

# **Bouchey Financial Group, Ltd.**

SEC File Number: 801 – 51979

## **ADV Part 2A, Firm Brochure**

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**This Brochure provides information about the qualifications and business practices Bouchey Financial Group, Ltd. (“Bouchey Financial”). If you have any questions about the contents of this Brochure, please contact us at (518) 720-3333 or [MShields@bouchey.com](mailto:MShields@bouchey.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

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

**References herein to Bouchey Financial Group, Ltd. as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## **Item 2           Material Changes**

There have been no material changes to this disclosure brochure since the last filing and distribution to clients.

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#### Item 4            **Advisory Business**

- A. Bouchey Financial Group LTD (“Bouchey Financial” or the “Advisor”) is a corporation formed on August 30, 1995 in the State of New York. Bouchey Financial became a registered investment advisor in May 1996. Bouchey Financial is owned by Steven B. Bouchey (President).

**Bouchey Financial’s Chief Compliance Officer, Martin X. Shields, remains available to address any questions that a client or prospective client may have regarding any aspect of this ADV Part 2A, Firm Brochure.**

- B. As discussed below, Bouchey Financial offers to its clients (individuals, pension and profit-sharing plans, business entities, trusts, estates and charitable organizations, etc.) investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

Bouchey Financial 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 conflicts of interest. Bouchey Financial’s fiduciary commitment is further described in the 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**

Bouchey Financial may provide Clients with wealth management services, which generally includes a broad range of comprehensive financial planning and consulting services as well as discretionary management of investment portfolios. Financial planning and consulting may also be offered as a stand-alone service.

*Investment Management Services* – Bouchey Financial provides customized investment advisory solutions for its Clients either as a component of wealth management or on a stand-alone basis. This is achieved through continuous personal Client contact and interaction while providing discretionary and/or non-discretionary investment management and related advisory services. Bouchey Financial works with each Client to identify their investment goals and objectives as well as risk tolerance and financial situation.

Bouchey Financial primarily allocates Client assets among various mutual funds, individual equity securities, fixed income securities and exchange traded funds, and unaffiliated investment managers or investment platforms (collectively “Independent Managers”) in accordance with their stated investment objectives. Bouchey Financial may use mutual funds offered by Dimensional Fund Advisors LP (“DFA”). DFA mutual funds follow a passive asset class investment philosophy with low holdings turnover. The DFA fund fees are generally lower than fees and expenses charged by other fund providers. The Advisor is under no obligation to recommend DFA funds to clients and will only do so only when it is believed to be in the client’s best interest. DFA funds are exclusively made available through a registered investment advisor, therefore a Client may not invest in these funds in their independent capacity.

Bouchey Financial's investment approach is 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. Bouchey 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.

Bouchey Financial evaluates and selects investments for inclusion in Client portfolios only after applying its internal due diligence process. Bouchey 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. Bouchey 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 Bouchey 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 their designated account[s] at the Custodian, pursuant to the terms of the advisory agreement, please see Item 12 – Brokerage Practices.

*Use of Independent Managers* – In certain instances, Bouchey Financial will recommend that Clients utilize one or more Independent Managers for all or a portfolio of a Client's investment portfolio. In such instances, the Client will then enter into an advisory agreement with the Independent Manager[s] that defines the terms in which the Independent Manager[s] will provide investment management and related services. Bouchey Financial may also assist in the development of the initial policy recommendations and managing the ongoing Client relationship. The Advisor will perform initial and ongoing oversight and due diligence over each Independent Manager to ensure the strategy remains aligned with Client investment objectives and overall best interests. The Advisor 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 2A (or a brochure that makes the appropriate disclosures).

*Financial Planning and Consulting* – Bouchey Financial will typically provide a variety of financial planning services to individuals and families as a component of wealth management services. Services are offered in several areas of a Client's financial situation, depending on their goals and objectives.

Generally, such financial planning services will involve preparing a financial plan or rendering a 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 business planning, investment planning, retirement planning, insurance planning, personal savings, education savings, cash flow forecasting, large purchase planning, charitable giving, tax planning, trust/estate planning and other areas of a Client's financial situation.

A financial plan developed for 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. Bouchey Financial may also refer Clients to an accountant, attorney or other specialist, as appropriate for their unique situation. For certain financial planning engagements, the Advisor will provide a written summary of 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 months of contract date, assuming all information and documents requested are provided promptly.

Financial planning 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, 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.

#### **RETIREMENT PLAN ADVISORY SERVICES**

Bouchey 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:

- Vendor Analysis
- Plan Participant Enrollment and Education Tracking
- Investment Policy Statement ("IPS") Design and Monitoring
- Investment Management (ERISA 3(38))
- Performance Reporting
- Ongoing Investment Recommendation and Assistance
- ERISA 404(c) Assistance
- Benchmarking Services

These services are provided by Bouchey Financial 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 Bouchey Financial's fiduciary status, the specific services to be rendered and all direct and indirect compensation the Advisor reasonably expects under the engagement.

- C. Bouchey Financial shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser

representative will ascertain each client's investment objective(s). Thereafter, Bouchey Financial shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on Bouchey Financial's services.

- D. Bouchey Financial does not participate in a wrap fee program.
- E. As of December 31, 2020, Bouchey Financial manages \$732,708,596 in client assets, \$719,621,224 of which are managed on a discretionary basis and \$13,087,372 in assets under management on a non-discretionary basis.

## **Item 5 Fees and Compensation**

A.

### **WEALTH MANAGEMENT AND INVESTMENT MANAGEMENT SERVICES**

Wealth management or investment management fees (herein "investment advisory fees") are paid quarterly, at the end of each quarter, pursuant to the terms of the agreement. Investment advisory fees are based on the market value of assets under management at the end of the prior calendar quarter. Investment advisory fees range up to 1.50% annually based on several factors, including: the 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 investment advisory 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 Bouchey Financial will be independently valued by the Custodian. Bouchey Financial will not have the authority or responsibility to value portfolio securities.

The Advisor's fee is exclusive of, and in addition to, brokerage fees, transaction fees, and other related costs and expenses, which may be incurred by the client. However, the Advisor shall not receive any portion of these commissions, fees, and costs.

*Use of Independent Managers* - As noted in Item 4, the Advisor will 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 investment advisory fee as described above. Independent Managers typically do not 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 2.00% annually.

### **RETIREMENT PLAN ADVISORY SERVICES**

Fees for retirement plan advisory services are charged an annual asset-based fee ranging from 0.25% to 1.00% and are billed on a quarterly basis, at the end of each quarter, pursuant

to the terms of the retirement plan advisory agreement. Retirement plan advisor fees are based on the market value of assets under management at the end of the prior calendar quarter. Fees may be negotiable depending on the size and complexity of the services to be provided to the Plan.

B.

#### **WEALTH MANAGEMENT AND INVESTMENT MANAGEMENT SERVICES**

Investment advisory 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 respective quarter end date. The amount due is calculated by applying the quarterly rate (annual rate divided by 4) to the total assets under management with Bouchey Financial at the end of each quarter. Clients will be provided with a statement, at least quarterly, from the Custodian reflecting deduction of the investment advisory fee. It is the responsibility of the client to verify the accuracy of these fees as listed on the Custodian's brokerage statement as the Custodian does not assume this responsibility. Clients provide written authorization permitting advisory fees to be deducted by Bouchey Financial to be paid directly from their account[s] held by the Custodian as part of the investment advisory agreement and separate account forms provided by the Custodian. In limited instances, Bouchey Financial will bill client directly, to which payment is due upon receipt of the invoice.

*Use of Independent Managers* - For client accounts implemented through an Independent Manager, the Advisor and the Independent Manager will each assume the responsibility for calculating and deducting their respective fees from the client's account[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. Clients may incur certain fees or charges imposed by third parties, other than Bouchey Financial, in connection with investments made on behalf of the client's account[s]. The client is responsible for all securities execution and custody fees charged by the Custodian, if applicable. The Advisor's recommended Custodian does not charge securities transaction fees for ETF and equity trades in a client's account, provided that the account meets the terms and conditions of the Custodian's brokerage requirements. However, the Custodian typically charges for mutual funds and other types of investments. The fees charged by Bouchey Financial are separate and distinct from these custody and execution fees.

In addition, all fees paid to Bouchey Financial for investment advisory 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 Bouchey Financial, but would not receive the services provided by Bouchey 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. However, clients are unable to invest into DFA funds directly, without the services of a registered investment advisor. If a client chooses to terminate the relationship with the Advisor, the client may hold the DFA funds, but would not be able to purchase additional shares. Accordingly, the client should review both the fees charged by the fund[s] and the fees charged by Bouchey Financial to fully understand the total fees to be paid. Please refer to Item 12 – Brokerage Practices for additional information.

D.

#### **WEALTH MANAGEMENT AND INVESTMENT MANAGEMENT SERVICES**

Bouchey Financial is compensated for its services at the end of the quarter after investment advisory services are rendered. Either party may terminate the investment advisory agreement, at any time, by providing advance written notice to the other party. The client may also terminate the investment advisory 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. The client's investment advisory agreement with the Advisor is non-transferable without the client's prior consent.

*Use of Independent Managers* - In the event that a client should wish to terminate their relationship with the Independent Manager, the terms for the termination will be set forth in the respective agreements between the client and that Independent Manager. Bouchey Financial will assist the client with the termination and transition as appropriate.

#### **RETIREMENT PLAN ADVISORY SERVICES**

Bouchey Financial is compensated for its services at the end of the quarter after 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 Plan shall be responsible for retirement plan advisory fees up to and including the effective date of termination. The Plan's retirement plan advisory agreement with the Advisor is non-transferable without the client's prior consent.

E. Neither Bouchey Financial, nor its representatives, accepts compensation from the sale of securities or other investment products.

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

Neither Bouchey Financial, nor any supervised person of Bouchey Financial, accepts performance-based fees.

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

Bouchey Financial's clients shall generally include individuals, pension and profit-sharing plans, business entities, trusts, estates and charitable organizations. The amount of each type of client is available on Bouchey Financial's Form ADV Part 1A. These amounts may change over time and are updated at least annually by Bouchey Financial. Bouchey Financial generally requires a minimum relationship size of \$500,000 which may be waived at the sole discretion of the Advisor.



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

A. Bouche Financial may utilize the following methods of security analysis:

- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

Bouche Financial may utilize, or otherwise assist clients in implementing, the following investment strategies:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)
- Short Sales (contracted sale of borrowed securities with an obligation to make the lender whole)
- Margin Transactions (use of borrowed assets to purchase financial instruments)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

**Please Note: Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Bouche Financial) will be profitable or equal any specific performance level(s).

### ***ETF Characteristics***

Investors buying or selling Exchange-Traded Fund (ETF) shares on the secondary market may incur customary brokerage commissions. Market prices may differ to some degree from the net asset value of the shares. Investors who sell fund shares may receive less than the share's net asset value. Shares may be sold throughout the day on the exchange through any brokerage account. However, unlike mutual funds, shares may only be redeemed directly from the fund by authorized participants, in very large creation/redemption units. If the fund's authorized participants are unable to proceed with creation/redemption orders and no other authorized participant is able to step forward to create or redeem, fund shares may trade at a discount to the fund's net asset value and possibly face delisting.

### ***Risk Considerations***

The ETF's shares will change in value, and you could lose money by investing in the fund. One of the principal risks of investing in the fund is market risk. Market risk is the risk that a particular stock owned by the fund, fund shares or stocks in general may fall in value. There can be no assurance that the fund's investment objective will be achieved.

ETF's may invest in securities issued by companies concentrated in a particular industry. ETF's may invest in small capitalization and mid-capitalization companies. Such companies may experience greater price volatility than larger, more established companies.

An investment in a fund containing securities of non-U.S. issuers is subject to additional risks, including currency fluctuations, political risks, withholding, the lack of adequate financial information, and exchange control restrictions impacting non-U.S. issuers. The

fund may invest in depositary receipts which may be less liquid than the underlying shares in their primary trading market.

Certain ETFs may be classified as “non-diversified” and may invest a relatively high percentage of its assets in a limited number of issuers. As a result, the fund may be more susceptible to a single adverse economic or regulatory occurrence affecting one or more of these issuers, experience increased volatility and be highly concentrated in certain issuers.

- B. Bouchey Financial’s methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis Bouchey Financial must have access to current/new market information. Bouchey Financial has no control over the dissemination rate of market information; therefore, unbeknownst to Bouchey Financial, certain analyses may be compiled with outdated market information, severely limiting the value of Bouchey Financial’s analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Bouchey Financial’s primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer-term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short-term investment strategy and substantially higher transaction costs than a longer-term investment strategy.

In addition to the fundamental investment strategies discussed above, Bouchey Financial may also, at the direction of the client, implement short selling, use of margin, and/or options transactions. Each of these strategies has a high level of inherent risk. (*See discussion below*) and, as a result, Bouchey Financial will open implement these strategies at the direction of the client.

**Short Selling.** Bouchey Financial does not recommend the use of short selling. Short selling, involves the selling of assets that the investor does not own. The investor borrows the assets from a third-party lender (i.e., Broker-Dealer) with the obligation of buying identical assets at a later date to return to the third party lender. Individuals who engage in this activity shall only profit from a decline in the price of the assets between the original date of sale and the date of repurchase. Conversely, the short seller will incur a loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets.

**Access to Margin.** Bouchey Financial does not recommend the use of margin. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments and/or to access liquidity. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using

margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. Although clients may retain the ability to use margin, Bouche Financial does not use margin for investment purposes and does not recommend its use by clients. The use of margin by a client will not impact a client's fees.

**Options Transactions.** Bouche Financial does not recommend options transactions. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Please Note: The use of options-related strategies (i.e. straddles, short positions, etc.), may produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies.

**Risks Specific to the Program** ETFs in which the Program may invest involve certain inherent risks generally associated with investments in a portfolio of securities, including the risk that the general level of security prices may decline, thereby adversely affecting the value of each unit of the ETF. Moreover, an ETF may not fully replicate the performance of its benchmark index because of the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or the number of securities held. ETFs in which the strategies invest have their own fees and expenses as set forth in the ETF prospectuses. ETFs may have exposure to derivative instruments, such as futures contracts, forward contracts, options, and swaps. There is a risk that a derivative may not perform as expected. The main risk with derivatives is that some types can amplify a gain or loss, potentially earning or losing substantially more money than the actual cost of the derivative, or that the counterparty may fail to honor its contract terms, causing a loss for the ETF. Use of these instruments may also involve certain costs and risks such as liquidity risk, interest rate risk, market risk, credit risk, management risk, and the risk that an ETF could not close out a position when it would be most advantageous to do so. Some ETFs available, including Schwab ETFs™, are less than 10 years old. Accordingly, there is limited data available to use when assessing the investment risk of some of these ETFs. As a result, one or more of the following may occur: (i) poor liquidity in or limited availability of the ETFs, or (ii) lack of market depth causing the ETFs to trade at excessive premiums or discounts

- C. Currently, Bouche Financial primarily allocates client investment assets among mutual funds, individual equity securities, fixed income securities, ETFs, and *Independent Manager(s)* on a discretionary and/or non-discretionary basis in accordance with the client's designated investment objective(s). (See Independent Managers disclosure at Item 4.B. above).

Risks associated with these asset types include:

1. **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
2. **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk may be caused by external factors independent of the fund's specific investments as well as due to the

- fund's specific investments. Additionally, each security's price will fluctuate based on market movement and emotion, which may, or may not be due to the security's operations or changes in its true value. For example, political, economic and social conditions may trigger market events which are temporarily negative, or temporarily positive.
3. **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
  4. **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
  5. **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
  6. **Market Risk (Systematic Risk):** Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities to rise or fall. Because the value of your portfolio will fluctuate, there is a risk that you will lose money.
  7. **Unsystematic Risk:** Unsystematic risk is the company-specific or industry-specific risk in a portfolio. The combination of systematic (market risk) and unsystematic risk is defined as the portfolio risk that the investor bears. While the investor can do little to reduce systematic risk, he or she can affect unsystematic risk. Unsystematic risk may be significantly reduced through diversification. However, even a portfolio of well-diversified assets cannot escape all risk.
  8. **Credit Risk:** Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value, and thus, impact performance. Credit risk is greater for fixed income securities with ratings below investment grade (BB or below by Standard & Poor's Rating Group or Ba or below by Moody's Investors Service, Inc.). Fixed income securities that are below investment grade involve higher credit risk and are considered speculative.
  9. **Call Risk:** Call risk is the risk that during periods of falling interest rates, a bond issuer will call or repay a higher-yielding bond before its maturity date, forcing the investment to reinvest in bonds with lower interest rates than the original obligations.
  10. **Income Risk:** Income risk is the risk that falling interest rates will cause the investment's income to decline.
  11. **Purchasing Power Risk:** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply. Rising inflation means that if you have \$1,000 and inflation rises 5 percent in

a year, your \$1,000 has lost 5 percent of its value, as it cannot buy what it could buy a year previous.

12. **Political Risks:** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
13. **Regulatory Risk:** Changes in laws and regulations from any government can change the market value of companies subject to such regulations. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
14. **Risks Related to Investment Term:** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not what we believe it is truly worth. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value.

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as ETFs and mutual funds are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss. As such, a mutual fund or ETF client or investor may incur substantial tax liabilities even when the fund underperforms.

Shares of mutual funds are distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per-share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes in the market value of the fund's holdings. The trading prices of a mutual fund's shares can differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies can cause the shares to trade at a premium or discount to their pro-rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. While clients and investors may be able to sell their ETF shares on an exchange, ETFs generally only redeem shares directly from shareholders when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

## **Item 9            Disciplinary Information**

Bouchey Financial has not been the subject of any disciplinary actions.

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

**Licensed Insurance Agencies.** Bouchey Financial's is affiliated with Bouchey & Clarke Benefits, Inc. and Bouchey, Millet, and Schafer, LLC (together the "*Affiliated Entities*"), corporations licensed with the New York State Department of Insurance. Bouchey Financial's representatives may recommend that certain of Bouchey Financial's clients purchase insurance products through Bouchey Financial's *Affiliated Entities*, on a fully disclosed commission basis.

The recommendation that a client utilize the services of one the *Affiliated Entities* presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from the *Affiliated Entities*. Clients are reminded that they may purchase insurance products recommended by Bouchey Financial through other, non-affiliated insurance agencies.

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

- A. Bouchey Financial maintains an investment policy relative to personal securities transactions. This investment policy is part of Bouchey Financial's overall Code of Ethics, which serves to establish a standard of business conduct for all of Bouchey Financial's representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, Bouchey Financial also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Bouchey Financial or any person associated with Bouchey Financial.

- B. Neither Bouchey Financial nor any related person of Bouchey Financial recommends, buys, or sells for client accounts, securities in which Bouchey Financial or any related person of Bouchey Financial has a material financial interest.
- C. Bouchey Financial and/or representatives of Bouchey Financial *may* buy or sell securities that are also recommended to clients. This practice may create a situation where Bouchey Financial and/or representatives of Bouchey Financial are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Bouchey Financial did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of Bouchey Financial's clients) and other potentially abusive practices.

Bouchey Financial has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Bouchey Financial's "Access Persons". Bouchey Financial's securities transaction policy requires that an Access Person of Bouchey Financial must provide the Chief Compliance Officer or his/her

designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date Bouchey Financial selects.

- D. Bouchey Financial and/or representatives of Bouchey Financial *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Bouchey Financial and/or representatives of Bouchey Financial are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, Bouchey Financial has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Bouchey Financial's Access Persons.

## **Item 12      Brokerage Practices**

- A. Bouchey 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 Bouchey Financial to direct trades to the Custodian as agreed upon in the investment advisory agreement. Further, Bouchey Financial does not have the discretionary authority to negotiate commissions on behalf of clients on a trade-by-trade basis.

Where Bouchey Financial does not exercise discretion over the selection of the Custodian, it may recommend the Custodian[s] to clients for custody and execution services. Clients are not obligated to use the Custodian recommended by the Advisor and will not incur any extra fee or cost associated with using a Custodian not recommended by Bouchey Financial. However, the Advisor may be limited in the services it can provide if the recommended Custodian is not engaged. Bouchey Financial may recommend the Custodian based on criteria such as, but not limited to, reasonableness of commissions charged to the client, services made available to the client, its reputation and/or the location of the Custodian's offices.

Bouchey Financial will generally recommend that clients establish their account[s] at Charles Schwab & Co., Inc. ("Schwab"), a FINRA-registered broker-dealer and member SIPC. Schwab and Fidelity will serve as the client's "qualified custodian". Bouchey Financial maintains an institutional relationship with Schwab, whereby the Advisor receives economic benefits from Schwab. Please see Item 14 below.

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

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. Bouchey Financial does not participate in soft dollar programs sponsored or offered by any broker-dealer/custodian. However, the Advisor does receive certain economic benefits from Schwab. Please see Item 14.

Brokerage Referrals – Bouche Financial receives client referrals from *Schwab* through participation in Schwab Advisor Network® (“the Service”), designed to help investors find an independent investment advisor. *Schwab* is a broker-dealer independent of and unaffiliated with Bouche Financial. *Schwab* does not supervise Bouche Financial and has no responsibility for Bouche Financial’s management of clients’ portfolios or Bouche Financial’s other advice or services. Bouche Financial pays *Schwab* fees to receive client referrals through the Service. Bouche Financial’s participation in the Service may raise potential conflicts of interest described below.

Bouche Financial pays *Schwab* a Participation Fee on all referred clients’ accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Bouche Financial is a percentage of the fees owed by the client to Bouche Financial or a percentage of the value of the assets in the client’s account, subject to a minimum Participation Fee. Bouche Financial pays *Schwab* the Participation Fee for so long as the referred client’s account remains in custody at Schwab. The Participation Fee is billed to Bouche Financial quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by Bouche Financial and not by the client. Bouche Financial has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Bouche Financial charges clients with similar portfolios (pursuant to Bouche Financial’s standard fee schedule as in effect from time to time) who were not referred through the Service.

Bouche Financial generally pays *Schwab* a Non-Schwab Custody Fee if custody of a referred client’s account is not maintained by, or assets in the account are transferred from *Schwab*, unless the client was solely responsible for the decision not to maintain custody at *Schwab*. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed in custody other than at *Schwab*. The Non-Schwab Custody Fee is higher than the Participation Fees Bouche Financial generally would pay in a single year. Thus, Bouche Financial will have an incentive to recommend that client accounts be held in custody at *Schwab*.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of Bouche Financial’s clients who were referred by *Schwab* and those referred clients’ family members living in the same household. Thus, Bouche Financial will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at *Schwab* and to instruct *Schwab* to debit Bouche Financial’s fees directly from the accounts.

For accounts of Bouche Financial’s clients maintained in custody at *Schwab*, *Schwab* will not charge the client separately for custody but will receive compensation from Bouche Financial’s clients in the form of commissions or other transaction-related compensation on securities trades executed through *Schwab*. *Schwab* also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades to be executed through *Schwab* rather than another broker-dealer. Bouche Financial nevertheless acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at *Schwab* may be executed through a different broker-dealer than trades for Bouche Financial’s other clients. Thus, trades for accounts custodied at *Schwab* may be executed at different times and different prices than trades for other accounts that are



executed at other broker-dealers. Bouchey Financial's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest such arrangement may create.

Bouchey Financial does not receive any other referrals from broker-dealers (except as indicated immediately above).

Directed Brokerage – All clients are serviced on a “directed brokerage basis”, where Bouchey 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]). Bouchey 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.

- A. To the extent that Bouchey Financial provides investment management services to its clients, the transactions for each client account may be affected independently, unless Bouchey Financial decides to purchase or sell the same securities for several clients at approximately the same time. Bouchey Financial may combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Bouchey Financial's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Bouchey Financial shall not receive any additional compensation or remuneration as a result of such aggregation.

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

- A. For those clients to whom Bouchey Financial provides investment supervisory services, account reviews are conducted on an ongoing basis by Bouchey Financial's Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise Bouchey Financial of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with Bouchey Financial on an annual basis.
- B. Bouchey Financial may conduct account reviews on an other-than-periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Bouchey Financial may also provide a written periodic report summarizing account activity and performance.

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

- A. Bouchey Financial may refer clients to various third parties to provide certain financial services necessary to meet the goals of its clients. Likewise, Bouchey Financial may receive referrals of new clients from a third party.

### Participation in Institutional Advisor Platform

Bouchey Financial has established an institutional relationship with Schwab through its “Schwab Advisor Services” unit, a division of Schwab dedicated to serving independent advisory firms like Bouchey Financial. As a registered investment advisor participating on the Schwab Advisor Services platform, Bouchey Financial receives access to software and related support without cost because the Advisor renders investment management services to clients that maintain assets at Schwab. Services provided by Schwab Advisor Services benefit the Advisor and many, but not all services provided by Schwab will benefit clients. 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 this custodian over one that does not furnish similar software, systems support, or services.

*Services that Benefit the Client* – Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client’s funds and securities. Through Schwab, the Advisor may be able to access certain investments and asset classes that the client would not be able to obtain directly or through other sources. Further, the Advisor may be able to invest in certain mutual funds and other investments without having to adhere to investment minimums that might be required if the client were to directly access the investments.

*Services that May Indirectly Benefit the Client* – Schwab provides participating advisors with access to technology, research, discounts and other services. In addition, the Advisor receives duplicate statements for client accounts, the ability to deduct advisory fees, trading tools, and back-office support services as part of its relationship with Schwab. These services are intended to assist the Advisor in effectively managing accounts for its clients, but may not directly benefit all clients.

*Services that May Only Benefit the Advisor* – Schwab also offers other services to Bouchey Financial that may not benefit the client, including: educational conferences and events, consulting services and discounts for various service providers. Access to these services creates a financial incentive for the Advisor to recommend Schwab, which results in a conflict of interest. Bouchey Financial believes, however, that the selection of Schwab as Custodian is in the best interests of its clients.

- B. Bouchey Financial engages and compensates unaffiliated third-parties (a “Solicitor”) for client referrals in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940. Clients will not pay a higher fee to Bouchey Financial as a result of such payments to a Solicitor. The Advisor shall enter into an agreement with the Solicitor, which requires that full disclosure of the compensation and other conflicts is provided to the prospective client prior to or at the time of entering into the advisory agreement.

## **Item 15      Custody**

Bouchey Financial shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Bouchey Financial may also provide a written periodic report summarizing account activity and performance.

Please Note: To the extent that Bouchey Financial provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Bouchey Financial with the account statements received from the account custodian. Please Also Note: The account custodian does not verify the accuracy of Bouchey Financial's advisory fee calculation.

In addition, certain clients have established asset transfer authorizations which permit the qualified custodian to rely upon instructions from Bouchey Financial to transfer client funds or securities to third parties. These arrangements are also disclosed at ADV Part 1, Item 9, but in accordance with the guidance provided in the SEC's February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subject to an annual surprise CPA examination.

## **Item 16      Investment Discretion**

The client can determine to engage Bouchey Financial to provide investment advisory services on a discretionary basis. Prior to Bouchey Financial assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming Bouchey Financial as the client's attorney and agent in fact, granting Bouchey Financial full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage Bouchey Financial on a discretionary basis may, at any time, impose restrictions, in writing, on Bouchey Financial's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Bouchey Financial's use of margin, etc.).

## **Item 17      Voting Client Securities**

- A. Bouchey Financial does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Bouchey Financial to discuss any questions they may have with a particular solicitation.

**Item 18      Financial Information**

- A. Bouchey Financial does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. Bouchey Financial is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Bouchey Financial has not been the subject of a bankruptcy petition.