

# Disclosure Brochure

March 18, 2021

## **Coughlin Financial Services, Inc.**

*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Coughlin Financial Services, Inc. (hereinafter "Coughlin Financial"). If you have any questions about the contents of this brochure, please contact John M. Coughlin, Jr. at (914) 834-1234. 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 Coughlin Financial Services, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Coughlin Financial Services, Inc. is an SEC registered investment adviser. Registration does not imply any level of skill or training.

## **Item 2. Material Changes**

This Item discusses only the material changes that have occurred since Coughlin Financial's last annual update filed on March 18, 2020. Coughlin Financial does not have any material changes to disclose in this Item.

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## Item 4. Advisory Business

Coughlin Financial has been in business as a registered investment adviser since June 2002. Founded by the firm's President, John M. Coughlin, Jr., Coughlin Financial provides financial planning, consulting and investment management services to its clients. Coughlin Financial believes in always putting the interests of its clients first. The firm works with its clients to identify their goals and then seeks to help clients achieve them.

Prior to engaging Coughlin Financial to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with Coughlin Financial setting forth the terms and conditions under which Coughlin Financial renders its services (collectively the "*Agreement*").

As of December 31, 2020, Coughlin Financial had \$48,905,817 in assets under management, all of which are managed on a discretionary basis.

This Disclosure Brochure describes the business of Coughlin Financial. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of Coughlin Financial's officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on Coughlin Financial's behalf and is subject to Coughlin Financial's supervision or control.

### Financial Planning and Consulting Services

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Coughlin Financial provides clients with a broad range of comprehensive financial planning and consulting services. These services may include business planning, investments, insurance, retirement, education, estate planning and tax and cash flow needs of the client.

In performing these services, Coughlin Financial is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Coughlin Financial may recommend the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Coughlin Financial recommends its own services. The client is under no obligation to act upon any of the recommendations made by Coughlin Financial under a financial planning or consulting engagement or to engage the services of any such recommended professional, including Coughlin Financial itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Coughlin Financial's recommendations. Clients are advised that it remains their responsibility to promptly notify Coughlin Financial if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Coughlin Financial's recommendations and/or services.

## **Investment Management Services**

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Clients can engage Coughlin Financial to manage all or a portion of their assets on a discretionary or non-discretionary basis. Coughlin Financial primarily allocates clients' investment management assets among exchange-traded funds ("ETFs") and individual debt and equity securities in accordance with the investment objectives of the client. However, Coughlin Financial may also provide advice about any type of investment held in clients' portfolios, but clients should not assume that these assets are being continuously monitored or otherwise advised on by the Firm unless specifically agreed upon.

Coughlin Financial also may render non-discretionary investment management services to clients relative to variable life/annuity products that they own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that are not held by the client's primary custodian. In so doing, Coughlin Financial either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

Coughlin Financial tailors its advisory services to the individual needs of clients. Coughlin Financial consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that impact the clients' investment needs. Coughlin Financial seeks to ensure that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify Coughlin Financial if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Coughlin Financial's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in Coughlin Financial's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

Coughlin Financial is not the sponsor or manager of a wrap fee program.

## Item 5. Fees and Compensation

Coughlin Financial offers its services on a fee basis, which include hourly and/or fixed fees, as well as fees based upon assets under management.

### Financial Planning and Consulting Fees

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Coughlin Financial charges a fixed fee and/or hourly fee for financial planning and consulting services. These fees are negotiable, but generally range from \$1,000 to \$5,000 on a fixed fee basis and are charged at \$150 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services. If the client engages Coughlin Financial for additional investment advisory services, Coughlin Financial may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

Prior to engaging Coughlin Financial to provide financial planning and/or consulting services, the client is required to enter into a written agreement with Coughlin Financial setting forth the terms and conditions of the engagement. Generally, Coughlin Financial requires one-half of the financial planning and/or consulting fee (estimated hourly or fixed) payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

### Investment Management Fee

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Coughlin Financial provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by Coughlin Financial. Coughlin Financial's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees and other related costs and expenses which are incurred by the client. Coughlin Financial does not, however, receive any portion of these commissions, fees, and costs. Coughlin Financial's annual fee is prorated and charged quarterly, in arrears, based upon the average market value of the assets being managed by Coughlin Financial on the last day of the previous three months. The annual fee varies depending upon the market value of the assets under management, as follows:

<u>PORTFOLIO VALUE</u>	<u>BASE FEE</u>
up to \$1,000,000	1.00%
on the next \$4,000,000	0.75%
above \$5,000,000	Negotiable

Coughlin Financial, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount

of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

### **Fees Charged by Financial Institutions**

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As further discussed in response to Item 12 (below), Coughlin Financial recommends that clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services ("*Fidelity*") for investment management accounts.

Coughlin Financial may only implement its investment management recommendations after the client has arranged for and furnished Coughlin Financial with all information and authorization regarding accounts with the appropriate financial institutions. Financial institutions include, but are not limited to, *Fidelity*, any other broker-dealer recommended by Coughlin Financial, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to Coughlin Financial's fee.

### **Fee Debit**

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Coughlin Financial's *Agreement* and the separate agreement with any *Financial Institutions* authorize Coughlin Financial to debit the client's account for the amount of Coughlin Financial's fee and to directly remit that management fee to Coughlin Financial. Any *Financial Institutions* recommended by Coughlin Financial have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Coughlin Financial. Alternatively, clients may elect to have Coughlin Financial send an invoice for payment.

### **Fees for Management During Partial Quarters of Service**

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For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between Coughlin Financial and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. Coughlin Financial's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to Coughlin Financial's right to terminate an account. Additions may be in cash or securities provided that Coughlin Financial reserves the right to liquidate any transferred securities or decline to accept particular securities

into a client's account. Clients may withdraw account assets on notice to Coughlin Financial, subject to the usual and customary securities settlement procedures. However, Coughlin Financial designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Coughlin Financial may consult with its clients about the options and ramifications of transferring securities. Clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e., contingent deferred sales charge) and/or tax ramifications.



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

Coughlin Financial does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7. Types of Clients

Coughlin Financial provides its services to individuals, trusts and estates.

### **Minimum Fee**

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As a condition for starting and maintaining a relationship, Coughlin Financial imposes a minimum annual fee of \$2,500. This minimum fee has the effect of making Coughlin Financial's service impractical for clients, particularly those with portfolios of less than \$250,000 under Coughlin Financial's management. Coughlin Financial, in its sole discretion, may waive its minimum annual fee based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention and *pro bono* activities.

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

### **Investment Strategies & Methods Analysis**

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Coughlin Financial works with its clients to identify goals in order to help clients achieve these goals. Coughlin Financial first conducts an initial assessment to determine whether the client is an appropriate fit for the firm's investment style. If so, Coughlin Financial generally develops a financial plan for the client based upon the information it receives from the client during the initial assessment. Coughlin Financial believes there are various stages in the financial planning process:

#### *Establishing Financial Goals and Objectives*

Coughlin Financial believes financial goals are at the heart of the financial planning process because they define what a client expects to achieve through the entirety of the financial planning.

Since the achievement of goals usually requires saving and investing, an important ancillary goal of financial planning is structuring investments in a manner that seeks to assist a client in meeting their goals consistent with risk tolerance.

#### *Gathering Data*

Through a series of personal interviews, Coughlin Financial conducts in depth fact-finding with the client and, where necessary, with their legal and accounting advisors. The firm then constructs financial position and cash flow statements in an effort to present a clear picture of the client's current financial position.

#### *Processing and Analyzing Information*

Coughlin Financial then analyzes and seeks to identify strengths and weaknesses in the client's total financial position with respect to the achievement of stated goals. When available resources are compared to the client's objectives, it may be necessary to modify the priority of the objectives, the objectives themselves or even the available resources. Economic conditions, both current and forecasted, are considered in this stage of the process.

#### *Recommending a Comprehensive Financial Plan*

Coughlin Financial then identifies appropriate techniques aimed at achieving the client's objectives in light of the current and projected economic environment. The firm then selects investments consistent with the client's objectives and constraints, as determined earlier in the process.

A similar process is used in identifying appropriate insurance products, forms of business operation, intra-family transfers, tax strategies, retirement plans and estate planning.

## *Implementing the Plan*

In this stage of the process, the plan is implemented. Coughlin Financial primarily allocates clients' investment management assets among ETFs and individual debt and equity securities in accordance with the investment objectives of the client. However, Coughlin Financial may also provide advice about any type of legacy investment already held in clients' portfolios. When managing assets, Coughlin Financial primarily uses fundamental and technical analysis.

Fundamental analysis involves the fundamental financial condition and competitive position of a company. Coughlin Financial will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

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

## *Monitoring the Plan*

If a client utilizes one of the firm's asset management programs, Coughlin Financial monitors the performance of investments and the general economic environment. In addition, the firm evaluates additional financial products and strategies for possible inclusion in the plan.

## **Risks of Loss**

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### *ETFs and Mutual Funds*

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 mutual funds and ETFs 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.

Shares of mutual funds are generally 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 to the market value of the fund's holdings. The trading prices of a mutual fund's shares may 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 may 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. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more).

### *Market Risks*

The profitability of a portion of Coughlin Financial's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Coughlin Financial will be able to predict those price movements accurately.

### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

### **Item 9. Disciplinary Information**

Coughlin Financial is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Coughlin Financial does not have any required disclosures to this Item.

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

Coughlin Financial is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. Coughlin Financial has described such relationships and arrangements below.

#### **The Coughlin Group, Inc.**

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Coughlin Financial does not sell insurance products to its clients. However, Coughlin Financial may recommend certain of its clients use the services of The Coughlin Group, Inc., a duly licensed insurance agency. Coughlin Financial does not believe this presents any material conflict of interest as the firm does not receive any compensation for the referral and The Coughlin Group, Inc. and Coughlin Financial are not affiliated entities.

## Item 11. Code of Ethics

Coughlin Financial and persons associated with Coughlin Financial (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with Coughlin Financial’s policies and procedures.

Coughlin Financial has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“*Code of Ethics*”). Coughlin Financial’s *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by Coughlin Financial or any of its associated persons. The *Code of Ethics* also requires that certain of Coughlin Financial’s personnel (called “*Access Persons*”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

When Coughlin Financial is engaging in or considering a transaction in any security on behalf of a client, no *Access Person* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the *Access Person* is completed as part of a batch trade (as defined below in Item 12) with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

This *Code of Ethics* has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by *Access Persons* to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated above.

Clients and prospective clients may contact Coughlin Financial to request a copy of its *Code of Ethics*.



## Item 12. Brokerage Practices

As discussed above, in Item 5, Coughlin Financial recommends that clients utilize the brokerage and clearing services of *Fidelity*.

Factors which Coughlin Financial considers in recommending *Fidelity* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Fidelity* may enable the firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Fidelity* may be higher or lower than those charged by other Financial Institutions.

The commissions paid by Coughlin Financial's clients to *Fidelity* comply with the firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Coughlin Financial determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Coughlin Financial seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker/dealers in return for investment research products and/or services which assist Coughlin Financial in its investment decision-making process. Such research generally will be used to service all of the firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Coughlin Financial does not have to produce or pay for the products or services.

Coughlin Financial periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

### Software and Support Provided by Financial Institutions

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Coughlin Financial may receive without cost from *Fidelity* computer software and related systems support, which allow Coughlin Financial to better monitor client accounts maintained at *Fidelity*. Coughlin Financial may receive the software and related support without cost because the firm renders investment management services to clients that maintain assets at *Fidelity*. The software and support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The software and related systems support may benefit Coughlin Financial, but not its clients directly. In fulfilling its duties to its clients, Coughlin Financial endeavors at all times to put the interests of its clients first. Clients should be

aware, however, that Coughlin Financial's receipt of economic benefits from a broker/dealer creates a conflict of interest since these benefits may influence the firm's choice of broker/dealer over another that does not furnish similar software, systems support or services.

Specifically, Coughlin Financial may receive the following benefits from *Fidelity*:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services its institutional traders;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and
- Access to an electronic communication network for client order entry and account information.

*Fidelity* also makes available to the Firm, at no additional charge, certain research and brokerage services, including research services obtained by *Fidelity* directly from independent research companies, as selected by Coughlin Financial (within specified parameters). These research and brokerage services are used by the Firm to manage accounts for which it has investment discretion.

These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain amount of the advisor's clients' assets are maintained in accounts at *Fidelity*. *Fidelity's* services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For client accounts maintained in its custody, *Fidelity* generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through *Fidelity* or that settle into *Fidelity* accounts.

*Fidelity* also makes available to the Firm other products and services that benefit the Firm but may not benefit its clients' accounts. These benefits may include national, regional or Firm specific educational events organized and/or sponsored by *Fidelity*. Other potential benefits may include occasional business entertainment of personnel of Coughlin Financial by *Fidelity* personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist Coughlin Financial in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of the Firm's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some

substantial number of the Firm's accounts, including accounts not maintained at *Fidelity*. *Fidelity* also makes available to Coughlin Financial other services intended to help the Firm manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, *Fidelity* may make available, arrange and/or pay vendors for these types of services rendered to the Firm by independent third parties. *Fidelity* may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to the Firm. While, as a fiduciary, Coughlin Financial endeavors to act in its clients' best interests, the Firm's recommendation that clients maintain their assets in accounts at *Fidelity* may be based in part on the benefits received and not solely on the nature, cost or quality of custody and brokerage services provided by *Fidelity*, which creates a potential conflict of interest.

### **Brokerage for Client Referrals**

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Coughlin Financial does not consider, in selecting or recommending broker/dealers, whether the firm receives client referrals from the Financial Institutions or other third party.

### **Directed Brokerage**

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The client may direct Coughlin Financial in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the firm will not seek better execution services or prices from other Financial Institutions or be able to "batch" client transactions for execution through other Financial Institutions with orders for other accounts managed by Coughlin Financial (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Coughlin Financial may decline a client's request to direct brokerage if, in the firm's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

### **Trade Aggregation**

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Transactions for each client will be effected independently, unless Coughlin Financial decides to purchase or sell the same securities for several clients at approximately the same time. Coughlin Financial may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the firm's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and allocated

among Coughlin Financial's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the firm determines to aggregate client orders for the purchase or sale of securities, including securities in which Coughlin Financial's Supervised Persons may invest, the firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Coughlin Financial does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, the firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

## Item 13. Review of Accounts

### Account Reviews

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For those clients to whom Coughlin Financial provides investment management services, Coughlin Financial monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom Coughlin Financial provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by the President of Coughlin Financial, John M. Coughlin, Jr. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Coughlin Financial and to keep Coughlin Financial informed of any changes thereto. Coughlin Financial contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

### Account Statements and Reports

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Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom Coughlin Financial provides investment advisory services will also receive a report from Coughlin Financial that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance as agreed to with the client. Clients should compare the account statements they receive from their custodian with those they receive from Coughlin Financial.

Those clients to whom Coughlin Financial provides financial planning and/or consulting services will receive reports from Coughlin Financial summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by Coughlin Financial.

## Item 14. Client Referrals and Other Compensation

### **Client Referrals**

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Coughlin Financial does not currently provide compensation to any third-party solicitors for client referrals.

### **Other Compensation**

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The Firm receives economic benefits from *Fidelity*. The benefits, conflicts of interest and how they are addressed are discussed above in response to Item 12.

### Item 15. Custody

Coughlin Financial's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize Coughlin Financial through such *Financial Institution* to debit the client's account for the amount of Coughlin Financial's fee and to directly remit that management fee to Coughlin Financial in accordance with applicable custody rules.

The *Financial Institutions* recommended by Coughlin Financial have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Coughlin Financial. In addition, as discussed in Item 13, Coughlin Financial may also send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from Coughlin Financial.

### Item 16. Investment Discretion

Coughlin Financial may be given the authority to exercise discretion on behalf of clients. Coughlin Financial is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Coughlin Financial is given this authority through a power-of-attorney included in the agreement between Coughlin Financial and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Coughlin Financial takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made.



### Item 17. Voting Client Securities

Coughlin Financial is required to disclose if it accepts authority to vote client securities. Coughlin Financial does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.

### Item 18. Financial Information

Coughlin Financial is not required to disclose any financial information pursuant to this Item due to the following:

- Coughlin Financial does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- Coughlin Financial does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- Coughlin Financial has not been the subject of a bankruptcy petition at any time during the past ten years.

**Coughlin Financial Services, Inc.**

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Prepared by:



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