings. The Advisor may recommend employing cash positions as a possible hedge against market movement. Prospect Financial may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position[s] in the portfolio, change in risk tolerance of the Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client's risk tolerance.

At no time will Prospect Financial accept or maintain custody of a Client's funds or securities, except for the limited authority as outlined in Item 15 – Custody. All Client assets will be managed within the designated account[s] at the Custodian, pursuant to the terms of the advisory agreement. Please see Item 12 – Brokerage Practices.

Financial Planning Services - Prospect Financial will typically provide financial planning and consulting services to Clients as part of its wealth management services. Prospect Financial may also provide standalone financial planning pursuant to a written financial planning agreement. Services are offered in several areas of a Client's financial situation, depending on their goals and objectives. Generally, such financial planning services involve preparing a formal financial plan or rendering a specific financial consultation based on the Client's financial goals and objectives. This planning or consulting may encompass one or more areas of need, including but not limited to, investment planning, retirement planning, personal savings, education savings, insurance needs and other areas of a Client's financial situation. A financial plan developed for, or financial consultation rendered to the Client will usually include general recommendations for a course of activity or specific actions to be taken by the Client. For example, recommendations may be made that the Client start or revise their investment programs, commence or alter retirement savings, establish education savings and/or charitable giving programs.

Prospect Financial may also refer Clients to an accountant, attorney or other specialists, as appropriate for their unique situation. For certain financial planning engagements, the Advisor will provide a written summary of the Client's financial situation, observations, and recommendations. For consulting or ad-hoc engagements, the Advisor may not provide a written summary. Plans or consultations are typically completed within six (6) months of contract date, assuming all information and documents requested are provided promptly.

Financial planning and consulting recommendations pose a conflict between the interests of the Advisor and the interests of the Client. For example, the Advisor has an incentive to recommend that Clients engage the Advisor for investment management services or to increase the level of investment assets with the Advisor, as it would increase the amount of advisory fees paid to the Advisor. Clients are not obligated to implement any recommendations made by the Advisor or maintain an ongoing relationship with the Advisor. If the Client elects to act on any of the recommendations made by the Advisor, the Client is under no obligation to implement the transaction through the Advisor.

Use of Independent Managers – Prospect Financial may recommend that Clients utilize one or more unaffiliated investment managers or investment platforms (collectively "Independent Managers") for all or a portion of a Client's investment portfolio, based on the Client's needs and objectives. The Client may be required to authorize and enter into an investment management agreement with the Independent Manager[s] that defines the terms in which the Independent Manager[s] will provide its services. Prospect Financial will perform initial and ongoing oversight and due diligence over each Independent Manager to ensure the strategy remains aligned with Clients' investment objectives and overall best interests. Prospect Financial will also assist the Client in the development of the initial policy recommendations and managing the ongoing Client relationship. The Client, prior to entering into an agreement with an Independent Manager, will be provided with the Independent Manager's Form ADV Part 2A - Disclosure Brochure (or a brochure that makes the appropriate disclosures).

Retirement Plan Advisory Services

Prospect Financial provides retirement plan advisory services on behalf of the retirement plans (each a "Plan") and the company (the "Plan Sponsor"). The Advisor's retirement plan advisory services are designed to assist the Plan Sponsor in meeting its fiduciary obligations to the Plan and its Plan Participants. Each engagement is customized to the needs of the Plan and Plan Sponsor. Services generally include:

- Investment Policy Statement ("IPS") Design and Monitoring
- Investment Oversight Services (ERISA 3(21))
- Plan Participant Enrollment and Education Tracking
- Ongoing Investment Recommendation and Assistance
- Vendor Analysis

These services are provided by the Advisor serving in the capacity as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In accordance with ERISA Section 408(b)(2), the Plan Sponsor is provided with a written description of the Advisor's fiduciary status, the specific services to be rendered and all direct and indirect compensation the Advisor reasonably expects under the engagement.

C. Client Account Management

Prior to engaging Prospect Financial to provide investment advisory services, each Client is required to enter into one or more agreements with the Advisor that define the terms, conditions, authority and responsibilities of the Advisor and the Client. These services may include:

- Establishing an Investment Strategy – Prospect Financial, in connection with the Client, will develop a strategy that seeks to achieve the Client's goals and objectives.
- Asset Allocation – Prospect Financial will develop a strategic asset allocation that is targeted to meet the investment objectives, time horizon, financial situation and tolerance for risk for each Client.
- Portfolio Construction – Prospect Financial will develop a portfolio for the Client that is intended to meet the stated goals and objectives of the Client.
- Investment Management and Supervision – Prospect Financial will provide investment management and ongoing oversight of the Client's investment portfolio.

D. Wrap Fee Programs

Prospect Financial does not manage or place Client assets into a wrap fee program. Investment management services are provided directly by Prospect Financial.

E. Assets Under Management

Prospect Financial is a newly established advisor. Assets under management shall be reported with the Advisor's next filing of this Disclosure Brochure. Clients may request more current information at any time by contacting the Advisor.

Item 5 – Fees and Compensation

The following paragraphs detail the fee structure and compensation methodology for services provided by the Advisor. Each Client engaging the Advisor for services described herein shall be required to enter into one more written agreement with the Advisor.

A. Fees for Advisory Services

Wealth Management Services

Wealth management fees are paid quarterly, in advance of each quarter, pursuant to the terms of the wealth management agreement. Wealth management fees are based on the market value of assets under management at the end of the prior calendar quarter. Wealth management fees range up to 2.50% annually based on several factors, including: the scope and complexity of the services to be provided; the level of assets to be managed; and the overall relationship with the Advisor. Relationships with multiple objectives, specific reporting requirements, portfolio restrictions and other complexities may be charged a higher fee.

The wealth management fee in the first quarter of service is prorated from the inception date of the account[s] to the end of the first quarter. Fees may be negotiable at the sole discretion of the Advisor. The Client's fees will take into consideration the aggregate assets under management with the Advisor. All securities held in accounts managed by Prospect Financial will be independently valued by the Custodian. Prospect Financial will not have the authority or responsibility to value portfolio securities.

Use of Independent Managers - As noted in Item 4, the Advisor may implement all or a portion of a Client's investment portfolio utilizing one or more Independent Managers. To eliminate any conflict of interest, the Advisor does not earn any compensation from an Independent Manager. The Advisor will only earn its wealth management fee as described above. Independent Managers will not typically offer any fee discounts but may have a breakpoint schedule which will reduce the fee with an increased level of assets placed under management with an Independent Manager. The terms of such fee arrangements are included in the Independent Manager's disclosure brochure and applicable contract[s] with the Independent Manager. The total blended fee, including the Advisor's fee and the Independent Manager's fee will not exceed 2.50% annually.

Financial Planning Services

Prospect Financial typically offers financial planning services as part of its overall wealth management service. Prospect Financial also offers financial planning services on a standalone basis for a fixed engagement fee ranging from \$2,000 to \$10,000 per engagement. Fees may be negotiable based on the nature and complexity of the services to be provided and the overall relationship with the Advisor. An estimate for total fees will be determined prior to engaging for standalone financial planning services.

Retirement Plan Advisory Services

Retirement plan advisory fees are paid quarterly or monthly ("Billing Period"), in advance or arrears, pursuant to the terms of the retirement plan advisory agreement. Retirement plan advisory fees range up to 1.00% annually. Retirement plan advisory fees are based on the market value of assets under management at the beginning, end, or average daily balance during the Billing Period. Fees may be negotiable depending on the size and complexity of the Plan and the services to be provided.

B. Fee Billing

Wealth Management Services

Wealth management fees are calculated by the Advisor or its delegate and deducted from the Client's account[s] at the Custodian. The Advisor shall send an invoice to the Custodian indicating the amount of the fees to be deducted from the Client's account[s] at the beginning of the respective quarter. The amount due is calculated by applying the quarterly rate (annual rate divided by 4) to the total assets under management with Prospect Financial at the end of the prior quarter. Clients will be provided with a statement, at least quarterly, from the Custodian reflecting deduction of the wealth management fee. Clients are urged to also review and compare the statement provided by the Advisor to the brokerage statement from the Custodian, as the Custodian does not perform a verification of fees. Clients provide written authorization permitting advisory fees to be deducted by Prospect Financial to be paid directly from their account[s] held by the Custodian as part of the wealth management agreement and separate account forms provided by the Custodian.

Use of Independent Managers - For Client accounts implemented through an Independent Manager, the Client's overall fees may include Prospect Financial's wealth management fee (as noted above) plus investment management fees and/or platform fees charged by the Independent Manager[s], as applicable. In certain instances, the Independent Manager or the Advisor may assume responsibility for calculating the Client's fees and deduct all fees from the Client's account[s].

Financial Planning Services

Financial planning fees for fixed fee engagements may be invoiced up to fifty percent (50%) of the expected total fee upon execution of the financial planning agreement. The balance shall be invoiced upon completion of the agreed upon deliverable[s].

Retirement Plan Advisory Services

Retirement plan advisory fees may be directly invoiced to the Plan Sponsor or deducted from the assets of the Plan, depending on the terms of the retirement plan advisory agreement.

C. Other Fees and Expenses

Clients may incur certain fees or charges imposed by third parties, other than Prospect Financial, in connection with investments made on behalf of the Client's account[s]. The Client is responsible for all custody and securities execution fees charged by the Custodian, as applicable. The fees charged by Prospect Financial are separate and distinct from these custody and execution fees.

In addition, all fees paid to Prospect Financial for wealth management services are separate and distinct from the expenses charged by mutual funds and ETFs to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A Client may be able to invest in these products directly, without the services of Prospect Financial, but would not receive the services provided by Prospect Financial which are designed, among other things, to assist the Client in determining which products or services are most appropriate for each Client's financial

situation and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by Prospect Financial to fully understand the total fees to be paid. Please refer to Item 12 – Brokerage Practices for additional information.

D. Advance Payment of Fees and Termination

Wealth Management Services

Prospect Financial may be compensated for its wealth management services in advance of the quarter in which services are rendered. Either party may terminate the wealth management agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the wealth management agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. Upon termination, the Advisor will refund any unearned, prepaid wealth management fees from the effective date of termination to the end of the quarter. The Client's wealth management agreement with the Advisor is non-transferable without the Client's prior consent.

Use of Independent Managers - In the event that the Advisor has determined that an Independent Manager is no longer in the Client's best interest or a Client should wish to terminate their relationship with the Independent Manager, the terms for termination will be set forth in the respective agreements between the Client or the Advisor and the Independent Manager. Prospect Financial will assist the Client with the termination and transition as appropriate.

Financial Planning Services

For standalone financial planning services, Prospect Financial may require an advance payment as described above. Either party may terminate the financial planning agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the financial planning agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. Upon termination the Client shall be billed for the percentage of the engagement scope completed by the Advisor. The Advisor will refund any unearned, prepaid planning fees from the effective date of termination. The Client's financial planning agreement with the Advisor is non-transferable without the Client's prior consent.

Retirement Plan Advisory Services

Prospect Financial may be compensated for its services in advance of the Billing Period in which retirement plan advisory services are rendered. Either party may terminate the retirement plan advisory agreement, at any time, by providing advance written notice to the other party. Upon termination, the Advisor will refund any unearned, prepaid retirement plan advisory fees from the effective date of termination to the end of the Billing Period. The Client's retirement plan advisory agreement with the Advisor is non-transferable without the Client's prior consent.

E. Compensation for Sales of Securities

Prospect Financial does not buy or sell securities to earn commissions and does not receive any compensation for securities transactions in any Client account, other than the investment advisory fees noted above.

Broker-Dealer Affiliation

Certain Advisory Persons of Prospect Financial are also registered representatives of LPL Financial LLC ("LPL Financial"), a securities broker-dealer, and a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). In one's separate capacity as a registered representative of LPL Financial, an Advisory Person implements securities transactions under LPL Financial and not through Prospect Financial. In such instances, an Advisory Person will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by an Advisory Person in one's capacity as a registered representative is separate and in addition to Prospect Financial's advisory fees. This practice presents a conflict of interest because Advisory Persons who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on the Client. Prospect Financial mitigates this conflict in two ways. First, Clients always have the right to choose whether or not to purchase securities products through an Advisory Person. Second, Prospect Financial will not charge an ongoing investment advisory fee on any assets

implemented in one's separate capacity as a registered representative. Please see Item 10 – Other Financial Industry Activities and Affiliations.

Insurance Agency Affiliation

Certain Advisory Persons are also licensed as independent insurance professionals. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to Clients. Insurance commissions earned by these persons are separate and in addition to advisory fees. This practice presents a conflict of interest because Advisory Persons who are also insurance agents have an incentive to recommend insurance products to Clients for the purpose of generating commissions rather than solely based on a Client's needs. However, to mitigate this conflict, Clients always have the right to choose whether or not to purchase insurance products through any person affiliated with Prospect Financial. Please see Item 10 – Other Financial Industry Activities and Affiliations.

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

Prospect Financial does not charge performance-based fees for its investment advisory services. The fees charged by Prospect Financial are as described in Item 5 above and are not based upon the capital appreciation of the funds or securities held by any Client.

Prospect Financial does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients.

Item 7 – Types of Clients

Prospect Financial offers investment advisory services to individuals, high net worth individuals, trusts, estates, businesses, and retirement plans. The amount of each type of Client is available on Prospect Financial's Form ADV Part 1A. These amounts may change over time and are updated at least annually by the Advisor. Prospect Financial generally does not impose a minimum relationship size.

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

A. Methods of Analysis

Prospect Financial primarily employs fundamental analysis and technical analysis methods in developing investment strategies for its Clients. Research and analysis from Prospect Financial are derived from numerous sources, including financial media companies, third-party research materials, Internet sources, and review of company activities, including annual reports, prospectuses, press releases and research prepared by others.

Fundamental analysis utilizes economic and business indicators as investment selection criteria. This criteria consists generally of ratios and trends that may indicate the overall strength and financial viability of the entity being analyzed. Assets are deemed suitable if they meet certain criteria to indicate that they are a strong investment with a value discounted by the market. While this type of analysis helps the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in the fundamental analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in Item 13 – Review of Accounts.

Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends, which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that Prospect Financial will be able to accurately predict such a reoccurrence.

As noted above, Prospect Financial generally employs a long-term investment strategy for its Clients, as consistent with their financial goals. Prospect Financial will typically hold all or a portion of a security for more than a year, but may hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients. At times, Prospect Financial may also buy and sell positions that are more short-term in nature, depending on the goals of the Client and/or the fundamentals of the security, sector or asset class.

B. Risk of Loss

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. Prospect Financial will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

While the methods of analysis help the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in these methods of analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in Item 13 – Review of Accounts.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account[s]. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis.

The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. The Advisor will work with each Client to determine their tolerance for risk as part of the portfolio construction process. Following are some of the risks associated with the Advisor's investment strategies:

Market Risks

The value of a Client's holdings may fluctuate in response to events specific to companies or markets, as well as economic, political, or social events in the U.S. and abroad. This risk is linked to the performance of the overall financial markets.

ETF Risks

The performance of ETFs is subject to market risk, including the possible loss of principal. The price of the ETFs will fluctuate with the price of the underlying securities that make up the funds. In addition, ETFs have a trading risk based on the loss of cost efficiency if the ETFs are traded actively and a liquidity risk if the ETFs has a large bid-ask spread and low trading volume. The price of an ETF fluctuates based upon the market movements and may dissociate from the index being tracked by the ETF or the price of the underlying investments. An ETF purchased or sold at one point in the day may have a different price than the same ETF purchased or sold a short time later.

Bond Risks

Bonds are subject to specific risks, including the following: (1) interest rate risks, i.e. the risk that bond prices will fall if interest rates rise, and vice versa, the risk depends on two things, the bond's time to maturity, and the coupon rate of the bond. (2) reinvestment risk, i.e. the risk that any profit gained must be reinvested at a lower rate than was previously being earned, (3) inflation risk, i.e. the risk that the cost of living and inflation increase at a rate that exceeds the income investment thereby decreasing the investor's rate of return, (4) credit default risk, i.e. the risk associated with purchasing a debt instrument which includes the possibility of the company defaulting on its repayment obligation, (5) rating downgrades, i.e. the risk associated with a rating agency's downgrade of the company's rating which impacts the investor's confidence in the company's ability to repay its debt and (6) Liquidity Risks, i.e. the risk that a bond may not be sold as quickly as there is no readily available market for the bond.

Mutual Fund Risks

The performance of mutual funds is subject to market risk, including the possible loss of principal. The price of the mutual funds will fluctuate with the value of the underlying securities that make up the funds. The price of a mutual fund is typically set daily therefore a mutual fund purchased at one point in the day will typically have the same price as a mutual fund purchased later that same day.

Options Contracts

Investments in options contracts have the risk of losing value in a relatively short period of time. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses.

Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor.

Item 9 – Disciplinary Information

There are no legal, regulatory or disciplinary events involving Prospect Financial or its management persons. Prospect Financial values the trust Clients place in the Advisor. The Advisor encourages Clients to perform the requisite due diligence on any advisor or service provider that the Client engages. The backgrounds of the Advisor or Advisory Persons are available on the Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov by searching with the Advisor's firm name or CRD# 314154.

Item 10 – Other Financial Industry Activities and Affiliations

Broker-Dealer Affiliation

As mentioned in Item 5.E above, certain Advisory Persons are also a registered representative of LPL Financial. In their separate capacity as registered representatives, Advisory Persons will receive commissions for the implementation of recommendations for commissionable transactions. Clients are not obligated to implement any recommendation provided by Advisory Persons. Neither the Advisor nor Advisory Persons will earn ongoing investment advisory fees in connection with any services implemented in an Advisory Person's separate capacity as a registered representative.

Insurance Agency Affiliation

As mentioned in Item 5.E above, certain Advisory Persons are also licensed insurance professionals. Implementations of insurance recommendations are separate and apart from one's role with Prospect Financial. As an insurance professional, an Advisory Person receives customary commissions and other related revenues from the various insurance companies whose products are sold. An Advisory Person is not required to offer the products of any insurance company. Commissions generated by insurance sales do not offset regular advisory fees. This presents a conflict of interest in recommending certain products of the insurance companies. Clients are under no obligation to implement any recommendations made by Advisory Persons or the Advisor.

Use of Independent Managers

As noted in Item 4, the Advisor may implement all or a portion of a Client's investment portfolio with one or more Independent Managers. The Advisor does not receive any compensation, nor does this present a material conflict of interest. The Advisor will only earn its wealth management fee as described in Item 5.A.

The Chwast CPA Group, P.C. - Tax and Accounting Services

Certain Supervised Persons of the Advisor have ownership and provide tax, accounting, and related services under The Chwast CPA Group, P.C. ("Chwast"). Clients may be offered services provided by Chwast. Clients are not required to become a client of Chwast in order to maintain a relationship with the Advisor. Tax and accounting services provided through Chwast are separate and distinct from advisory services offered to Clients. Compensation earned from tax and accounting services is separate and in addition to the Advisor's fees. Clients may be offered the services provided by Chwast but are under no obligation to utilize these services.

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

A. Code of Ethics

Prospect Financial has implemented a Code of Ethics (the “Code”) that defines the Advisor’s fiduciary commitment to each Client. This Code applies to all persons associated with Prospect Financial (“Supervised Persons”). The Code was developed to provide general ethical guidelines and specific instructions regarding the Advisor’s duties to each Client. Prospect Financial and its Supervised Persons owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of Prospect Financial’s Supervised Persons to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code covers a range of topics that address employee ethics and conflicts of interest. To request a copy of the Code, please contact the Advisor at 631-424-5218.

B. Personal Trading with Material Interest

Prospect Financial allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Prospect Financial does not act as principal in any transactions. In addition, the Advisor does not act as the general partner of a fund, or advise an investment company. Prospect Financial does not have a material interest in any securities traded in Client accounts.

C. Personal Trading in Same Securities as Clients

Prospect Financial allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities that are recommended (purchase or sell) to Clients presents a conflict of interest that, as fiduciaries, must be disclosed to Clients and mitigated through policies and procedures. As noted above, the Advisor has adopted the Code to address insider trading (material non-public information controls); gifts and entertainment; outside business activities and personal securities reporting. When trading for personal accounts, Supervised Persons have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its Clients can be violated if personal trades are made with more advantageous terms than Client trades, or by trading based on material non-public information. This risk is mitigated by Prospect Financial requiring reporting of personal securities trades by its Supervised Persons for review by the Chief Compliance Officer (“CCO”) or delegate. The Advisor has also adopted written policies and procedures to detect the misuse of material, non-public information.

D. Personal Trading at Same Time as Client

While Prospect Financial allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, such trades are typically aggregated with Client orders or traded afterwards. **At no time will Prospect Financial, or any Supervised Person of Prospect Financial, transact in any security to the detriment of any Client.**

Item 12 – Brokerage Practices

A. Recommendation of Custodian[s]

Prospect Financial does not have discretionary authority to select the broker-dealer/custodian for custody and execution services. The Client will engage the broker-dealer/custodian (herein the “Custodian”) to safeguard Client assets and authorize Prospect Financial to direct trades to the Custodian as agreed upon in the wealth management agreement. Further, Prospect Financial does not have the discretionary authority to negotiate commissions on behalf of Clients on a trade-by-trade basis.

Prospect Financial will generally recommend that Clients establish their account[s] at LPL Financial, FINRA-registered broker-dealer and member SIPC. LPL Financial will serve as the Client’s “qualified custodian”. Prospect Financial maintains an institutional relationship with LPL Financial, whereby the Advisor receives economic benefits. Please see Item 14 below.

Certain Advisory Persons are also registered representatives of LPL Financial, Prospect Financial and its Advisory Persons may be limited in the Custodian[s] in which they can recommend to Clients. Typically, Prospect Financial

will recommend that Clients establish their accounts at LPL Financial, where Prospect Financial has access to LPL Financial's systems, back office support, research and other benefits. While Prospect Financial receives these economic benefits from LPL Financial, the Advisor believes LPL Financial provides quality execution and related services for the Advisor's Clients at competitive prices. Price is not the sole factor Prospect Financial considers in evaluating best execution and the recommendation of the Custodian. Prospect Financial also considers the quality of the brokerage services provided by LPL Financial, including the firm's reputation, execution capabilities, commission rates, and responsiveness to the Advisor's Clients and the firm. Clients are free to use whatever broker-dealer/custodian they choose to implement financial planning recommendations. For investment advisory services, Prospect Financial would be required to obtain permission to use a broker-dealer or custodian other than LPL Financial due to the oversight role LPL Financial assumes over the Advisory Persons. Please see Item 14 below.

Clients should also be aware that for accounts where LPL Financial serves as the Custodian, Prospect Financial is limited to offering services and investment vehicles that are approved by LPL Financial, and may be prohibited from offering services and investment vehicles that may be available through other broker-dealers/custodians, some of which may be more suitable for a client's portfolio than the services and investment vehicles offered through LPL Financial. Clients should also understand that LPL Financial is responsible under FINRA rules for supervising certain business activities of Prospect Financial and its Advisory Persons that are registered representatives that are conducted through broker-dealers/custodians other than LPL Financial. LPL Financial charges a fee for its oversight of activities conducted through these other broker-dealers/custodians. This arrangement presents a conflict of interest because Prospect Financial has a financial incentive to recommend that Clients maintain their accounts with LPL Financial rather than with another broker-dealer/custodian to avoid incurring the oversight fee.

Following are additional details regarding the brokerage practices of the Advisor:

1. Soft Dollars - Soft dollars are revenue programs offered by broker-dealers/custodians whereby an advisor enters into an agreement to place security trades with a broker-dealer/custodian in exchange for research and other services. **Prospect Financial does not participate in soft dollar programs sponsored or offered by any broker-dealer/custodian. However, the Advisor receives certain economic benefits from the Custodian. Please see Item 14 below.**

2. Brokerage Referrals - Prospect Financial does not receive any compensation from any third party in connection with the recommendation for establishing an account.

3. Directed Brokerage - All Clients are serviced on a "directed brokerage basis", where Prospect Financial will place trades within the established account[s] at the Custodian designated by the Client. Further, all Client accounts are traded within their respective account[s]. The Advisor will not engage in any principal transactions (i.e., trade of any security from or to the Advisor's own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client's account[s]). Prospect Financial will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the Custodian.

B. Aggregating and Allocating Trades

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of the order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the Custodian. Prospect Financial will execute its transactions through the Custodian as authorized by the Client. Prospect Financial may aggregate orders in a block trade or trades when securities are purchased or sold through the Custodian for multiple (discretionary) accounts in the same trading day. If a block trade 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 in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage any particular Clients' accounts.

Item 13 – Review of Accounts

A. Frequency of Reviews

Securities in Client accounts are monitored on a regular and continuous basis by Advisory Persons and periodically reviewed by Sean P. Rooney, Chief Compliance Officer of Prospect Financial. Formal reviews are generally conducted at least annually or more frequently depending on the needs of the Client.

B. Causes for Reviews

In addition to the investment monitoring noted in Item 13.A., each Client account shall be reviewed at least annually. Reviews may be conducted more frequently at the Client's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account[s]. The Client is encouraged to notify Prospect Financial if changes occur in the Client's personal financial situation that might adversely affect the Client's investment plan. Additional reviews may be triggered by material market, economic or political events.

C. Review Reports

The Client will receive brokerage statements no less than quarterly from the Custodian. These brokerage statements are sent directly from the Custodian to the Client. The Client may also establish electronic access to the Custodian's website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client's account[s]. The Advisor may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

Item 14 – Client Referrals and Other Compensation

A. Compensation Received by Prospect Financial

Prospect Financial does not receive commissions or other compensation from product sponsors, broker-dealers or any un-related third party. Prospect Financial may refer Clients to various unaffiliated, non-advisory professionals (e.g. attorneys, accountants, estate planners) to provide certain financial services necessary to meet the goals of its Clients. Likewise, Prospect Financial may receive non-compensated referrals of new Clients from various third-parties.

Participation in Institutional Advisor Platform - LPL Financial

Prospect Financial has established an institutional relationship with LPL Financial to assist the Advisor in managing Client account[s]. The Advisor receives access to software and related support as part of its relationship with LPL Financial. The software and related systems support may benefit the Advisor, but not its Clients directly. In fulfilling its duties to its Clients, the Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from a Custodian creates a conflict of interest since these benefits may influence the Advisor's recommendation of the Custodian over one that does not furnish similar software, systems support, or services. Additionally, the Advisor may receive the following benefits from LPL Financial: receipt of duplicate Client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to Client accounts; and access to an electronic communication network for Client order entry and account information.

LPL Financial provides various benefits and payments to Advisory Persons who are also licensed with LPL Financial as a registered representative ("Dually Registered Person") to assist with the costs associated with transitioning his or her business to the LPL Financial platform (collectively referred to as "Transition Assistance"). The proceeds of such Transition Assistance payments are intended to be used for a variety of purposes, including but not necessarily limited to, providing working capital to assist in funding the Dually Registered Person's business, satisfying any outstanding debt owed to the Dually Registered Person's prior firm, offsetting account transfer fees (ACATs) payable to LPL Financial as a result of the Dually Registered Person's clients transitioning to LPL Financial's custodial platform, technology set-up fees, marketing and mailing costs, stationary and licensure transfer fees, moving expenses, office space expenses, staffing support and termination fees associated with moving client accounts.

Dually Registered Persons are incented to join and remain affiliated with LPL Financial and to recommend that Clients establish accounts with LPL Financial through the provision of Transition Assistance. LPL Financial also provides other compensation to certain Dually Registered Persons, including but not limited to, bonus payments, repayable and forgivable loans, stock awards and other benefits.

The receipt of Transition Assistance by such Dually Registered Persons presents a conflict of interest because it creates a financial incentive for certain Advisory Person's to recommend that Clients maintain their account[s] with LPL Financial. In certain instances, the receipt of Transition Assistance and/or other compensation is dependent on a Dually Registered Person maintaining its Clients' assets with LPL Financial. Therefore, the Advisor has an incentive to recommend that Clients maintain their account with LPL Financial in order to generate such benefits.

The amount of the Transition Assistance payments and other compensation is often significant in relation to the overall revenue earned or compensation received by the Dually Registered Person. Please refer to the relevant Part 2B brochure supplement for more information about the Transition Assistance and/or compensation received.

The Advisor attempts to mitigate these conflicts of interest by evaluating and recommending that Clients use LPL Financial based on the benefits of LPL Financial's institutional platform (as described above), rather than the Transition Assistance and/or compensation earned by certain Dually Registered Person[s].

B. Client Referrals from Solicitors

Prospect Financial does not engage paid solicitors for Client referrals.

Item 15 – Custody

Prospect Financial does not accept or maintain custody of any Client accounts, except for the authorized deduction of the Advisor's fees. All Clients must place their assets with a "qualified custodian". Clients are required to engage the Custodian to retain their funds and securities and direct Prospect Financial to utilize that Custodian for the Client's security transactions. Clients should review statements provided by the Custodian and compare to any reports provided by Prospect Financial to ensure accuracy, as the Custodian does not perform this review. For more information about custodians and brokerage practices, see Item 12 – Brokerage Practices.

If the Client gives the Advisor authority to move money from one account to another account, the Advisor may have custody of those assets. In order to avoid additional regulatory requirements, the Custodian and the Advisor have adopted safeguards to ensure that the money movements are completed in accordance with the Client's instructions.

Item 16 – Investment Discretion

Prospect Financial generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by Prospect Financial. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of a wealth management agreement containing all applicable limitations to such authority. All discretionary trades made by Prospect Financial will be in accordance with each Client's investment objectives and goals.

Item 17 – Voting Client Securities

Prospect Financial does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. The Advisor will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting.

Item 18 – Financial Information

Neither Prospect Financial, nor its management, have any adverse financial situations that would reasonably impair the ability of Prospect Financial to meet all obligations to its Clients. Neither Prospect Financial, nor any of its Advisory Persons, have been subject to a bankruptcy or financial compromise. Prospect Financial is not required to deliver a balance sheet along with this Disclosure Brochure as the Advisor does not collect advance fees of \$1,200 or more for services to be performed six months or more in the future.

Privacy Policy

Effective: July 29, 2021

Our Commitment to You

Prospect Financial Services LLC ("Prospect Financial" or the "Advisor") is committed to safeguarding the use of personal information of our Clients (also referred to as "you" and "your") that we obtain as your Investment Advisor, as described here in our Privacy Policy ("Policy").

Our relationship with you is our most important asset. We understand that you have entrusted us with your private information, and we do everything that we can to maintain that trust. Prospect Financial (also referred to as "we", "our" and "us") protects the security and confidentiality of the personal information we have and implements controls to ensure that such information is used for proper business purposes in connection with the management or servicing of our relationship with you.

Prospect Financial does not sell your non-public personal information to anyone. Nor do we provide such information to others except for discrete and reasonable business purposes in connection with the servicing and management of our relationship with you, as discussed below.

Details of our approach to privacy and how your personal non-public information is collected and used are set forth in this Policy.

Why you need to know?

Registered Investment Advisors ("RIAs") must share some of your personal information in the course of servicing your account. Federal and State laws give you the right to limit some of this sharing and require RIAs to disclose how we collect, share, and protect your personal information.

What information do we collect from you?

Driver's license number	Date of birth
Social security or taxpayer identification number	Assets and liabilities
Name, address and phone number[s]	Income and expenses
E-mail address[es]	Investment activity
Account information (including other institutions)	Investment experience and goals

What Information do we collect from other sources?

Custody, brokerage and advisory agreements	Account applications and forms
Other advisory agreements and legal documents	Investment questionnaires and suitability documents
Transactional information with us or others	Other information needed to service account

How do we protect your information?

To safeguard your personal information from unauthorized access and use we maintain physical, procedural and electronic security measures. These include such safeguards as secure passwords, encrypted file storage and a secure office environment. Our technology vendors provide security and access control over personal information and have policies over the transmission of data. Our associates are trained on their responsibilities to protect Client's personal information.

We require third parties that assist in providing our services to you to protect the personal information they receive from us.

How do we share your information?

An RIA shares Client personal information to effectively implement its services. In the section below, we list some reasons we may share your personal information.

Basis For Sharing	Do we share?	Can you limit?
Servicing our Clients We may share non-public personal information with non-affiliated third parties (such as administrators, brokers, custodians, regulators, credit agencies, other financial institutions) as necessary for us to provide agreed upon services to you, consistent with applicable law, including but not limited to: processing transactions; general account maintenance; responding to regulators or legal investigations; and credit reporting.	Yes	No
Marketing Purposes Prospect Financial does not disclose, and does not intend to disclose, personal information with non-affiliated third parties to offer you services. Certain laws may give us the right to share your personal information with financial institutions where you are a customer and where Prospect Financial or the client has a formal agreement with the financial institution. We will only share information for purposes of servicing your accounts, not for marketing purposes.	No	Not Shared
Authorized Users Your non-public personal information may be disclosed to you and persons that we believe to be your authorized agent[s] or representative[s].	Yes	Yes
Information About Former Clients Prospect Financial does not disclose and does not intend to disclose, non-public personal information to non-affiliated third parties with respect to persons who are no longer our Clients.	No	Not Shared

Changes to our Privacy Policy

We will send you a copy of this Policy annually for as long as you maintain an ongoing relationship with us.

Periodically we may revise this Policy and will provide you with a revised Policy if the changes materially alter the previous Privacy Policy. We will not, however, revise our Privacy Policy to permit the sharing of non-public personal information other than as described in this notice unless we first notify you and provide you with an opportunity to prevent the information sharing.

Any Questions?

You may ask questions or voice any concerns, as well as obtain a copy of our current Privacy Policy by contacting us at 631-424-5218.