

**ADV Form Part 2**

**Dated March 12, 2021**

**Item 1 – Cover Page**

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***This brochure provides information about the qualifications and business practices of Helmsman Financial Group, LLC. If you have any questions about the contents of this brochure, please contact us at 425-485-0381. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.***

***The term “Registered Investment Adviser” is a legal registration term and does not imply any certain skill or training.***

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

## **Item 2 – Material Changes**

- No material changes to report.

## **Item 3 – Table of Contents**

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#### **Item 4 – Advisory Business**

Helmsman Financial Group, LLC was formed in 1998 for the purpose of performing portfolio management and financial planning services and became a Registered Investment Adviser with the State of Washington in that same year. In February of 2004, we became registered with the Securities and Exchange Commission (SEC) due to our assets under management reaching the level requiring registering with them. Effective June 11, 2012, Helmsman Financial Group, LLC successfully transitioned from being regulated by the Securities and Exchange Commission (SEC) to being registered with and regulated by the State of Washington as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Then on June 5, 2018 Helmsman Financial Group, LLC registered with the Securities and Exchange Commission due to sufficient assets under management. The primary owners of the firm are as follows:

##### **Douglas D. Springer, CPA, PFS –**

Mr. Springer was born in Moscow, Idaho in 1950. After graduating from Genesee High School in 1969, Mr. Springer attended the University of Idaho from 1969 – 1973 where he graduated with a bachelor degree in Accounting. From June 1998 to the present, Mr. Springer has worked as a investment adviser representative, financial planner, Member and as the General Manager for Helmsman Financial Group, LLC. Mr. Springer's time is devoted solely to Helmsman Financial Group, LLC. See Mr. Springer's ADV Part 2 Supplement attached for descriptions of Mr. Springer's designations and a more detailed biography.

##### **Gary M. Whitsell, CPA - MBA –**

Mr. Whitsell was born in Seattle, Washington in 1949. After graduating from high school, Mr. Whitsell attended the University of Washington receiving a bachelor degree in Finance in 1970 and an MBA in 1972. He was a partner in Miller Boltjes Whitsell & Co. PS (which became Miller Rieke Whitsell & Co. PS) from 1992 to December 31, 2013 with a focus on small businesses. Effective January 1, 2014, Miller Rieke Whitsell & Co. PS was discontinued and Mr. Whitsell started his own firm, Whitsell & Co. PS. Mr. Whitsell's primary responsibilities lie with Whitsell & Co. PS with limited involvement in the operations of Helmsman Financial Group, LLC. Please see Mr. Springer's ADV Part 2 Supplement attached for descriptions of the CPA designation.

##### **Christopher J. Rieke, CPA –**

Mr. Rieke was born in 1957, in Everett, Washington. Mr. Rieke attended Washington State University where he received his BA in Hotel Administration in 1979. In 1984, Mr. Rieke received his Masters of Science in Accountancy from San Diego State University with an emphasis in taxation. In August 1992, Mr. Rieke formed Carlson & Rieke, PS, a full-service CPA firm where he was in charge of tax and financial planning services. On October 1, 1998, Carlson & Rieke, PS,

merged with Miller Boltjes Whitsell & Co. PS to form Miller Rieke Whitsell & Co. PS. Until Miller Rieke Whitsell & Co. PS was discontinued effective January 1, 2014, Mr. Rieke was in charge of the tax services for Miller Rieke Whitsell & Co. PS. Subsequent to the discontinuation of Miller Rieke Whitsell & Co. PS, Mr. Rieke became a shareholder with The Rieke Irwin Group, PS. The Rieke Irwin Group, PS was discontinued effective December 31, 2018 and Mr. Rieke subsequently founded the CPA firm Rieke & Company, PS, Inc. Mr. Rieke's primary responsibilities lie with Rieke & Company, PS, Inc. with limited involvement in the operations of Helmsman Financial Group, LLC.

#### **Herbert A. Sprute, CPA –**

Herb graduated from the University of Idaho where he was named the College of Business outstanding graduate. He also earned a Masters of Business Administration in Taxation from Golden Gate University in 1983. After five years with Touche Ross & Co., an international firm, and a year with Moss Adams in Seattle, he has maintained an office in Ballard since 1980. In 2015, Mr. Sprute was named one of the "top 10 Public Accounting Professionals" in Washington by the National Academy of Public Accounting Professionals. Mr. Sprute's primary responsibilities lie with Sprute & Davis CPA's, LLP with limited involvement in the operations of Helmsman Financial Group, LLC.

Please see Mr. Springer's ADV Part 2 Supplement attached for descriptions of the CPA designation.

Helmsman Financial Group, LLC performs the following primary services –

- Retirement Planning
- Portfolio Analysis and Development
- Portfolio Investment Management (General Investment Supervisory Services) on both a discretionary and non-discretionary basis

***Retirement Planning*** – Our Retirement Planning Service has two main objectives, 1) Determining a client's ability to retire as they hope to and 2) Developing a year-by-year projection to act as a roadmap to help the client stay on track as they work towards their retirement goals. The client's current investment position is reviewed in comparison to the Retirement Plan and recommendations for changes are made. At the client's request, these changes can be implemented by us.

***Portfolio Analysis and Development*** – In this service, we will compare a client's current investment portfolio to age and life stage appropriate asset allocation guidelines and generate a report with recommendations made. At the client's request these changes can be implemented by us.

Services will be performed and billed on either an hourly basis or fixed price agreed to prior to the commencement of the work in the case of Retirement Planning and Portfolio Analysis and

Development.

***Portfolio Investment Management*** (General Investment Supervisory Services) – Our portfolio investment management services will be performed and billed on a percentage of assets basis based on the amount of assets under management. ***(See Item 5 – Fees and Compensation)***.

The Portfolio Investment Management service (General Investment Supervisory Services) is available through four levels of service:

Investment Assistance Program (IAP)

This program is no longer available to new clients of Helmsman Financial Group, LLC but existing Investment Assistance Program clients may continue in the program. The Investment Assistance Program represents the first level of portfolio management and consists of the tracking and reporting of assets under management, continuous monitoring of portfolio activity and performance as well as assistance with other general financial planning questions. Recommendations are made to existing Investment Assistance Program clients based on a pre-selected group of mutual funds and exchange traded funds (ETFs), coinciding with each client's investment objective of Growth, Growth and Income, Balance or Income. Helmsman Financial Group, LLC will have no discretionary authority or responsibility for trading in these types of client accounts until approval of any recommendations are received. Once approval is received, we will implement the recommended trade in your account.

Fund Investment Program (FIP)

The Fund Investment Program consists of the tracking and reporting of assets under management, continuous monitoring of portfolio activity and performance as well as assistance with other general financial planning questions. Helmsman Financial Group, LLC will have full discretionary authority and responsibility for all investment decisions and trade processing in these types of client accounts. Products used in this program will consist of mutual funds and exchange traded funds (ETFs) and portfolios will be developed to coincide with your investment objective of Aggressive Growth, Growth, Growth and Income, Balance or Income. The Fund Investment Program is only available to people who are able and willing to start with an all cash position.

Portfolio Administrator Service (PAS)

The Portfolio Administrator Service consists of the tracking and reporting of assets under management, continuous monitoring of portfolio activity and performance as well as assistance with other general financial planning questions. Recommendations will be made to you based on a pre-selected group of mutual funds, exchange traded funds (ETFs), and, when appropriate, individual stocks and bonds, coinciding with your investment objective of Aggressive Growth, Growth, Growth and Income, Balance or Income. Helmsman Financial Group, LLC will have no discretionary authority or responsibility for trading in your portfolio until approval of any recommendations are received. Once approval is received, we will implement the recommended

trade in your account.

#### Financial Stewardship Program (FSP)

The Financial Stewardship Program consists of the tracking and reporting of assets under management, continuous monitoring of portfolio activity and performance as well as assistance with other general financial planning questions. The Financial Stewardship Program is similar to the Portfolio Administrator Service with regards to the types of investments utilized. It differs, however, with the Portfolio Administrator Service in that Helmsman Financial Group, LLC will have discretionary authority and responsibility over trading in the applicable accounts.

Total Assets Under Management for all four programs combined at December 31, 2020 were as follows:

	<u># of Accts</u>	<u>Assets</u>
On A Discretionary Basis	60	\$ 53,610,175
On a Non-Discretionary Basis	<u>196</u>	<u>\$ 89,847,023</u>
Total	<u>256</u>	<u>\$ 143,457,198</u>

Each client account is managed separately by us. Although managed separately, the management of client accounts follows the same basic management process consisting of the following –

1. Your account is assigned a portfolio model based on your own specific objectives
2. Based on this model, asset allocation guidelines are assigned to each portfolio to develop the asset allocation plan
3. Once the asset allocation plan is developed, specific investments are selected for each of the asset classes in the plan. These investments include mutual funds, individual stocks, individual bonds and exchange traded funds (ETFs) for the Portfolio Administrator Service and Financial Stewardship Program and mutual funds and exchange traded funds (ETFs) for the Investment Assistance Program and Fund Investment Program. Once the portfolio plan is implemented, each portfolio is monitored and managed with warranted changes to your asset allocation and/or specific investment products being made in the case of the Financial Stewardship Program and Fund Investment Program or recommended

in the case of the Portfolio Administrator Service and the Investment Assistance Program.

#### **Item 5 – Fees and Compensation**

For services performed for an hourly or fixed fee basis, clients will be billed as the work is completed with no advanced payments unless specifically requested by the client.

For the Portfolio Investment Management service (General Investment Supervisory Services) whereby the fee is calculated on a percentage of assets basis, the fees will be as follows:

- Assets in the ***Investment Assistance Program (IAP)*** will be assessed a fee of 0.50% annually on the assets under management calculated and paid quarterly. The minimum annual fee will be \$750.00. This minimum fee amount makes portfolios of less than \$150,000 incur a fee that is higher than the 0.50% of assets. Because of this, clients with less than \$150,000 of investable assets should consider the costs associated in comparison with the services received.
- Assets in the ***Fund Investment Program (FIP)*** will be assessed a fee of 0.50% annually on the assets under management calculated and paid quarterly. The minimum annual fee will be \$1,000.00. This minimum fee amount makes portfolios of less than \$200,000 incur a fee that is higher than the 0.50% of assets. Because of this, clients with less than \$200,000 of investable assets should consider the costs associated in comparison with the services received.
- Assets in the ***Portfolio Administrator Service (PAS)*** will be assessed a fee of 0.75% annually on the assets under management calculated and paid quarterly. Minimum annual fee will be \$1,500. This minimum fee amount makes portfolios of less than \$200,000 incur a fee that is higher than the 0.75% of assets. Because of this, clients with less than \$200,000 of investable assets should consider the costs associated in comparison with the services received.

- Assets in the ***Financial Stewardship Program (FSP)*** will be assessed an annual fee calculated using the following table.

	<b>Fee Percentage</b>	
	<b><u>Annual Basis</u></b>	<b><u>Quarterly Basis</u></b>
First \$500,000	1.10%	0.2750%
\$500,001 to \$2,500,000	0.75%	0.1875%
\$2,500,001 to \$5,000,000	0.65%	0.1625%
\$5,000,001 to \$10,000,000	0.55%	0.1375%
\$10,000,001 to \$15,000,000	0.50%	0.1250%

For amounts in excess of \$15,000,000, the excess assets over \$15,000,000 will be assessed a fee of 0.35% annually calculated and paid quarterly.

Minimum annual fee for the Financial Stewardship Program will be \$1,500. This minimum fee amount makes portfolios of less than \$136,363 incur a fee that is higher than the percentages in the above chart. Because of this, clients with less than \$136,363 of investable assets should consider the costs associated in comparison with the services received.

Helmsman Financial Group, LLC rounds all Management Fees charged to clients up or down to the nearest dollar.

Any changes made to Helmsman Financial Group, LLC's fees must be approved in writing by any affected Helmsman Financial Group, LLC client.

Payment of fees may be made directly by the client or the client may authorize fees to be paid directly out of the managed account. However, three criteria must be met when payment is made by the custodian: (1) you must provide written authorization permitting the fees to be paid directly from your account held by the independent custodian; (2) we will send to you a bill showing the amount of the fee, the value of your assets on which the fee was based, and the specific manner in which the fee was calculated, and (3) the custodian agrees to send to you a statement, at least quarterly, indicating all amounts disbursed from the account including the amount of the advisory fees paid directly to us.

For all four services, portfolio values for billing purposes will be calculated on a trade date basis. Quarterly fees will be billed in advance based on the values at the end of the previous quarter. If an agreement is terminated prior to the end of a quarterly period, any unearned fees will be returned to the client on a pro-rated basis calculated using the total days in the quarter as the denominator and the days remaining in the quarter after the termination as the numerator.



In the event that a Portfolio Administrator Service or Investment Assistance Program (see description of each above) client's cash balance is less than the management fee being billed to that client for a given quarter, Helmsman Financial Group, LLC will sell securities within the portfolio to sufficiently cover that quarter's fees. This limited-discretionary authority will not be extended outside of the parameters laid out in this paragraph.

As mentioned in **Item 4 – Advisory Business**, some work will be done on an hourly or fixed fee basis. In all such cases, the cost of the service will be discussed and agreed upon prior to any commitment on your part for the work to be performed. Fees for the work performed will be charged \$200 per hour however, fees may be negotiated depending on the time required and the type of expertise required. In the case of a fixed fee contract, such fees will depend on the work performed but will normally range between \$800 to \$1,500 per contract. An example of a service performed at the lower end of the fixed fees would be a Portfolio Analysis and Development contract as described under **Item 4 – Advisory Business** of the Form ADV Part 2 for a smaller portfolio. An example of a service at the higher end of the fixed fees would be a more extensive Retirement Plan as described under **Item 4 – Advisory Business** of the Form ADV Part 2. Fees stated in our Engagement Letter and agreed to by you will be fixed and will not be increased or decreased unless the contracted work to be performed is changed. Such fees will be billed to you as work is completed and there will be no advance billing requirements, unless specifically requested by you.

Management fees as described above, do not include other costs paid by you including transaction costs, execution costs, other service charges, or costs charged by mutual funds purchased for, or recommended to you. Such mutual fund charges are explained further in the prospectuses for each applicable mutual fund. **(See Item 12 – Brokerage Practices).**

Since Helmsman Financial Group, LLC is a Registered Investment Adviser, we are required to give each client our Form ADV Part 2 which is a disclosure document relating to how Helmsman Financial Group, LLC conducts its business (i) not less than forty-eight hours prior to entering into any investment advisory contract with such client or prospective client, or (ii) at the time of entering into any such contract, if the advisory client has a right to terminate the contract without penalty within five business days after entering into the contract.

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

Helmsman Financial Group, LLC does not have Performance-Based Fees or Side-By-Side Management Programs.

## **Item 7 – Types of Clients**

Helmsman Financial Group, LLC primarily performs services for individual clients but may also perform services for trusts, estates or other non-individual entities. See ***Item 4 – Advisory Business*** and ***Item 5 – Fees and Compensation*** for details on the services offered and the minimum fees applicable to our services.

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

***Portfolio Asset Allocation*** – The Helmsman Financial Group, LLC approach to investment management begins with proper asset allocation based on your specific objective. Asset allocation represents the percentage of a portfolio in each of the major asset classes: Equity (Stocks), Income (Bonds and Certificates of Deposit) and Cash. Once a proper asset allocation is determined for your objective, investments will be selected for each asset class to complete the portfolio. These investments will primarily consist of:

- Cash
  - Money Market Funds
- Income
  - Bond Mutual Funds (Both Taxable and Tax-Exempt)
  - Individual Bonds (Both Taxable and Tax Exempt)
  - Certificates of Deposit
  - Income-Oriented Exchange Traded Funds (ETFs)
- Equity
  - Stock Mutual Funds
  - Individual Stocks
  - Equity-Oriented Exchange Traded Funds (ETFs)

***Selection of Investments*** – To select the above investments we follow a fundamental approach using a combination of –

- Research material from other entities
- Review of current news items by major media publications
- Proprietary analysis tools

**Investment Strategies** – We use a value-oriented longer term strategy with an emphasis on current income. In connection with this strategy –

- Purchases are normally made for longer term purposes (held for more than a year).
- Income investments (Bond Fund, Individual Bonds and Certificates of Deposit) will be primarily based on investment grade credit quality and acceptable maturity based on how we see the future interest rates. Investment grade represents the four highest credit ratings of Standard and Poor's (AAA to BBB) and Moody's (Aaa to Baa).
- Stock Mutual Funds will be selected based on their long term track record and our opinion as to their ability to continue that successful track record in the future. Our strategy with these funds is to hold for the longer term unless there would be a fundamental change to the fund such as a change of objective or management change.
- Individual stocks are purchased based on our belief that their current market value is low compared to their intrinsic value. We also select individual stocks having a bias towards dividends. Every stock will be assigned a target price which we feel represents a reasonable value for the stock. We check stock prices against their assigned targets regularly and make sale recommendations/decisions or target price adjustments when warranted. It is not in line with our strategy to trade individual stocks on a short term basis.
- Exchange Traded Funds (ETFs) – We will use exchange traded funds when appropriate based on our longer term approach. It is not in line with our strategy to trade exchange traded funds on a short term basis.

Regardless of a client's objective or the approach by us, investing in securities involves risk of loss that all clients should understand and be prepared to bear. The various risks that a client's portfolio may be subject to include:

- **Market Risk** – The chance that stock prices overall will decline. This risk may be greater in foreign stock markets compared to U.S. stock markets.
- **Currency Risk** – In the case of foreign investments, there is the risk that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency risk.
- **Country Risk** – In the case of foreign investments, world events may adversely affect the value of securities issued by companies in foreign countries.

- **Interest Rate Risk** – In the case of bonds, the risk that market value may decline due to rising interest rates.
- **Credit Risk** – In the case of bonds, the risk that a bond issuer will fail to pay interest and principal in a timely manner or that changes in the market's perception of the ability to pay cause the bond's market value to decline.
- **Income Risk or Reinvestment Risk** – The risk that an income fund's income will decline due to falling interest rates at a time when new bonds are being purchased with proceeds from bond maturities.

#### **Item 9 – Disciplinary Information**

Helmsman Financial Group, LLC has no disciplinary actions that require disclosure.

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

Sprute & Davis CPA's, LLP (a public accounting firm in Seattle, Washington), Whitsell & Co. PS (a public accounting firm in Woodinville, Washington), and Rieke & Company, PS, Inc. (a public accounting firm in Chelan, Washington) represent related parties due to the fact that some of their shareholders/partners are also members of Helmsman Financial Group, LLC (Herb Sprute of Herb Sprute, Inc., a Principal of Sprute & Davis, CPA's LLP, Gary Whitsell of Whitsell & Co. PS, and Chris Rieke of Rieke & Company, PS, Inc.). These individuals will share in the profits of Helmsman Financial Group, LLC and, because of this, have a financial incentive to refer business to us creating a potential conflict of interest. It is our fiduciary responsibility to always act in the best interest of our clients requiring us to inform all clients of this potential conflict and always make sure the service performed is in the client's best interest, regardless of the financial reward it may generate. These owners have very minimal involvement in the day-to-day operations of Helmsman Financial Group, LLC. We do not compensate any entity or individual directly for referrals. Neither Helmsman Financial Group, LLC nor any of its principals not mentioned above, have any ownership or involvement in the day-to-day operations of any of the CPA firms mentioned above and dedicate 100% of their time and efforts to Helmsman Financial Group, LLC.

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

Employees of Helmsman Financial Group, LLC may recommend the purchase or sale of securities in which they may have a financial interest as well as purchase or sell securities that are recommended by us to our advisory clients. Procedures are in place to guard against any conflicts of interest in this area and are set forth in our Code of Ethics which is available upon request. Such procedures address our employees' and principal owners' personal trading and the reporting of their investment activities. The primary provisions of this code include:

- Our method of handling client investments is to manage on an account by account basis. Because of this, a recommended transaction may apply to some accounts, but not to all. In addition, we have four Portfolio Investment Management services (General Supervisory Investment Services) which fall into two client groups: One, our Financial Stewardship Program and Fund Investment Program, whereby we make the investment decision and place the trades without client approval (our Discretionary clients) and Two, our Portfolio Administrator Service and Investment Assistance Program, whereby the transaction is recommended to the client and the final decision is made by the client prior to us implementing the trade (our Non-Discretionary clients). Any employee or member of Helmsman Financial Group, LLC that manages client accounts will not purchase any individual security in their own or the firm's account until all applicable actions in client accounts have been transacted. Such action would be the processing of the transaction in applicable accounts in the case of our Financial Stewardship Program and Fund Investment Program and notification of recommendation to the applicable clients, either verbally or by email, in the case of our Portfolio Administrator Service and Investment Assistance Program.
- All employees and principals of Helmsman Financial Group, LLC will set up all personal trading accounts, not held at Schwab Institutional, so that we will receive duplicate statements for such accounts. If such duplicates are not available, such employees and principals will be required to make copies of any brokerage statements and confirmations when they become available.
- All employees and principals having day-to-day responsibilities with Helmsman Financial Group, LLC will be required to have all personal individual securities trades pre-approved by the Chief Compliance Officer.
- All employees and principals of Helmsman Financial Group, LLC will be required to pre-clear any purchase of an Initial Public Offering (IPO) with our Chief Compliance Officer.
- Any employee or principal of Helmsman Financial Group, LLC asked to serve on the Board of any publicly traded company must discuss this possibility with the Chief Compliance Officer prior to accepting such position.
- Any employee or principal of Helmsman Financial Group, LLC who receives information which may constitute material, non-public information must discuss such information promptly with the Chief Compliance Officer and may not communicate such information to any other person as well as not act upon such information in any personal or client accounts.
- We will provide a copy of our code of ethics to any client or prospective client upon request.

## **Item 12 - Brokerage Practices**

### **The Custodian and Brokers We Use**

Helmsman Financial Group, LLC does not maintain custody of your assets on which we advise, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (See ***Item 15 – Custody***). Your assets must be maintained in an account at a “qualified custodian,” generally a broker dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (“Schwab”), a registered broker-dealer, member of SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. Conflicts of interest associated with this arrangement are described below as well as in ***Item 14 – Client Referrals and Other Compensation***). You should consider these conflicts of interest when selecting your custodian.

We do not open the account for you, although we may assist you in doing so. Even though your account is maintained at Schwab, and we anticipate that most trades will be executed through Schwab, we can still use other brokers to execute trades for your account as described below (See ***Your Brokerage and Custody Costs***).

### **How We Select Brokers/Custodians**

We seek to select Schwab, a custodian/broker that will hold your assets and execute transactions. When considering whether the terms Schwab provides are, overall, most advantageous to you when compared to other available providers and their services, we take into account a wide range of factors, including:

- Combination of transaction execution services and asset custody service (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs] etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services

- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, security and stability
- Prior service to us and our other clients
- Services delivered or paid for by Schwab

Availability of other products and services that benefit us, as discussed below (See ***Products and Services Available to Us From Schwab***)

### **Your Brokerage and Custody Costs**

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, many mutual funds and ETFs) may not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab's cash feature program. Schwab's commission rates applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a total of at least \$15 million of their assets in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. In addition to commissions, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. Although we are not required to execute all trades through Schwab, we have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (See ***How We Select Broker/Custodians***). By using another broker or dealer you may pay lower transaction costs.

### **Products and Services Available to Us From Schwab**

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage services – trading, custody, reporting, and related services – many of which are not typically available to

Schwab retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through us. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of Schwab's support services:

***Services that Benefit You*** – Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

***Services That Do Not Directly Benefit You*** – Schwab also makes available to us other products and services that benefit us but do not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts and operating our firm. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregate trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

***Services That Generally Benefit Only Us*** – Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology and business needs
- Consulting on legal and related compliance needs



- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting and support

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or pays all or a part of a third party's fees. Schwab also provides us with other benefits, such as occasional business entertainment of our personnel. If you did not maintain your account with Schwab, we would be required to pay for these services from our own resources.

### **Our Interest in Schwab's Services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The fact that we receive these benefits from Schwab is an incentive for us to recommend the use of Schwab rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that taken in the aggregate, our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see *"How we select/brokers/custodians"*) and not Schwab's services that benefit only us.

Because of our method of portfolio management being a strong focus on the client's individual accounts versus simply managing each security, most trading will not lend itself to aggregate trading. Sometimes, however, aggregate trades may be possible and will be done when it is possible and beneficial for the clients. If such trades are made, allocations to specific client accounts will be made on an average cost basis. Non-Portfolio Investment Management Services clients will not be allowed to participate in these aggregate trades. If in such aggregated trades, there can only be partial fills, the total amount of shares transacted will be allocated to each client based on the percentage of the original client shares to the original total order.

Because of this strong focus on the client's individual accounts, plus us having four distinct services pertaining to portfolio management, performance will vary between individual client accounts. As an example, a client in the Portfolio Administrator Service program needs to be contacted before any investment action can be taken, whereas in the case of a Financial Stewardship Program client, we have discretionary authority and may process the investment

action without any client contact. Because of this, trades may be made at different times resulting in different outcomes.

### **Item 13 – Review of Accounts**

Helmsman Financial Group, LLC reviews all Portfolio Investment Management (General Supervisory Investment Services) client accounts at least quarterly along with other reviews as needed. This review is performed by Douglas D. Springer, Member and General Manager of Helmsman Financial Group, LLC. Total number of accounts reviewed currently approximates 245 to 280.

All Portfolio Investment Management (General Supervisory Investment Services) clients will receive written reports on their Combined Portfolio at a minimum of two times per year in addition to the normal brokerage statements issued by the broker holding the client's assets. Clients should compare the brokerage statements to those prepared by us for accuracy. Any discrepancies should be brought to our attention immediately.

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

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. You do not pay more for assets maintained at Schwab as a result of these arrangements. However, we benefit from the referral arrangement because the cost of these services would otherwise be borne directly by us. You should consider these conflicts of interest when selecting a custodian. The products and services provided by Schwab, how they benefit us, and the related conflicts of interest are described above (see ***Item 12 – Brokerage Practices***).

Other than described above, Helmsman Financial Group, LLC's compensation comes solely from you, the client, and we do not receive any economic benefit from any other third party.

### **Item 15 – Custody**

Under government regulations, we are deemed to have custody of your assets if we hold, directly or indirectly, your funds or securities or have any authority to obtain possession or the ability to appropriate them. As an example, if you grant us General Power of Attorney, name us as your estate's Personal Representative, authorize us to instruct Schwab to deduct our advisory fees directly from your account or grant us authority to move your money to another person's account we are deemed to have custody (see below). Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those

statements promptly when you receive them. We also urge you to compare Schwab's account statements to the periodic portfolio reports you receive from us and notify us of any discrepancies.

As stated above, when our clients enter agreements with their custodian where the client requests the custodian transfer funds to a third-party, we are considered to have custody of client funds. To assure that our client's funds are safeguarded we take the following steps:

1. The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
2. The client authorizes us, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
3. The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
4. The client can terminate or change the instruction to the client's qualified custodian.
5. We don't have the authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
6. We maintain records showing that the third party is not a related party of ours or located at the same address as us.
7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction

#### **Item 16 – Investment Discretion**

During the performance of the Portfolio Investment Management services (General Supervisory Investment Services), discretionary authority will be used to buy and sell investments in the client accounts under our Financial Stewardship Program (FSP) and Fund Investment Program (FIP). There will be no discretionary authority for the movement of cash in the accounts other than to pay for purchase transactions and pay the applicable management fees.

As previously discussed, clients in our Investment Assistance Program (IAP) or our Portfolio Administrator Service (PAS) must approve any trades before they can be implemented as Helmsman Financial Group, LLC does not have discretionary authority regarding their accounts. Because of this, it is possible that trades for the various programs may be done at different times resulting in different prices which could represent a disadvantage for the non-discretionary programs.

**Item 17 – Voting Client Securities**

Helmsman Financial Group, LLC will not vote any proxies for any client investments held. This will be the responsibility of each client. Proxies will be received directly from the custodian of their account and not from Helmsman Financial Group, LLC. Clients may from time-to-time contact us to gain insight into how the vote might impact their position and we will advise them accordingly.

**Item 18 – Financial Information**

Helmsman Financial Group, LLC is not aware of any circumstance that is reasonably likely to impair our ability to meet contractual commitments to you or our other clients. We do not require pre-payment of investment advisory fees of greater than \$500 and more than six months in advance.