

# Toth Financial Advisory Corporation

## Part 2A of Form ADV

### The Brochure

608 South King Street, Suite 300, Leesburg, VA 20175

Updated: March 2021

This brochure provides information about the qualifications and business practices of Toth Financial Advisory Corporation (“Toth Financial”). If you have any questions about the contents of this brochure, please contact us at 703-443-8684. 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.

Toth Financial is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training.

Additional information about Toth Financial is also available on the SEC’s website at:  
[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 2: Material Changes

Toth Financial had the following material changes to this Brochure since Toth Financial's last annual filing in March 2020:

Todd O. Pettibon has been added as an investment advisor representative. His biographical information may be found on page 24 of this brochure.

Toth Financial has engaged Watkinson Capital Advisors as a sub-advisor to provide investment advisory services on municipal bond accounts for select client accounts upon client approval. Please see Item 7 for additional information.

## ITEM 3: Table of Contents

### Contents

Item 2	Material Changes.....	2
Item 3	Table of Contents .....	2
Item 4	Advisory Business.....	3
Item 5	Fees and Compensation.....	4
Item 6	Types of Clients.....	6
Item 7	Methods of Analysis, Investment Strategies and Risk of Loss .....	6
Item 8	Toth Growth & Income Fund, LP .....	7
Item 9	Disciplinary Information .....	9
Item 10	Other Financial Industry Activities and Affiliations .....	10
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	10
Item 12	Brokerage Practices .....	10
Item 13	Review of Accounts .....	12
Item 14	Client Referrals and Other Compensation .....	13
Item 15	Custody.....	13
Item 16	Investment Discretion.....	13
Item 17	Voting Client Securities .....	13
Item 18	Financial Information .....	14
Item 19	Form ADV Part 2B Brochure Supplement .....	15
	Thomas A. Toth Biographical Information.....	16
	Priscilla M. Toth Biographical Information.....	17
	Thomas A. Bowman, Jr. Biographical Information.....	18
	Brawn C. Sproul Biographical Information .....	19
	Kenneth J. Bowen, II Biographical Information.....	20
	Kevin W. Arbogast Biographical Information.....	21
	Cody S. Barnhart Biographical Information .....	22
	Wesley S. Kabance Biographical Information.....	23
	Todd O. Pettibon Biographical Information.....	24
	Gary E. Colpas Biographical Information .....	25

#### **ITEM 4: Advisory Business**

Incorporated in the Commonwealth of Virginia in 1986, Toth Financial provides customized investment management services on a discretionary basis to various categories of institutional and individual clients. Toth Financial is owned by Thomas A. Toth, Sr., Priscilla Marie Toth, Thomas A. Bowman, Jr., Brawn C. Sproul, Kenneth J. Bowen, II and Kevin W. Arbogast. As of December 31, 2020, Toth Financial managed \$732,501,041 on a discretionary basis on behalf of approximately 538 clients.

Client assets are generally invested in the common stock of companies that have grown their net earnings at a compound rate of at least 10% per year. This allows us to take a “buy and hold” approach that minimizes portfolio turnover to a range of 15% to 20% per year.

Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, etc.), and all managed accounts will be maintained with an independent custodian. Clients can impose reasonable restrictions on our management of their accounts.

During the first meeting with a potential client, the following subjects will be covered:

- An overview of the firm's services and capabilities as a portfolio manager.
- A determination of the investor's investment objectives, investment time horizon and risk profile by means of an interview and the completion of a questionnaire.
- An explanation of the advisory contract and current fees.
- An explanation and copy of SEC Form ADV, Part 2A and 2B and the Toth Financial Privacy Disclosure Notice.

Toth Financial also offers the Morningstar Managed Portfolio for select clients whose investment is below the minimum requirement of \$1,000,000 for individual stock portfolios.

Morningstar Investment Services, Inc. acts as the transfer agent and custodian for the investor's account. Morningstar Investment Services, Inc. provides reporting services including consolidated quarterly statements, quarterly performance reports, and year-end tax reports.

Toth Financial serves as the general partner (the “General Partner”) to a private pooled investment vehicle, the **Toth Growth & Income Fund, LP (the “Fund”)** established to engage in the purchase and sale of securities issued primarily by companies in the United States, but also by foreign companies. Investment advice is provided directly to the Fund and not individually to the investors in the Fund. Nothing herein constitutes or shall be deemed to constitute an offer to sell or the solicitation of an offer to purchase Fund interests. Such an offer may be made only by means of the private placement memorandum (or other similar documentation) and only to the person to whom such memorandum is actually delivered. Refer to ITEM 8 for additional information on the Fund.

## ITEM 5: Fees and Compensation

### Portfolio Management Using Individual Stocks With Annual Reporting

Management of portfolios with annual reporting to be conducted with the following rate schedule:

Brokerage Assets Under Management (AUM) Up to and including \$ 1,000,000 1.30% per annum

Greater than	\$ 1,000,000	and up to	\$ 1,750,000	1.20% per annum
Greater than	\$ 1,750,000	and up to	\$ 2,500,000	1.10% per annum
Greater than	\$ 2,500,000	and up to	\$ 3,750,000	1.00% per annum
Greater than	\$ 3,750,000	and up to	\$ 5,000,000	0.90% per annum
Greater than	\$ 5,000,000	and up to	\$ 10,000,000	0.80% per annum
Greater than	\$ 10,000,000	and up to	\$ 25,000,000	0.70% per annum
Greater than	\$ 25,000,000	and up to	\$ 50,000,000	0.60% per annum
Greater than	\$ 50,000,000	and up to	\$100,000,000	0.50% per annum
Greater than	\$100,000,000			0.40% per annum

Once per year the client will receive a detailed report providing portfolio analysis of the holdings including performance data. This report will be included with the annual contract renewal.

### Portfolio Management Using Individual Stocks With Quarterly Reporting

Management of portfolios with quarterly reporting will be charged 25% more than clients who elect Annual Reporting. The same asset under management thresholds as shown under Annual Reporting will apply. Each calendar quarter, the client will receive a detailed report providing portfolio analysis of the holdings including performance data. This service is provided automatically unless the client request that the report be sent less frequently.

529 Plans, Limited Partnerships and Fixed Annuities will be charged at the annual rate of 0.10%. For stand-alone 529 plans (without an individual stock or mutual fund portfolio) the management fee will be 1.0% per year.

Employer Sponsored Qualified Retirement Plans – Actively Managed will incur the tiered Toth Financial fee rate schedule as outlined above.

Employer Sponsored Qualified Retirement Plans – Passively Managed will incur an annual fee between 0.65% and 0.75% annually, based on service level agreement. Toth Financial discretion is authorized.

Clients who desire that Toth Financial make “recommendations” for their 401K accounts, held by their employers and not directly affiliated with Toth Financial, will be charged an annual rate of 0.15% (subject to a \$250 fee minimum per account).

The company has clients who have retained its services prior to the establishment of the current rate schedule and minimum annual fee. These clients will continue to receive portfolio management under their existing contracts.

Toth Financial may waive or reduce management fees at its discretion.

The total assets under management will be determined when the first Portfolio Management Contract is signed and will be updated once each year. The management fee will be prorated for the remaining days of the initial quarter in which we begin to manage the account. Thereafter, our fee will be split into four calendar quarters and is due the first day of January, April, July and October.

During the year, if money is added to the client's account(s) in excess of 1/10<sup>th</sup> of the total portfolio, Toth Financial has the discretion to charge a management fee for these additional funds. The same rate schedule for the management of the funds as the initial investment will apply.

The assets are held at Charles Schwab & Co. Charles Schwab will provide the client with monthly statements. Toth Financial has access to these statements through Schwab's secure websites.

#### Portfolio Management Using **Morningstar Managed Portfolio(s)**

On-going fees are charged by Morningstar based on daily asset value. Morningstar collects our fees and remits periodically to Toth Financial.

Our fee structure for Morningstar Managed Portfolio is as follows:

<u>Initial Investment</u>	<u>On-going Fee to Toth Financial</u>
\$ 50,000 to \$ 500,000	0.75% per year
\$ 500,001 to \$1,000,000	0.70% per year
\$1,000,001 to \$ 2,000,000	0.65% per year
\$2,000,001 +	0.55% per year

#### Other Fees

Advisory fees charged by Toth Financial are separate and distinct from fees and expenses charged by mutual funds, which may be recommended to clients. A description of these fees and expenses are available in each fund's prospectus. Additionally, the fees charged by Toth Financial are exclusive of all custodial and transaction costs paid to custodians, brokers or any other third parties. Clients should review all fees charged by Toth Financial, custodians and brokers and others (including but not limited to third-party sub advisers) to fully understand the total amount of fees incurred.

#### Contract Termination

If the client desires to terminate the Portfolio Management Contract, he/she may do so at any time. However, it is imperative that the request be in writing, and be sent to the offices of the firm; Toth Financial, 608 South King Street, Suite 300, Leesburg, Virginia 20175. The client may also email their portfolio manager with a request for the manager's acknowledgment of receipt. Toth Financial may, at its discretion, terminate management of the client's portfolio at any time. A letter will be sent to the client via certified mail notifying him/her that the firm's management services have been terminated.

## **ITEM 6: Types of Clients**

Toth Financial primarily provides customized investment management services to high-net-worth individuals and associated trusts, estates, pension and profit sharing plans, and other legal entities and to a Fund.

Generally, the minimum dollar value of assets required to setup an investment advisory account is \$1,000,000. However, Toth Financial retains the discretion to waive the account minimum.

Toth Financial may offer the Morningstar Managed Portfolio for those clients whose investment is below the minimum requirement of \$1,000,000 for individual stock portfolios.

## **ITEM 7: Methods of Analysis, Investment Strategies and Risk of Loss**

Toth Financial uses primarily a fundamental analysis for stocks, with particular emphasis on earnings per share, sales per share, years uninterrupted and/or increased earnings, net profit, debt-equity ratio, % earned common equity, revenue sources and outlook. For mutual funds, Toth Financial considers the stated objective of the fund (per its prospectus) and how it compares to the client's objectives, the fund's track record, and whether or not the same management is still in place or if qualified replacement managers have been hired. For limited partnerships: Toth Financial considers the proposed length of the partnership, the general partner's track record in previous partnerships, the investment potential with (and without) potential tax advantages, the timing of cash flow and the discounted present value of that cash flow, as well as the diversification of the partnership holdings.

Toth Financial's portfolio strategy focuses on the selection of investments that it believes are most appropriate to the various phases of the U.S. economy. During the early stage of coming out of recession, Toth Financial believes that small-to-mid-size growth stocks tend to be the best performing class of investments. As the economy continues to grow, larger, more established companies and high-yield bonds perform well. When the economy begins to slow down, high-dividend paying stocks and high-quality bonds may provide the best relative return.

The management style offered by Toth Financial may be deemed speculative and is not intended as a complete investment program. It is designed for sophisticated investors who fully understand and are capable of bearing the risk of such an investment. No guarantee or representation is made that clients will achieve their investment objective.

All investing involves a risk of loss and the investment strategy offered by Toth Financial could lose money over short or even long periods. The description contained below is a brief overview of different market risks related to Toth Financial's investment strategy:

**General Business and Management Risk** - Investments in securities subject the client to the general risks associated with the underlying businesses, including market conditions, changes in regulatory requirements, reliance on management at the company level, interest rate and currency fluctuations, general economic downturns, domestic and foreign political situations and other factors. With respect to management at the company level, many companies rely on the services

of a limited number of key individuals, the loss of any one of whom could significantly adversely affect the company's performance.

**Use of Leverage** - the use of leverage, the act of borrowing capital to make investments, exposes the client to additional levels of risks, including (i) greater losses from investments than otherwise would have been the case, (ii) margin calls that could force the client to liquidate investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the cost of borrowing the capital in the first place. Also, should there be a sharp decline in the value of investments held by the client, Toth Financial may not be able to liquidate the investments quick enough further increasing losses.

**Short Sales** - short selling, or the sale of securities not owned by the client, involves certain additional risks. Such transactions expose the client to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the client would need to be returned to the lender on short notice. Such a request could require Toth Financial to purchase the securities in the open market at prices that are significantly higher than the proceeds from the initial sale of the securities.

**Options** - the purchase or sale of an option involves the payment or receipt of a premium by the client and the corresponding right or obligation, as the case may be, to either buy or sell the underlying security, commodity or other instrument for a pre-determined price at or before a pre-determined time. Buying options involves the risk that the price of the underlying security will not change in the manner expected, so the client loses its premium. Selling options involves a greater risk because the client is exposed to the actual price movement of the underlying security.

**Non-U.S. Securities** – Toth Financial may invest and trade a portion of the client's assets in non-U.S. securities and other assets which will give rise to risks relating to political, social and economic developments abroad, as well as currency fluctuation and risks resulting from the differences between the regulations to which U.S. and non- U.S. issuers and markets are subject.

**Sub -Investment Advisory Services** – Watkinson Capital Advisors, LLC (WCA)  
Toth Financial may engage WCA as a sub-advisor on municipal bond accounts for some TFAC clients upon client approval. Clients do not pay an additional fee for sub-investment services performed by WCA.

## **ITEM 8: Toth Growth & Income Fund (this section is for clients of the Fund only**

### Toth Growth & Income Fund Portfolio Management Services

Clients and investors in the **Fund** must meet the qualified client requirements of Rule 205-3 under the Investment Advisers Act of 1940. Toth Financial generally requires a minimum of \$1,000,000 for investors in the Fund. Limited Partners are generally required to have a net worth (with such investor's spouse) of at least \$2.1 million or invest at least \$1,000,000 in the Fund and who meet certain additional eligibility criteria set forth in the Fund's subscription documents and as determined by the General Partner in its discretion.

### Toth Growth & Income Fund Fees

Compensation received by the General Partner is generally comprised of fees based on a percentage of assets under management and a profit allocation.

#### *Investment Management Fee*

The Fund pays a quarterly management fee (the “Management Fee”) to the General Partner of 0.15% of the partnership’s ending capital account balance for each quarter (0.6% per annum), payable on the last day of such quarter. The Management Fee will be prorated for any period that is less than a full quarter and will be adjusted for contributions made during the quarter.

#### *Profit Allocation*

The General Partner is entitled to receive a profit allocation (the “Profit Allocation”) on the twelve (12)-month anniversary of the initial capital contribution of each limited partner, and then on the last business day of each calendar month thereafter, with respect to any profits allocable to each limited partner’s capital account for such month (or for the first twelve (12) months with respect to the first Profit Allocation). The Profit Allocation is equal to 20% of the net realized and unrealized profits otherwise allocable to a limited partner’s capital account, subject to a “high-water” mark and a preferred annual return of 9.2%. The General Partner, in its sole discretion, may waive or modify the Profit Allocation with respect to any limited partner.

In addition to the General Partner’s fees, limited partners bear indirectly the fees and expenses charged to the Fund. Those fees vary, but typically include but are not limited to: legal, accounting, auditing and tax preparation expenses and fees, research, expenses related to investment activities (including the purchase, sale or registration of securities whether or not purchased, sold or registered, interest on borrowed funds, taxes, commissions and brokerage fees and travel expenses) and reports to the limited partners, the cost of directors’ and officers’ liability insurance, and extraordinary expenses such as litigation and “broken deal” expenses. Limited partners should consider all fees charged by the General Partner, custodians and brokers and other third parties to fully understand the total amount of fees to be paid by the Fund.

### Toth Growth & Income Fund Performance Based Fees and Side-by-Side Management

As stated above, Toth Financial charges performance-based fees which are fees based on a share of capital gains on or capital appreciation of the client’s assets in the **Fund**.

The fact that Toth Financial is compensated based on the trading profits may create an incentive for Toth Financial to make investments on behalf of clients that are riskier or more speculative than would be the case in the absence of such compensation. In addition, the performance-based fee received by Toth Financial is based primarily on realized and unrealized gains and losses. As a result, the performance-based fee earned could be based on unrealized gains that clients may never realize.

Toth Financial’s fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. Toth Financial has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent



this conflict from influencing the allocation of investment opportunities among clients.

#### Toth Growth & Income Fund Investment Strategy

**The Fund's** investment strategy is to identify and acquire the common stock and similar securities of a select, diversified group of companies that have a proven track record of growing their sales and earnings as well as a history of increasing their dividends. Debt securities will also be acquired periodically to provide balance to the portfolio. The ratio of debt securities to stocks is guided by the view that, generally, common stocks and high-yield bonds provide superior performance in a growing economy, while high-quality bonds tend to be the better performing assets when the economy is anticipated to move sideways or slip into a recession.

Toth Financial, as General Partner to the **Fund**, will assess the overall health of the U.S. economy in order to determine the best mix of investments consistent with the Fund's investment philosophy. When Toth Financial believes that the U.S. economy is growing, the Fund will invest predominantly in stocks and other equity securities. When Toth Financial believes that the economy is in or is preparing for a recession, bonds and other high interest-bearing investments will be emphasized within the Fund's portfolio. Therefore, the Fund's investment mix at any particular time generally will reflect the Toth Financial's assessment of the relative strength or weakness of the U.S. economy.

#### Custody

Toth Financial is considered to have custody of the **Fund** as it serves as the General Partner of the Fund. Limited partners of the Fund will not receive statements from the custodian. Instead the Fund is subject to an annual audit and the audited financial statements are distributed to each limited partner. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of the Fund's fiscal year end.

#### Proxy Voting

With regard to all matters other than proxies for which shareholder action is required or solicited with respect to securities beneficially held by the **Fund**, such as (i) all matters relating to class actions, including without limitation, matters relating to opting in or opting out of a class and approval of class settlements and (ii) bankruptcies or reorganizations, Toth Financial will take all necessary actions. See Item 17 below.

### **ITEM 9: Disciplinary Information**

None within the last 10 years.

## **ITEM 10: Other Financial Industry Activities and Affiliations**

Thomas A. Toth, Sr. is the Managing Member of Loudoun Properties, LLC, TFAC Leasing, LLC and Loudoun Properties Office Condominium Unit Owners Association, Inc., formed to purchase commercial property in Leesburg, Virginia and has developed two commercial buildings, one of which is the location of the main offices for Toth Financial. Time spent is approximately 3 hours per month, none during securities trading hours.

Thomas A. Toth, Sr. is President of Toth and Associates, Inc. a subsidiary company offering insurance products to clients. Thomas A. Toth Sr., Thomas A. Bowman, Jr., Brawn C. Sproul and Cody S. Barnhart are licensed insurance agents for several insurance companies. These activities are paid on a commission basis and involve less than 5% of their total working hours. As a result of the commissions received, a potential conflict of interest may exist with advisory clients' interests. Client will be under no obligation, contractual or otherwise, to engage Thomas A. Toth, Sr., Thomas A. Bowman, Jr., Brawn C. Sproul or Cody S. Barnhart as insurance agents.

Toth Financial is the General Partner of the **Fund**, which is a private investment partnership. Additional information concerning the Fund is contained in a Private Placement Memorandum dated February 1, 2005 (the initial offering) and the most recent update is November, 2017.

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

It is possible that Toth Financial may have a position in securities recommended to clients. Toth Financial will state ownership of recommended securities if asked by the client. However, Toth Financial will not mention ownership as a means of influencing clients to invest in or sell such securities.

Toth Financial has adopted a Code of Ethics (the "Code") to establish policies addressing its fiduciary duties to our clients. The Code generally prohibits fraudulent or manipulative practices in connection with client investments. The Code establishes policies regarding personal trading by its employees. Toth Financial also has implemented procedures designed to ensure compliance with the provisions of the Code, including having employees file quarterly transaction reports and annual securities holdings reports.

Our portfolio and assistant portfolio managers will not purchase or sell securities for their own account if the transaction will disadvantage clients in any way. We maintain transaction records for all employee securities transactions. We also prohibit insider trading and comply with applicable provisions of state and federal law. Toth Financial will provide a copy of our Code of Ethics upon request.

## **ITEM 12: Brokerage Practices**

In the course of providing our services, we will execute trades for our clients through various broker-dealers. Generally most trades will be placed with the broker dealer that has custody over

the client assets. However, when a client has given us broker discretion, there is no restriction on the brokers we may select to execute client transactions. Our general guiding principle is to trade through broker-dealers who offer the best overall execution under the particular circumstances. With respect to execution, we consider a number of qualitative factors, including the actual handling of the order, the ability of the broker-dealer to settle the trade promptly and accurately, the financial standing of the broker-dealer, the ability of the broker-dealer to position stock to facilitate execution, our past experience with similar trades, and other factors which may be unique to a particular order. Based on these judgmental factors, we may trade through broker-dealers that charge fees that are higher than the lowest available fees.

In addition, broker-dealer fees may vary and be greater than those typical for similar investments if we determine that the research, execution and other services rendered by a particular broker merit greater than typical fees. Also, in certain instances we may execute over the counter securities transactions on an agency basis, which may result in advisory clients incurring two transaction costs for a single trade: a commission paid to the executing broker-dealer plus the market makers mark-up or mark-down.

### Trade Aggregation

Transactions for each client account generally will be effected independently, unless Toth Financial decides to purchase or sell the same securities for a number of client accounts simultaneously. When possible, orders for the same security may be combined or “batched” to facilitate best execution. Accounts in which a related person or affiliate of Toth Financial has a financial interest (“related accounts”) may participate in batched transactions with Toth Financial’s other advisory clients. Toth Financial effects batched transactions in a manner designed to ensure that no participating client, including any related account, is favored over any other client. Specifically, each client that participates in a batched transaction will participate at the average share price for all of Toth Financial’s transactions in that security on that business day, with respect to that batched order. Securities purchased or sold in a batched transaction are allocated pro-rata, when possible, to the participating client accounts in proportion to the size of the order placed for each account. Toth Financial may, however, increase or decrease the amount of securities allocated to each account if necessary to avoid holding odd-lot or small numbers of shares for particular clients.

Additionally, if Toth Financial is unable to fully execute a batched transaction and Toth Financial determines that it would be impractical to allocate a small number of securities among the accounts participating in the transaction on a pro-rata basis, Toth Financial may allocate such securities in a manner determined in good faith to be a reasonable and fair allocation.

### Allocation

When Toth Financial transacts securities for more than one account, the investment opportunities and trades are allocated in a manner consistent with our fiduciary duties. Toth Financial takes into account cash availability and need, suitability, investment objectives and guidelines and other factors deemed appropriate in making investment allocation decisions. The Chief Compliance Officer will conduct periodic reviews of client account performance and purchase and sale journals to ensure that no client or group of clients is being systematically favored or harmed in

the selection and allocation of investment opportunities.

We are not obligated to acquire for any account any security that we or our officers, partners, members or employees may acquire for their own accounts or for the account of any other client, if in our absolute discretion it is not practical or desirable to acquire a position in such security.

#### Directed Brokerage

The advisor uses Charles Schwab & Co. as the broker for its client accounts. The decision to use Charles Schwab is based on the excellent service that both the advisor and the client receive from them. On a semi-annual basis the advisor researches the market to ensure that the commissions paid to Charles Schwab are competitive in relation to the services provided by other broker/dealers. Currently, the advisor does not use any research or products provided by Charles Schwab. If a client wishes for the advisor to use another broker, other than Charles Schwab, the advisor will accommodate the request.

Discretionary power is required for the accounts held at Charles Schwab & Co.

Clients that restrict us to using a particular broker/dealer (or direct us to use a particular broker/dealer) for executing their transactions generally will be unable to participate in aggregated orders and will be precluded from receiving the benefits, if any of an aggregation which other clients may receive. We will generally execute aggregated orders for non-directed clients before we execute orders for clients that direct brokerage.

### **ITEM 13: Review of Accounts**

#### Portfolio management using individual stocks with **Annual Reporting**

The assets are held at Charles Schwab & Co. Charles Schwab will provide the client with monthly statements. Toth Financial has access to these statements through their secure websites.

Once per year the client will receive a detailed report providing portfolio analysis of the holdings including performance data. This report will be included with the annual contract renewal.

#### Portfolio Management using individual stocks with **Quarterly Reporting**

The assets are held at Charles Schwab & Co. Charles Schwab will provide the client with monthly statements. Toth Financial has access to these statements through their secure websites.

Each calendar quarter, the client will receive a detailed report providing portfolio analysis of the holdings including performance data. This service is provided automatically unless the client request that the report be sent less frequently.

### Portfolio management using **Morningstar Managed Portfolio**

Morningstar Investment Services, Inc. acts as the transfer agent and custodian for the investor's account. Morningstar Investment Services, Inc. provides reporting services including consolidated quarterly statements, quarterly performance reports, and year-end tax reports.

### **ITEM 14: Client Referrals and Other Compensation**

We have entered into client referral arrangements with third parties whereby we will pay cash or a portion of the advisory fees paid by Clients referred to us by those solicitors. In such cases, this practice will be disclosed in writing to the Client and we will comply with the other requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended, to the extent required by applicable law.

### **ITEM 15: Custody**

All clients' accounts are held in custody by unaffiliated broker/dealers or banks, but Toth Financial can access many clients' accounts through its ability to debit advisory fees. For this reason, Toth Financial is considered to have custody of client assets. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements and should compare these statements to any account information provided by Toth Financial.

### **ITEM 16: Investment Discretion**

Toth Financial manages accounts on a discretionary or non-discretionary basis as agreed to with the client. If the client grants Toth Financial investment discretion, we are authorized to invest, sell, and reinvest proceeds in the client's account without obtaining the client's prior confirmation of any proposed action. The only limitations on the investment authority will be those limitations imposed in writing by the client. If Toth Financial is granted non-discretionary authority, then we are authorized, to invest, sell, and reinvest proceeds in the client's account, only upon obtaining from the client prior confirmation of any proposed action.

### **ITEM 17: Voting Client Securities**

Toth Financial does not vote proxies as stated in the client Portfolio Management Contract. However, Toth Financial may vote proxies upon request of individual clients consistent with our fiduciary duty. Additionally, Toth Financial shall be responsible for voting proxies on behalf of the **Fund** consistent with our fiduciary duty to the Fund

Toth Financial shall vote proxies in a way that we believe will cause securities to increase the most or decline the least in value in order to maximize client portfolio or Fund shareholder value. Consideration will be given to both the short- and long-term implications of the proposal to be voted on when considering the optimal vote.

Toth Financial has retained Broadridge Investor Communication Solutions, Inc. (Broadridge) as an expert in the proxy voting and corporate governance areas to assist in the due diligence process related to making appropriate proxy voting decisions related to all accounts. In addition, we utilize Broadridge to facilitate the voting process and to provide recordkeeping with respect to how we voted client and Fund proxies. Finally, we have appointed an individual who is responsible for identifying the proxies upon which Toth Financial will vote, voting the proxies in the best interest of portfolio clients and Fund investors, and submitting the proxies promptly and properly.

We attempt to identify any conflicts of interests between portfolio client or Fund investor interests and Toth Financial's own interests within our proxy voting process. If Toth Financial determines that it or one of its officers, partners, members or employees faces a material conflict of interest in voting a proxy (e.g., an employee of the Toth Financial may personally benefit if the proxy is voted in a certain direction), our procedures provide for Broadridge, as an independent party, to determine the appropriate vote. Any vote cast by Broadridge is binding and may not be overridden by Toth Financial.

Our complete proxy voting policy and procedures are memorialized in writing and are available for review. In addition, Toth Financial maintains records of all proxy votes cast on behalf of our portfolio clients or the Fund, which are available upon request.

## **ITEM 18: Financial Information**

Toth Financial has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.

# Toth Financial Advisory Corporation

## Part 2B of Form ADV

### The Brochure Supplement

608 South King Street, Suite 300,  
Leesburg, VA 20175

Updated: March 2021

This brochure supplement provides information about Thomas Andrew Toth, Sr., Priscilla M. Toth, Thomas A. Bowman, Jr., Brawn C. Sproul, Kenneth J. Bowen, II, Kevin W. Arbogast, Cody S. Barnhart, Wesley S. Kabance, Todd O. Pettibon and Gary Colpas. It supplements Toth Financial's accompanying Form ADV brochure. Please contact Toth Financial's Chief Compliance Officer at 703-443-8684 if you have any questions about the Form ADV brochure or this supplement, or if you would like to request additional or updated copies of either document.

Additional information about Thomas Andrew Toth, Sr., Thomas A. Bowman, Jr., Brawn C. Sproul, Kenneth J. Bowen, II, Kevin W. Arbogast, Cody S. Barnhart, Wesley S. Kabance, Todd O. Pettibon and Gary E. Colpas is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Thomas A. Toth Biographical Information**

Date of Birth: 01-07-44

### Educational Background and Business Experience

#### Education:

- 1978 - B.A. Political Science (Minor in Business)
- 1979 - Marine Corps Command and Staff College
- 1984 - Series 7 & General Securities
- 1984 - Series 63 State Qualifications
- 1984 - Life and Health Insurance License
- 1986 - Series 24 Registered Securities Principal
- 1988 - Series 27 Financial and Operations Principal
- 1989 - Series 65 Uniform Investment Advisor Law Exam
- 1993 - Designated as a Certified Financial Planner (CFP®)
- Ongoing - 3 courses remaining to complete MBA in Business Management

#### Business Experience:

- 1986-Current President, Toth Financial Advisory Corp.
- 1986-Current President, Toth and Associates, Inc.
- 1984-1986 DeRand Investment, Corp.
- 1984-1984 Baker, Watts & Company 1983-1984 Self Employed (marketing)
- 1961-1983 U.S.M.C. (retired as Lieutenant Colonel)

### Disciplinary Information

Mr. Toth, Sr has not been involved in any legal or disciplinary events within the last 10 years that would be material to a client's evaluation of Mr. Toth or of Toth Financial.

### Other Business Activities

Thomas A. Toth, Sr. is the Managing Member of Loudoun Properties, LLC, TFAC Leasing, LLC and Loudoun Properties Office Condominium Unit Owners Association, Inc., formed to purchase commercial property in Leesburg, Virginia and has developed two commercial buildings, one of which is the location of the main offices for Toth Financial. Time spent is approximately 3 hours per month, none during securities trading hours.

Thomas A. Toth, Sr. is President of Toth and Associates, Inc. a subsidiary company offering insurance products to clients. These activities are paid on a commission basis and involve less than 1% of his total working hours.

### Additional Compensation

Mr. Toth does not receive economic benefits from any person or entity other than Toth Financial in connection with the provision of investment advice to clients.



### Supervision

As Toth Financial's founder and President, Mr. Toth maintains ultimate responsibility for the company's operations. Mr. Toth discusses operational and compliance decisions with Toth Financial's Chief Compliance Officer, Thomas Bowman. Any of these individuals can be reached directly by calling the telephone number on the cover of this brochure supplement.

## **Priscilla M. Toth Biographical Information**

Date of Birth: 10-31-44

### Educational Background and Business Experience

Education:

Attended University of Colorado, Boulder, CO

Business Experience:

1986 – Current Vice President, Toth Financial Advisory Corp.

1986 – Current Vice President, Toth and Associates, Inc.

### Disciplinary Information

Mrs. Toth has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mrs. Toth or of Toth Financial.

### Other Business Activities

Mrs Toth is not engaged in any other investment related business and does not receive compensation in connection with any business activity outside of Toth Financial.

### Additional Compensation

Mrs. Toth does not receive economic benefits from any person or entity other than Toth Financial in connection with the provision of investment advice to clients.

### Supervision

As a Toth Financial Vice President, Mrs. Toth works closely with the other executive officers to oversee the company's operations. Mrs. Toth discusses operational and compliance decisions with Toth Financial President, Thomas A Toth, Sr. Any of these individuals can be reached directly by calling the telephone number on the cover of this brochure supplement.

## **Thomas A. Bowman, Jr. Biographical Information**

Date of Birth: 09-25-61

### Educational Background and Business Experience

#### Education:

- 1984 – Bachelor of Science; Mechanical Engineering, University of Maryland
- 1991 – Master of Engineering Administration, George Washington University
- 1999 – Series 63 State Qualifications
- 2000 – Series 65 Uniform Investment Advisor Law Exam
- 2001 – Life and Health Insurance License
- 2002 – Accredited Asset Management Specialist (AAMS)
- 2004 – Series 7 & General Securities
- Accredited Asset Management Specialist, AAMS® is a professional designation issued by The College for Financial Planning to individuals who have successfully completed the course of study encompassing investments, insurance, tax, retirement, and estate planning issues and have passed a rigorous examination that tests their ability to synthesize complex concepts and apply theoretical concepts to real-life situations. Designees also have agreed to adhere to the Standards of Professional Conduct and are subject to a disciplinary process.
- Every two years designees must renew their designation by:
  - Completing 16 hours of continuing education
  - Reaffirming adherence to the Standards of Professional Conduct, and
  - Complying with self-disclosure requirements.

#### Business Experience:

- 2009 – Current Executive Vice President; Toth Financial Advisory Corp.
- 2006 – Current Director; Toth Financial Advisory Corp.
- 2000 – Current Portfolio Manager; Toth Financial Advisory Corp.
- 1999 – Current Portfolio Manager; Toth and Associates, Inc.
- 1997 – 2000 Various Engineering Program/Project Management positions at Naval Air Systems Command and Naval Sea Systems Command.
- 1985 – 1997 Various Supervisory, Program/Project Management and Engineering positions at Naval Ordnance Station and Naval Surface Warfare Center.

### Disciplinary Information

Mr. Bowman has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Bowman or of Toth Financial.

### Other Business Activities

Mr. Bowman is a licensed insurance agent for several insurance companies. These activities are paid on a commission basis and involve less than 1% of his total working hours.

### Additional Compensation

Mr. Bowman does not receive economic benefits from any person or entity other than Toth Financial in connection with the provision of investment advice to clients.

### Supervision

As a Toth Financial Director, Executive Vice President and Chief Compliance Officer, Mr. Bowman works together with the other executive officers of Toth Financial to oversee the company's operations. Mr. Bowman discusses operational and compliance decisions with Toth Financial President, Thomas A. Toth, Sr. Any of these individuals can be reached directly by calling the telephone number on the cover of this brochure supplement.

## **Brawn C. Sproul (a.k.a. "Mitch") Biographical Information**

Date of Birth: 03-17-55

### Educational Background and Business Experience

#### Education:

- 1978 – B.S. Political Science, Mary Washington College
- 1999 – Designated as a Chartered Life Underwriter
- 2001 – Series 65 Uniform Investment Advisor Law Exam

#### Business Experience:

- 2006 - Current Director and Vice President of Business Development; Toth Financial Advisory Corp.
- 2006 – Current Licensed Insurance Agent; Toth and Associates, Inc.
- 2004 – 2006 Managing Director, Washington Metro Financial Org.
- 1998 - 2003 2<sup>nd</sup> Vice President, Acacia Companies
- 1995 – 1997 Director, Acacia Companies
- 1994 Manager Insurance Product Development & Support
- 1994 Chairman's Quality Circle Award
- 1992 – 1993 President's Cabinet Qualifier
- 1988 – 1991 Sales Manager, Northern Virginia Financial Center
- 1981 – 1987 Account Manager

### Disciplinary Information

Mr. Sproul has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Sproul or of Toth Financial.

### Other Business Activities

Mr. Sproul is a licensed insurance agent for several insurance companies. These activities are paid on a commission basis and involve less than 5% of his total working hours.

### Additional Compensation

Mr. Sproul does not receive economic benefits from any person or entity other than Toth Financial in connection with the provision of investment advice to clients.

### Supervision

As a Toth Financial Director and Vice President of Business Development, Mr. Sproul works together with the other executive officers of Toth Financial to oversee the company's operations. Mr. Sproul discusses operational and compliance decisions with Toth Financial President, Thomas Toth, Sr. Any of these individuals can be reached directly by calling the telephone number on the cover of this brochure supplement.

## **Kenneth J. Bowen, II Biographical Information**

Date of Birth: 08-15-1962

### Educational Background and Business Experience

#### Education:

- 1986 – BS, Clemson University
- 1990 – MS, Troy State University
- 2007 – MS, National Defense University (National War College)
- 2014 – Series 65 Uniform Investment Advisor Law Exam

#### Business Experience:

- 2016 – Current Director, Toth Financial Advisory Corp.
- 2014 – Current Portfolio Manager, Toth Financial Advisory Corp.
- 2013 – Current Chief Operating Officer, Toth Financial Advisory Corp.
- 1986 – 2013 Captain, United States Navy

### Disciplinary Information

Mr. Bowen has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Bowen or of Toth Financial.

### Other Business Activities

Mr. Bowen is not engaged in any other investment related business and does not receive compensation in connection with any business activity outside of Toth Financial.

### Additional Compensation

Mr. Bowen does not receive economic benefits from any person or entity other than Toth Financial in connection with the provision of investment advice to clients.

### Supervision

As a Toth Financial Director and Chief Operating Officer, Mr. Bowen works together with the other executive officers of Toth Financial to oversee the company's operations. Mr. Bowen discusses operational and compliance decisions with Toth Financial President, Thomas A. Toth, Sr. Any of these individuals can be reached directly by calling the telephone number on the cover of this brochure supplement.

## **Kevin W. Arbogast Biographical Information**

Date of Birth: 03-30-1986

### Educational Background and Business Experience

#### Education:

2009 – B.S. of Finance, The University of Akron

2011 – Series 65 Uniform Investment Advisor Law Exam

#### Business Experience:

2019 – Current VP of Investment Research, Toth Financial Advisory Corp.

- Responsible for monitoring Toth Financial core stocks & ETFs, running the Investment Committee meetings and updating the Rebalancer target models.
- Assist with the writing of the quarterly Market Commentaries
- Co-manage & research new potential investment for the Fund

2011 – Current Portfolio Manager, Toth Financial Advisory Corp.

- Solely responsible for Advent Axys portfolio management & reporting system
- Assist with nearly all aspects of the firm's operations
- Prepare, audit, & execute daily trade orders

2010 – 2018 Operations Manager, Toth Financial Advisory Corp.

2009 – 2009 Intern, Broadleaf Partners, LLC (Money Management in Hudson, Ohio)

- Assisted with all operations of the firm
- Research assistant for new product involving mutual funds and allocations
- Co-managed the preparations, installation, & implementation of new trading software system. Then created training materials and taught to employees.
- Revised company Policies & Procedures – Compliance Manual.
- Learned proficiency with Advent Axys, a portfolio management system

### Disciplinary Information:

Mr. Arbogast has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Arbogast or of Toth Financial.

### Other Business Activities

Mr. Arbogast is not engaged in any other investment related business and does not receive compensation in connection with any business activity outside of Toth Financial.

### Additional Compensation

Mr. Arbogast does not receive economic benefits from any person or entity other than Toth Financial in connection with the provision of investment advice to clients.

### Supervision

As a Toth Financial Portfolio Manager, Mr. Arbogast's investment activities are supervised by Toth Financial President, Thomas A. Toth, Sr. Any of these individuals can be reached directly by calling the telephone number on the cover of this brochure supplement.

## **Cody S. Barnhart Biographical Information**

Date of Birth: 02-03-1989

### Educational Background and Business Experience

#### Education:

- 2012 – BA International Studies – World Econ. & Business: Ohio State University
- 2012 – Life and Health Insurance Licensed
- 2017 – Series 7 General Securities Representative Examination
- 2017 – Series 66 Uniform Combined State Law Examination
- 2018 – MS Finance – Kogod School of Business, American University

#### Business Experience:

- 2018– Current    Assistant Portfolio Manager, Toth Financial Advisory
- 2016– 2018      Financial Consultant - Strategic Financial Associates & TD Ameritrade.
  - Specialization: New business development, portfolio management, Financial planning and analysis
- 2014 – 2016      Registered Representative/Investment Product Sales - Nationwide Financial – Investment Services arm of Nationwide Mutual Insurance Co.
  - Life Insurance, Annuity, Mutual Fund wholesaler
  - Financial advisor representative for over 250 nationwide agents in the New York and Mid-Atlantic markets
- 2012 - 2014      Internal Consultant – Nationwide Financial
  - Life Insurance, Annuity, Mutual Fund operations
  - New business support, national sales desk.

### Disciplinary Information:

Mr. Barnhart has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Toth or of Toth Financial.

### Other Business Activities

Mr. Barnhart is a licensed insurance agent for several insurance companies. These activities are paid on a commission basis and involve less than 1% of his total working hours.

### Additional Compensation

Mr. Barnhart does not receive economic benefits from any person or entity other than Toth Financial in connection with the provision of investment advice to clients.

### Supervision

As a Toth Financial Assistant Portfolio Manager, Mr. Barnhart's activities are supervised by Toth Financial President, Thomas A. Toth, Sr. Any of these individuals can be reached directly by calling the telephone number on the cover of this brochure supplement.

## **Wesley S. Kabance Biographical Information**

Date of Birth: 12-19-1966

### Educational Background and Business Experience

#### Education:

- 1994 – Series 6 – Investment Company Products/Variable Contracts Representative Examination
- 1994 – Series 63 Uniform Securities Agent State Law Examination
- 2008 – BA in Communication Studies, University of Kansas
- 2017 – Series 7 General Securities Representative Examination
- 2018 – SIE – Securities Industry Essentials Examination
- 2019 – Series 65 Uniform Investment Advisor Law Exam

#### Business Experience:

- |                |  |
|----------------|--|
| 2019 – Current | Portfolio Manager, Toth Financial Advisory Corp. |
| 1990 – 2018    | American Century Investments – Kansas City, MO   |
| 2008 – 2018    | Financial Advisor Consultant (MD, VA, DC)        |
| 2001 – 2008    | Institution Marketing Representative             |
| 1998 – 2001    | Team Development Specialist                      |
| 1996 – 1998    | NSCC Service Representative                      |
| 1993 – 1996    | Alternate Distribution Service Representative    |
| 1990 – 1993    | Customer Service Representative                  |

#### Disciplinary Information:

Mr. Kabance has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Toth or of Toth Financial.

#### Other Business Activities

Mr. Kabance is not engaged in any other investment related business and does not receive compensation in connection with any business activity outside of Toth Financial.

#### Additional Compensation

Mr. Kabance does not receive economic benefits from any person or entity other than Toth Financial in connection with the provision of investment advice to clients.

#### Supervision

As a Toth Financial Portfolio Manager, Mr. Kabance's investment activities are supervised by Toth Financial President, Thomas A. Toth, Sr. Any of these individuals can be reached directly by calling the telephone number on the cover of this brochure supplement.

## **Todd O. Pettibon Biographical Information**

Date of Birth: 09-30-1968

### Educational Background and Business Experience

#### Education:

- 1993 – BS, Marine Engineering, Massachusetts Maritime Academy
- 2010 – EMBA, Naval Postgraduate School
- 2013 – MS, National Defense University (The Eisenhower School)
- 2020 – Series 65 Uniform Investment Advisor Law Exam

#### Business Experience:

- 2020 – Current Portfolio Manager, Toth Financial Advisory Corp.
- 2019 – 2020 Deloitte Consulting, LLP  
Consultant/Business Strategist to Chief of Naval Personnel, Financial Management & Budget Office
- 1993 – 2019 Commander, United States Navy  
Secretary of the Navy, Financial Management & Comptroller  
Joint Staff / Force Structure, Resources, & Assessments

### Disciplinary Information

Mr. Pettibon has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Pettibon or of Toth Financial.

### Other Business Activities

Mr. Pettibon is not engaged in any other investment related business and does not receive compensation in connection with any business activity outside of Toth Financial.

### Additional Compensation

Mr. Pettibon does not receive economic benefits from any person or entity other than Toth Financial in connection with the provision of investment advice to clients.

### Supervision

As a Toth Financial Assistant Portfolio Manager, Mr. Pettibon's activities are supervised by Toth Financial President, Thomas A. Toth, Sr. Any of these individuals can be reached directly by calling the telephone number on the cover of this brochure supplement.



## **Gary E. Colpas Biographical Information**

Date of Birth: 10-06-1945

### Educational Background and Business Experience

#### Education:

1967 – BA in Sociology, St. Anselm College in Manchester, NH

1999 – Series 65 Uniform Investment Advisor Law Exam

#### Business Experience:

2000 – Current                      Portfolio Manager, Toth Financial Advisory Corp.

1988 – 2000                      Real Estate Agent

1985 – 1987                      Director, Nationwide Recruiter Training, Headquarters Marine Corps

### Disciplinary Information

Mr. Colpas has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Colpas or of Toth Financial.

### Other Business Activities

Mr. Colpas is not engaged in any other investment related business and does not receive compensation in connection with any business activity outside of Toth Financial.

### Additional Compensation

Mr. Colpas does not receive economic benefits from any person or entity other than Toth Financial in connection with the provision of investment advice to clients.

### Supervision

As a Toth Financial Portfolio Manager, Mr. Colpas' investment activities are supervised by Toth Financial President, Thomas A. Toth, Sr. Any of these individuals can be reached directly by calling the telephone number on the cover of this brochure supplement.