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Part 2A Brochure

This brochure provides information about the qualifications and business practices of Barber Financial Group, Inc. If you have any questions about the contents of this brochure, please contact us at 913-393-1000. 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 Barber Financial Group, Inc. also is available on the SEC's website at <http://www.adviserinfo.sec.gov>. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Barber Financial Group, Inc. is 152043.

Barber Financial Group, Inc. (BFG) is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## MATERIAL CHANGES

### Summary of Material Changes

Our last annual update was dated February 26, 2020. There have been the following material changes since our last annual amendment.

Effective March 2021, the entity BFG Legal Services will be dissolved and is no longer include in this document. Estate planning services provided to clients of BFG will now be provided directly through law firms who have engaged with BFG. This change does not have any material impact on the estate planning services provided to clients of BFG; the cost of such services to the client; how BFG is compensated for estate plan funding services to clients; or create any new conflicts of interest.

If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact our Chief Compliance Officer, Tom Clough, 913-393-1000 or [tomc@barberfinancialgroup.com](mailto:tomc@barberfinancialgroup.com).

We encourage you to read this document in its entirety.

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## ITEM 4 - ADVISORY BUSINESS

This Disclosure document is being offered to you by Barber Financial Group, Inc. ("BFG") about the investment advisory services we provide. It discloses information about the services we provide and the way those services are made available to you, the client.

BFG is a fee-based investment management firm located in Lenexa, Kansas, specializing in investment advisory services for investors. BFG was established by F. Dean Barber, the firm's principal owner, as Comprehensive Financial Planning Services (CFPS, Inc.) in October 1998. The name was officially changed to Barber Financial Group in November 2004 and became a registered investment adviser in January 2010.

BFG is committed to helping clients build, manage, and preserve their wealth as well as to assisting clients to help achieve their stated financial goals. We may offer an initial complimentary meeting; however, investment advisory services are initiated only after you and BFG execute an engagement letter or client agreement.

### **1. The Barber Financial Group Guided Retirement System™**

The Barber Financial Group Guided Retirement System™ (GRS or Guided Retirement System) is an inclusive combination of many of BFG's service. This service encompasses services related to investment management, tax planning, risk management planning, and estate planning into a single offering. The GRS allows clients of Barber Financial Group access to investment advisors, CPAs, insurance specialists, social security specialists, and estate attorneys that all work together under the Barber Financial Group umbrella.

### **2. Investment Management Services as a Stand-Alone Service**

BFG may provide this service without any additional financial planning services, if desired by the client. BFG offers discretionary investment management services for a fee based on a percentage of your assets under management. These services include investment analysis, allocation of investments, quarterly portfolio statements and ongoing monitoring services for the portfolio.

BFG determines your portfolio composition based on your needs, portfolio restrictions, if any, financial goals and risk tolerances. BFG will work with you to obtain necessary information regarding your financial condition, investment objectives, liquidity requirements, risk tolerance, time horizons, and any restrictions on investing. This enables BFG to determine the portfolio best suited for your investment objective and needs. Although BFG generally recommends long-term investment strategies, its advisors may recommend various short-term investment strategies to accommodate certain Client goals or objectives.

### **3. Financial Planning Services**

BFG offers modular planning services designed to meet individual Clients' specific needs. These services may include one or more of the following:

#### **a. Financial Planning**

BFG advisors will prepare a financial plan designed to answer the question "am I ok?". Financial plan will include an analysis of all client's financial assets as well as a stress test of that plan against certain life events. Fundamental financial plans do not include estate plan analysis or tax planning analysis. Client meetings occur in-person or remotely by telephone or webinar.

**b. Optional Delivery of Financial Plan Updates**

Clients who request any financial planning service described above will have the option to receive their financial plan three different ways. The options available to clients include:

- ✓ a one-time delivery of a financial plan where the service is considered complete upon delivery and review with the client;
- ✓ A financial plan that includes the initial delivery and review plus annual updates and reviews with BFG; or

Client meetings occur in-person or remotely by telephone or webinar.

**c. Tax Planning Services**

Tax planning services offered through BFG Tax Services, LLC. BFG Tax Service will assist you in the development of a multi-year income tax plan after careful consideration of your objectives and present financial situation. This process begins with the preparation of a comprehensive financial plan. Based on this analysis, we will recommend strategies to implement today that can have positive impact on taxes due in future years, especially during retirement. Tax return preparation is not included in this agreement but can be obtained through BFG Tax Service at an additional cost.

**d. Custom Tax Analysis**

A custom tax analysis is designed to answer a specific client question about impact on current year taxes given a specific act. Examples include “Should I make a Qualified Charitable Donation this year?” or “What is the impact on my taxes if I pay cash or take out a mortgage to purchase a second home?”. Custom tax Analysis may also require a current financial plan. Actual Fee will be determined prior to providing the service.

**e. Tax Return Preparation**

Includes preparation of federal income tax return, and applicable tax returns for the state and local taxing authorities in which you declare residency. Requires separate, annual agreement with BFG Tax Services, LLC. Actual fee based on complexity of return.

Requires separate, annual agreement with BFG Tax Services, LLC. Actual fee is based on complexity of return.

**f. Estate Planning Services**

Requires written agreement with separate law firms. Service includes meeting with attorneys and BFG advisors to develop your estate plan. Includes analysis of your current financial assets and typically requires you to go through the BFG financial planning process.

**g. Review of Your Existing Estate Plan**

Review of your existing estate plan with recommendations on best courses of action.

**h. Customized Estate Planning Needs**

Requires written agreement with separate law firms. Review your existing estate plan for customized needs that have arisen from life events. Examples of customized needs include, but are not limited to an analysis of Family Foundation, By Pass Trust, IRA Trust, Healthcare Directives, Special Needs Trust, Business Succession Planning, Charitable Trust Planning and Donor Advised Planning.

**i. Insurance Needs Analysis**

This service is a stress test of your financial plan or as a stand-alone service. Includes analysis of your current financial assets and typically requires you to go through the BFG financial planning process. Types of policies to be reviewed include, but may not be limited to, life insurance, long term care, Medicare, disability and health insurance.

**j. Annuity Analysis**

Included as part of your financial plan or as a stand-alone service. Includes analysis of existing annuity contracts that includes recommendations on best courses of action for you going forward. Includes analysis of your current financial assets and typically requires you to go through the BFG financial planning process.

**k. Key Man Business Owner Analysis**

Included as part of your financial plan or as a stand-alone service. Includes policy review specifically for business owners. Includes analysis of your current financial assets and may also require you to go through the BFG financial planning process.

**l. Custom Planning**

BFG may engage with clients for any customized, unique financial planning needs not specifically described above.

**4. Other Services available through BFG**

**a. Institutions and Employer Sponsored Retirement Plans**

For employer-sponsored retirement plans with participant-directed investments, our firm provides its advisory services as an investment adviser as defined under Section 3(21) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

When serving as an ERISA 3(21) investment adviser, the Plan Sponsor and our Firm share fiduciary responsibility. The Plan Sponsor retains ultimate decision-making authority for the investments and may accept or reject the recommendations in accordance with the terms of a separate ERISA 3(21) Investment Adviser Agreement between our Firm and the Plan Sponsor. We provide the following services to the Plan Sponsor:

- ✓ Screen investments and make recommendations.
- ✓ Monitor the investments regularly and suggests replacement investments when appropriate.
- ✓ Provide an annual investment report.
- ✓ Assist the Plan Sponsor in developing an Investment Policy Statement ("IPS").

We can also be engaged to provide financial education to Plan participants. The scope of education provided to participants will not constitute “investment advice” within the meaning of ERISA and participant education will relate to general principles for investing and information about the investment options currently in the Plan. We may also participate in initial enrollment meetings and periodic workshops and enrollment meetings for new participants.

**b. 401(k) Dynamic Investment Strategy**

Additionally, BFG may provide advice to individuals on their employer sponsored retirement plan assets as defined under Section 3(21) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). This advice is not considered to be discretionary asset management and requires the BFG client (plan participant) to implement plan changes on their own.

**c. Financial Guidance**

In addition to any financial planning service described above, client will receive access to a client portal that will enable the client to link financial accounts and track certain financial measures on a daily basis.

**d. Discretionary Investment Management of Advisor Variable Annuity Contracts**

Where appropriate, the Firm may also provide advice about any type of legacy position or other investment held in client portfolios. If appropriate, BFG can provide recommendations for advisor variable annuities. Clients can engage BFG to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, BFG directs or recommends the allocation of client assets among the various investment options available with the product, including the initial purchase of the advisor variable annuity contract. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product’s provider.

**e. Solicitor Agreements**

BFG utilizes independent third-party investment advisers to aid us in the implementation of investment strategies for your portfolio. In certain circumstances, we may allocate a portion of a portfolio to an independent third-party investment adviser (“independent manager”) for separate account management based upon your individual circumstances and objectives, including, but not limited to, your account size and tax circumstances. Upon the recognition of such situations, in coordination with you, we will hire an independent manager for the management of those securities.

BFG evaluates a variety of information about independent managers, which may include the independent managers’ public disclosure documents, materials supplied by the independent managers themselves and other third-party analyses it believes are reputable. To the extent possible, we seek to assess the independent managers’ investment strategies, past performance and risk results in relation to its clients’ individual portfolio allocations and risk exposure. BFG also takes into consideration each independent manager’s management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

BFGs continues to provide services relative to the discretionary or non-discretionary selection of the independent managers. On an ongoing basis, we monitor the performance of those accounts being managed by independent managers. BFG seeks to ensure the independent

managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

**f. Third Party Money Manager Sub Advisor Agreements**

BFG may utilize independent third-party investment advisers ("TPMM") to aid us in the implementation of investment strategies for your portfolio. Including a digital experience with no account minimums. Risk tolerance decisions and investment options available on the digital platform are the only available services at this time. In certain circumstances, we may allocate a portion of a portfolio to an independent TPMM for separate account management based upon your individual circumstances and objectives, including, but not limited to, your account size and tax circumstances. Upon the recognition of such situations, in coordination with you, we will hire a TPMM for the management of those securities.

BFG evaluates a variety of information about TPMMs, which may include the TPMMs' public disclosure documents, materials supplied by the TPMMs themselves and other third-party analyses it believes are reputable. To the extent possible, we seek to assess the TPMMs' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. BFG also takes into consideration each TPMM's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

BFG continues to provide services relative to the discretionary or non-discretionary selection of the TPMMs. On an ongoing basis, we monitor the performance of those accounts being managed by TPMMs. BFG seeks to ensure the TPMMs' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

In certain instances, the TPMM utilized by Barber Financial Group may hire a third party to avail itself of the services or facilities of other organizations for the purposes of providing services, as appropriate for the discharge of its client obligations. TPMMs utilized by Barber Financial Group may provide investment advisory, administrative, support and supervisory services.

**Use of Riskalyze & Financial Planning Tools**

To develop a complete picture of a client's investment objectives, our investment adviser representatives work one-on-one with the advisory client through the initial and on-going planning process to create an investment plan which fits the client's risk tolerance and investment objectives. Based on this information, we obtain a broad understanding of the client's investment objectives, goals, and the amount of risk the client will tolerate. To further fine tune our understanding of a client's risk tolerance, our Firm does utilize Riskalyze, a third-party vendor tool to assist in identifying the client's risk tolerance.

Riskalyze technology assists financial planners in two critical tasks: (1) measuring the risk preferences of investors, and (2) applying these preference measurements to portfolio selection. Riskalyze summarizes an investor's mean-variance risk aversion on a 99-point scale. In connection with this output, the Riskalyze tool "quantifies" the client's indicated investment risk tolerance through the illustration of expected return (plus/minus) and investment volatility (investment variance) which uses past data to calculate expected variance.

Our Firm works with Riskalyze to customize client portfolios using a combination of existing holdings and recommended allocation strategies to provide the client with the desired risk score. Once the Risk Score is identified, our Firm prepares a strategy, which is also scored by Riskalyze tools. Generally, clients are recommended a mixture of strategies with various allocations, including strategies which focus on fixed income, growth, balanced, moderate, or aggressive investments, which correlate to the client's risk score. We seek to go beyond a traditional asset allocation strategy by incorporating investments on each end of the risk spectrum. As part of the risk assessment and financial planning processes, BFG advisors may make use of financial planning



software including Money Guide Pro, Right Capital and/or eMoney. Decisions on which planning tool is appropriate for the client are based on individual client facts and circumstances.

### **FinLife Partners Technology Platform**

In an effort to enhance the quality and breadth of services that BFG provides to its Clients, BFG utilizes a suite of digitally powered technology solutions offered by FinLife Partners, a division of United Capital Financial Advisers, LLC ("FinLife Partners"). FinLife Partners provides access to its technology platform to BFG that includes use of certain technology platform, training relating to use of such technology platform, and certain clerical document and data compilation services. FinLife Partners is not in any way involved in, or responsible for, the individual investment management or guidance provided to BFG's clients.

BFG pays FinLife Partners a flat fee for its technology implementation services. Fees are calculated per percentage-basis formula in accordance with the volume of clients for whom BFG utilizes such services and/or products. As such, for certain services offered, Clients indirectly contribute to the payment of cost of services paid to FinLife Partners. FinLife Partners technology will typically be used as part of the GRS <sup>SM</sup> service and financial planning services.

BFG receives the following incentives:

- ✓ Certain technology implementation fees incurred by BFG through use of FinLife Partners' technology solutions will be waived if a predetermined number of BFG clients utilize such technology solutions.
- ✓ If BFG does not utilize predetermined threshold volume of services or technology solutions offered by United Capital or FinLife Partners, as applicable, then the relationship with FinLife Partners may be terminated due to insufficient revenue generation.

BFG is eligible for these benefits as an early adopter of the FinLife Partner Service Offering. As an early adopter, BFG has the ability to collaborate with United Capital Financial Advisers, LLC to continue to enhance the quality and breadth of the FinLife Partner Service Offering.

Additionally, and to address this conflict, the Client may discuss alternative service options with BFG. BFG recognizes the fiduciary responsibility to place your interests first and have established policies in this regard to avoid any potential conflict of interest this arrangement may create.

### **Miscellaneous**

In performing its services, BFG does not independently verify any information it receives from Clients or from a Client's other service providers; it relies solely on the information Clients and their authorized representatives provide. The Client is free to accept or reject any recommendation made by BFG. Moreover, each Client is advised that it remains the Client's responsibility to promptly notify BFG if there is ever any change in the Client's financial situation or investment objectives so that BFG, if necessary, can re-evaluate or revise any previous recommendations or services it provided to the Client.

### **Wrap Fee Programs**

BFG does not place Client assets into a wrap fee program. However, certain TPMMs may use a wrap program.

### **Assets Under Management**

As of December 31, 2020, BFG managed \$1,438,040,305 in client assets on a discretionary basis and \$66,134,651 in client assets on a non-discretionary basis.

## ITEM 5 - FEES AND COMPENSATION

### Cost of Services

Each Client will enter an agreement that describes BFG's services and the costs ("Agreement"). Based on a needs analysis determined by the BFG Advisor and the Client, the agreement may include one or more of the services described above. Costs are negotiated with each Client and is customized depending on several factors. The following Cost of Services schedule provides information about how BFG charges for its services.

#### The Barber Financial Group Standard Fee Schedule (1), (2), (3), (4)

For Guided Retirement System <sup>™</sup> and stand-alone discretionary investment management services (described in Item 4 number 1 and 2 above), BFG will use the Standard Fee Schedule published below.

<u>Client Assets</u>	<u>Guided Retirement System <sup>™</sup></u>	<u>Investment Management (Stand Alone Service)</u>
\$0.00 to \$499,999	** Negotiable	1.50%
\$500,000 to \$749,999	1.60%	1.35%
\$750,000 to \$999,999	1.50%	1.25%
\$1,000,000 to \$1,999,999	1.25%	1.00%
\$2,000,000 to \$2,999,999	1.15%	.90%
\$3,000,000 to \$3,999,999	1.05%	.80%
\$4,000,000 to \$4,999,999	.95%	.70%
\$5,000,000 to \$9,999,999	.85%	.60%
\$10,000,000 and Up	.75%	.50%

- (1) The actual fees paid by each Client is noted in an agreement executed between BFG and the Client. As directed in the agreement, the costs agreed to may be negotiated and may be lower than the rates noted in the standard fee schedule above.
- (2) GRS clients who desire BFG Tax Service, LLC to prepare state and federal tax returns will pay an additional fee for this service. Clients who elect to engage separate law firms for legal work concerning estate planning services will pay an additional fee to the separate law firms.
- (3) Alternatively, clients may agree to work with BFG for a negotiated, annual flat fee. The annual fee will be quoted as a percentage of the current market portfolio. The specific determination of the amount charged is based on a combination of the following factors: (1) services provided as marked in paragraph 1.(2) assets in the account, (3) complexity of the investment strategy and planning services, and 4) the estimated investment in time the advisor will spend providing services for the client.
- (4) Persons who became clients of BFG prior to the rollout of GRS and engaged Barber Financial Group for investment management and planning services (such as tax planning, financial planning or estate planning), remain subject to the fee schedule in their existing investment advisory agreement. In the event that fee is greater than the standard fee schedule for Guided Retirement System (GRS) above, then BFG will adjust the fees so as not to exceed the standard GRS fee schedule published above.

#### Barber Financial Group Fee Only Financial Planning Services

Financial Planning Fees are typically performed as a fee only service. The services associated with these fees are summarized in Item 4, numbers 3a – 3f above. The specific determination of the amount charged is based on a combination of the following factors: (1) services provided as marked in paragraph 1; (2) the complexity of the planning needs including the size and type of the client assets included in the planning, and (3) the estimated

investment in time the advisor will spend managing the specific assets in the account. In certain instances, BFG may discount from the published fee range.

Certain advisors of BFG may be compensated by this entity for participating in the delivery of the planning services outlined in this section. A portion of BFG advisor time is spent in connection with these activities.

**a. Financial Planning Services**

Clients who engage BFG to prepare a financial plan may pay a fee between \$500 and \$5,000. Financial plans that include a tax plan and estate plan will generally be at the higher end of this range. Financial plans that do not include these two modules will typically be at the lower end of this range. In certain instances, separate agreements and fees may be necessary to engage with BFG Tax Services (tax planning) and separate law firms (Estate planning). The actual fee will be determined based on the complexity of the client situation. A fee will be quoted and agreed upon before work is commenced. The fee is collected ½ up front and ½ at delivery and review of plan.

If client chooses the optional delivery of annual financial plan updates, those fees typically range from \$500 - \$2,500 per year.

**b. Tax Planning Services**

Tax Planning services are provided through BFG Tax Service, LLC. The fee for tax planning services is \$5,000. The fee for a custom tax analysis will be determined based on the complexity of the client situation. A fee will be quoted and agreed upon before work is commenced. For both services, the fee will be quoted and agreed upon before work is commenced. The fee is collected ½ up front and ½ upon delivery and review of the plan.

The fee for tax return preparation is based on time spent preparing the client returns and will be submitted to the client for payment when the tax return is complete.

**c. Estate Planning Services**

BFG provides estate planning advice which, may require a separate letter of engagement with separate law firms. Currently the law firms used by BFG include Sandberg Phoenix von Gontard, P.C., a Missouri corporation and Legacy Legal, LLC, a Missouri limited liability company. Meetings with either of these two separate law firms will occur at offices of Barber Financial Group will be by appointment only.

When clients sign an engagement letter with either law firm referenced above, they will pay a fee directly to the law firm. The amount of the fee will vary depending on the needs of the client and whether estate assets will be titled jointly or as an individual. Both law firms will compensate BFG for estate plan funding services performed in conjunction with estate planning services. Estate plan funding services include the process of re-titling financial accounts of estate plan clients in a manner consistent with the estate plan developed by the law firms mentioned above. BFG's fee for estate plan funding services typically ranges from \$500 to \$15,000 per estate plan.

**d. Risk Management Planning Services**

When risk management services are performed as part of a financial plan, the service is included in the fee for financial planning. If the risk management service results in the sale of an insurance product through BFG Insurance Service, LLC, BFG will receive a commission from the sale of that product. See Item 10 below.

When risk management services are performed as a stand-alone service no fee is charged for the service if the risk management service results in the sale of an insurance product through BFG Insurance Service, LLC, BFG will receive a commission from the sale of that product.

Further, insurance product recommendations may not be subject to the same fiduciary standard as investment advisers are subject. Certain advisors of BFG may be compensated for participating in the risk management services are provided to clients and a sale of an insurance product through BFG Insurance Services, LLC is made. A portion of BFG advisor time is spent in connection with these activities.

#### **Barber Financial Group Other Services**

In addition to the fees described above, BFG may provide additional services for the following fees. Certain advisors of BFG may be compensated for participating in the delivery of GRS<sup>SM</sup> services to clients to whom services are offered. A portion of BFG advisor time is spent in connection with these activities.

**a. Institutions and Employer Sponsored Retirement Plans**

Fees charged for this service are the same as the Investment Management Service Schedule above. All fees may be discounted as necessary.

**b. 401(k) Dynamic Investment Strategy**

Fees charged for this service are typically priced at approximately 50 bps of plan assets at the time of contract execution and converted to a flat fee. This fee may be collected through credit card payments (via Orion)

Alternatively, client may agree to pay a higher investment management fee on other client accounts subject to a valid investment management agreement.

**c. Financial Guidance**

Financial guidance services are quoted as an annual fee paid in quarterly installments. The minimum annual fee for this service is \$4,000.

**d. Discretionary Investment Management of Variable Annuity Contracts**

BFG will not charge or receive a direct management fee for the investment, supervision and management of the insurance/variable annuity contract(s) and/or sub-accounts for legacy assets. BFG and/or certain related entities may, however, share certain administrative costs and services with BFG investment advisor representatives that are dually registered as representatives of Mutual Securities, Inc. who do receive compensation relating to the contracts. BFG entities will receive a benefit from the registered representatives by providing the shared administrative costs and services. The Insurance Company and/or any affiliated entities may charge certain fees and expenses, which may be identified in the prospectus.

For advisor variable annuity contracts recommended by BFG, the advisory fee will be paid in arrears based upon a percentage of the market value on the last day of the calendar quarter not to exceed 1.5% annually. The insurance company issuing the variable annuities will charge management expenses and possibly exchange and surrender fees in addition and separate from the investment advisory fees charged by BFG. The product prospectus contains more details about the additional fees that apply.

### **Other Important Information Concerning Fees and Compensation Disclosures**

BFG charges a fee as compensation for providing Investment Management services to your account. These services include advisory and consulting services, trade entry, investment supervision, and other account maintenance activities. The custodian may charge custodial fees, transaction costs, redemption fees, retirement plan and administrative fees or commissions. See Additional Fees and Expenses below.

In addition to the advisory fees paid to BFG, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees charged by the Independent Managers, margin costs, charges imposed directly by a mutual fund or ETF in a client's account, as 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. BFG's brokerage practices are described at length in Item 12, below.

The fees are based on the current market value of the Portfolio (including cash and equivalent items) and are based on an annual percentage of assets under management. The fees are applied to the account asset value on a pro-rated basis, billed quarterly in advance (except for assets on the Barber Financial Group Digital Advice platform as described below). The initial fee will be based upon the date the account is accepted for management by execution of the investment advisory contract by BFG or when the assets are transferred through the last day of the current calendar quarter. Thereafter, the fee will be based on the market value of the account on the last day of the previous calendar quarter and will cover the period from the first day of the calendar quarter through the last day of the calendar quarter. The market value will be determined as reported by the Custodian. Fees are assessed on all assets under management, including securities, cash and money market balances.

At BFG discretion, BFG will typically add (aggregate) asset amounts in accounts from your same household together to determine the advisory fee for all your accounts. BFG will do this, for example, where we also service accounts on behalf of your minor children, individual and joint accounts for a spouse, and/or other types of related accounts. This consolidation practice is designed to allow you the benefit of an increased asset total, which could potentially cause your account(s) to be assessed a reduced advisory fee based on the asset levels available in our fee schedule.

You authorize BFG to debit your account quarterly for our fee. The independent qualified custodian holding your funds and securities will debit your account directly for the advisory fee and pay that fee to BFG. You will provide written authorization permitting the fees to be paid directly from your account held by the qualified custodian. Further, the qualified custodian agrees to deliver an account statement at least quarterly directly to you indicating all the amounts deducted from the account including our advisory fees. You are encouraged to review your account statements for accuracy. BFG will receive a duplicate copy of the custodian's statement that was delivered to you.

The agreement that you and BFG sign for investment advisory and/or management services shall remain in force unless explicitly terminated by you or us. Upon termination, our management fee will be pro-rated for the quarter in which the agreement was terminated, and any unearned fees will be refunded to you. In the event of termination, you are responsible for monitoring the securities in your account(s), and BFG as investment adviser will have no further obligation to act or advise with respect to those account(s).

### **Sub Adviser Manager Fees**

A sub-advisor is an external manager hired by BFG to assist with the management of a client's investment portfolio. Generally, the sub-adviser manages all or some of the client's assets in accordance with stated guidelines and

objectives which are communicated by BFG. For certain client assets, BFG may outsource a portion of the investment management to TPMM.

When BFG refers Client assets to TPMM, the Client is assessed an additional cost. The additional cost and the billing methodologies of the TPMM are specifically disclosed in the investment management agreement and range between 0 to 100 bp annually. The fee for the Digital Advice Platform is .50%. This fee is billed quarterly in arrears based on the average daily balance during the quarter. The TPMMs assesses a fee to BFG for their management services and that fee is passed through directly to the Client. The fee is typically based on a percent of the Client's assets depending on the manger and services provided. The TPMM may impose minimum investment requirements. The minimum amounts vary. Typically, the TPMM bills the client account and fees will be deducted directly from the client's custodian account. In addition to TPMM costs, the investment vehicles that Client assets are invested in may have their own associated cost. For instance, costs are charged to shareholders of mutual funds and exchange traded funds by the fund manager and deducted directly from the net asset value of the investment vehicle.

#### **Administrative Services Provided by ORION Advisor Services, LLC**

BFG has contracted with ORION Advisor Services, LLC (referred to as "ORION") to utilize its technology platforms to support data reconciliation, performance reporting, fee calculation and billing, research, client database maintenance, quarterly performance evaluations, payable reports, web site administration, models, trading platforms, and other functions related to the administrative tasks of managing client accounts. Due to this arrangement, ORION will have access to client accounts, but ORION will not serve as an investment advisor to our clients. Barber Financial Group and ORION are non-affiliated companies. ORION charges our Firm an annual fee for each account administered by ORION. Please note that the BFG advisory fee charged to the client will not increase due to the annual fee BFG pays to ORION. The annual fee is paid from the portion of the management fee retained by Barber Financial Group

#### **ITEM 6 - PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance-based fees). Our advisory fee compensation is charged only as disclosed above in Fees and Compensation.

#### **ITEM 7 - TYPES OF CLIENTS**

We provide investment advice to individuals, trusts, pension plans, estates, charitable organizations and corporations. Our account value requirement is \$500,000 of investable assets per household. The account minimum may, however, be subject to waiver or negotiation, at our discretion.

#### **ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

The method of analysis we utilize is both fundamental and technical. We gather our information for investment purposes from financial newspapers, magazines, research prepared by others, corporate rating services, company press releases, annual reports, prospectuses and filings with the Securities and Exchange Commission.

We seek to achieve long-term client objectives through analysis based on the long-term returns of various asset classes to determine asset allocation by account type. We intend to focus investment strategies on longer-term purchases. As market conditions indicate, we may recommend defensive strategies for preservation of capital over both the short- and long-term. Our primary investment strategy is to provide a disciplined application of capital management in order to achieve your long-term goals.

We determine how to allocate assets among the various asset classes based on the investment strategy chosen, prevailing economic conditions and our determination of where we are in the economic cycle. Potential risks and opportunities are weighed to determine to what degree the portfolio should be invested net long<sup>1</sup>, short<sup>2</sup> or neutral.

### **Asset Allocation Programs**

We use model asset allocation programs (Model Portfolios) researched and provided by a third party. Under this strategy, BFG and the Client will determine and select the appropriate Program Model Portfolio(s).

Under this strategy, the third party provides research and builds, monitors and updates the Model Portfolios. The third party will provide us investment analysis, allocation of investments, quarterly portfolio summaries and ongoing monitoring services for the Model Portfolio investment classes. Option strategies can be used in the Model Portfolio(s) through a sub-adviser relationship. Additionally, options strategies may be used if the client has accumulated a concentrated stock position.

A Model Portfolio(s) composition will be determined based on research and selection of a mix of mutual funds and other investment products using the Program's proprietary process. The Program screens potential fund investments on key criteria, including, but not limited to:

- ✓ Fund objectives and investment styles,
- ✓ Superior performance relative to fund peer groups over a number of years,
- ✓ Asset size providing liquidity and maneuverability,
- ✓ Consistent fund management,
- ✓ Relatively low expense ratios after investments are selected for a portfolio.
- ✓ The Model Portfolio is monitored closely by the third-party vendor to ensure that each fund continues to be aligned with the portfolio's specific needs while enhancing its return.

BFG, through the third party, will regularly review your Accounts for adherence to Model Portfolio(s) targets. BFG will rebalance your Account as it deems appropriate or as signals are received from the third party, to achieve the objectives of each respective Model Portfolio.

From time-to-time, market conditions may cause your account to vary from the established allocation. To remain consistent with the asset allocation guidelines established, we monitor all accounts on an ongoing basis. We rebalance accounts at least once annually to the original allocation, or if deemed beneficial, to a new allocation based on the then-prevailing economic conditions and within the guidelines of the chosen investment strategy.

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<sup>1</sup> To be "long" means to be invested in the traditional sense. When one buys a stock, they are said to be "long" that stock. To be positioned net long means to be invested in such a way that the overall portfolio seeks to benefit from increases in asset values.

<sup>2</sup> To be "short" means to borrow a stock, fund or other asset and immediately sell it. The intention is to buy it back later at a lower price, then return the asset to the source from which it was borrowed, keeping the profit. Shorting is a way to benefit from expected falling asset prices. To be positioned net short means to be invested in such a way that the overall portfolio seeks to benefit from declines in asset values. Normally, short selling involves the potential for unlimited loss. However, because our short positions are only established through mutual funds or ETF's that hold short positions and not through direct short sales, there is not the risk of unlimited loss. Normally, our short positions represent only a small percentage of the overall portfolios.

You are advised and are expected to understand that our past performance is not a guarantee of future results and that certain market and economic risks exist that may adversely affect your account's performance resulting in capital losses in your account.

Sherman Analysis. The Sherman Sheet is a professional-level resource for market research and portfolio construction.

Sherman Sheet uses quantitative-analysis methods for analyzing market trends fall primarily under the banners of momentum investing, and relative-strength investing. Both are key in their efforts to mathematically quantify, and then act on, the probability of the persistence of trends - either up or down - in both the broad market and in individual asset classes (and reflected in the corresponding mutual funds and ETFs in those asset classes, in use in our portfolios). Varying timeframes for trends are analyzed, as well, and all analysis is based entirely on inside-the-market data (i.e., no fundamental or other external inputs). The market measurements that result in these momentum and relative-strength readings help provide BFG with actionable information that ranges from taking swift, nimble action away from an asset class (equities, bonds, commodities, etc.) in conditions where a pullback or a correction appears to have erupted (trends lasting a week or weeks, to months); to latching-onto cyclical market trends only, typically years-long in duration (bulls or bears).

Information from Sherman Sheet Financial Research describing the background, policy levels, allocations, bull-bear indicators, portfolio selection method, variable candidate ranking tables, how the policy portfolios are used, and historical data is available upon request.

BFG uses the Sherman Tool Kit, which allows BFG to develop customized models and understand how the noncorrelation of each model can be developed for the individual portfolio needs of each client. BFG receives frequent updates from Sherman and communicates often when there are changes within a given discipline or confirmation regarding the current status of a given discipline.

Each of the client accounts that purchase leveraged or inverse ETFs are customized by BFG based upon the use of Sherman Policy Portfolio(s), which are designed by The Sherman Sheet Financial Research, with whom BFG contracts as a tool to provide its clients with diversified asset class exposure in specified proportions appropriate to the risk profile classification of the investor. Among the asset classes that can comprise the various Sherman Policy Portfolios are domestic equity securities, international equities, fixed income and real estate and each contains a different allocation of these asset classes. The Sherman Policy Portfolios are designed so the asset allocation is adjusted by macroeconomic market conditions, in bear markets, asset allocation may be directed to cash.

### **Mutual Fund Disclosure**

BFG may include mutual funds and exchange traded funds, ("ETFs") in our investment strategies. BFG policy is to purchase institutional share classes of those mutual funds selected for the client's portfolio. The institutional share class generally has the lowest expense ratio. The expense ratio is the annual fee that all mutual funds or ETFs charge their shareholders. It expresses the percentage of assets deducted each fiscal year for funds expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund. Some fund families offer different classes of the same fund and one share class may have a lower expense ratio than another share class. These expenses come from client assets which could impact the client's account performance. Mutual fund expense ratios are in addition to our fee, and we do not receive any portion of these charges. If an institutional share class is not available for the mutual fund selected, the adviser will purchase the least expensive share class available for the mutual fund. As share classes with lower expense ratios become available, BFG may use them in the client's portfolio, and/or convert the existing mutual fund position to the lower cost share class. Clients who transfer mutual funds into their accounts with BFG would bear the expense of any contingent or deferred sales loads incurred upon selling the product. If a mutual fund has a frequent trading policy, the policy can limit a client's transactions in shares of the fund (e.g., for rebalancing,



liquidations, deposits or tax harvesting). All mutual fund expenses and fees are disclosed in the respective mutual fund prospectus.

#### *Non-Transaction Fee (NTF) Mutual Funds*

When selecting investments for our clients' portfolios we might choose mutual funds on your account custodian's Non-Transaction Fee (NTF) list. This means that your account custodian will not charge a transaction fee or commission associated with the purchase or sale of the mutual fund.

The mutual fund companies that choose to participate in your custodian's NTF fund program pay a fee to be included in the NTF program. The fee that a mutual fund company pays to participate in the program is ultimately borne by the owners of the mutual fund including clients of our Firm. When we decide whether to choose a fund from your custodian's NTF list or not, we consider our expected holding period of the fund, the position size and the expense ratio of the fund versus alternative funds. Depending on our analysis and future events, NTF funds might not always be in your best interest.

#### **Third Party Manager Analysis**

We seek to recommend investment strategies that will give a client a diversified portfolio consistent with the client's investment objective. We do this by analyzing the various securities, investment strategies, and third-party management firms. The goal is to identify a client's risk tolerance, and then find the most appropriate manager for that client.

We examine the experience, expertise, investment philosophies and past performance of independent third-party managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the managers' underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the managers' compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a managers' portfolio, there is also a risk that the manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the managers' daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

#### **Risks**

Investing in securities involves risk of loss which you should be prepared to bear. Our past performance is not a guarantee of future results. Certain market and economic risks exist that may adversely affect an account's performance that could result in capital losses in your account.

There are principal and material risks involved with investing which may adversely affect the account value and total return of your portfolio(s). There are other circumstances (including additional risks that are not described here) which could prevent your portfolios from achieving its investment objective. It is important to read all the disclosure information provided and to understand that you may lose money by investing in the any of our strategies.

Your account is subject to the following risks:

- ✓ **Stock Market Risk** – The value of securities in the portfolio will fluctuate and, as a result, the value may decline suddenly or over a sustained period of time.

- ✓ Managed Portfolio Risk – The manager’s investment strategies or choice of specific securities may be unsuccessful and may cause the portfolio to incur losses.
- ✓ Industry Risk – The portfolio’s investments could be concentrated within one industry or group of industries. Any factors detrimental to the performance of such industries will disproportionately impact on your portfolio. Investments focused in a particular industry are subject to greater risk and are more greatly impacted by market volatility than less concentrated investments.
- ✓ Non-U.S. Securities Risk – Non-U.S. securities are subject to the risks of foreign currency fluctuations, generally higher volatility and lower liquidity than U.S. securities, less developed securities markets and economic systems and political and economic instability.
- ✓ Emerging Markets Risk – To the extent that your portfolio invests in issuers located in emerging markets, the risk may be heightened by political changes and changes in taxation or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.
- ✓ Currency Risk – The value of your portfolio’s investments may fall as a result of changes in exchange rates.
- ✓ Credit Risk - Most fixed income instruments are dependent on the underlying credit of the issuer. If we are wrong about the underlying financial strength of an issuer, we may purchase securities where the issuer is unable to meet its obligations. If this happens, your portfolio could sustain an unrealized or realized loss.
- ✓ Inflation Risk - Most fixed income instruments will sustain losses if inflation increases or the market anticipates increases in inflation. If we enter a period of moderate or heavy inflation, the value of your fixed income securities could go down.
- ✓ ETF and Mutual Fund Risk – When we invest in an ETF or mutual fund for a client, the client will bear additional expenses based on its pro rata share of the ETFs or mutual fund’s operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients may also incur brokerage costs when purchasing ETFs.
- ✓ Management Risk – Your investment with us varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- ✓ Options Risk - Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks which could result in losses.
- ✓ Leveraged and Inverse ETFs and Mutual Funds - Leveraged ETF’s and mutual funds, sometimes labeled “ultra” or “2x” for example, are designed to provide a multiple of underlying index’s return, typically on a daily basis. Inverse products are designed to provide the opposite of the return of the underlying index, typically on a daily basis. These products are different from and can be riskier than traditional ETFs and mutual funds. Although these products are designed to provide returns that generally correspond to the underlying index, they may not be able to exactly replicate the performance of the index because of fund expenses and other factors. This is referred to as tracking error. Continual re-setting of returns within the product may add to the underlying costs and increase the tracking error. As a result, this may prevent these products from achieving their investment objective. In addition, compounding of the returns can produce a divergence from the underlying index over time, in particular for leveraged products. In highly volatile markets with large positive and negative swings, return distortions may be magnified over time. Some deviations from the stated

objectives, to the positive or negative, are possible and may or may not correct themselves over time. To accomplish their objectives, these products use a range of strategies, including swaps, futures contracts and other derivatives. These products may not be diversified and can be based on commodities or currencies. These products may have higher expense ratios and be less tax-efficient than more traditional ETFs and mutual funds.

- ✓ **Cybersecurity Risk.** In addition to the Material Risks listed above, investing involves various operational and “cybersecurity” risks. These risks include both intentional and unintentional events at BFG or one of its third-party counterparties or service providers, that may result in a loss or corruption of data, result in the unauthorized release or other misuse of confidential information, and generally compromise our Firm’s ability to conduct its business. A cybersecurity breach may also result in a third-party obtaining unauthorized access to our clients’ information, including social security numbers, home addresses, account numbers, account balances, and account holdings. Our Firm has established business continuity plans and risk management systems designed to reduce the risks associated with cybersecurity breaches. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because our Firm does not directly control the cybersecurity systems of our third-party service providers. There is also a risk that cybersecurity breaches may not be detected.

#### ITEM 9 - DISCIPLINARY INFORMATION

BFG does not have any legal, financial or other “disciplinary” item to report to you. Certain advisors associated with BFG may have events that require disclosure to you. Please refer to our Brochure Supplements for detailed disclosures.

#### ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

##### **BFG Insurance Services, LLC**

An affiliated entity, BFG Insurance Service, LLC is a licensed insurance agency with the State of Kansas. As such, certain advisors of BFG will be compensated for selling insurance products to clients to whom our investment advisory services offered. A portion of our advisor’s time is spent about these activities.

BFG does not own, nor is it affiliated with any insurance company or insurance provider. When a recommendation is made to a Client about the purchase, redemption or exchange of an insurance policy, Clients are not obligated in any way to execute the recommendations made through BFG Insurance Service, LLC and/or any insurance agent affiliated with BFG and/or any insurance agency that its advisors may be licensed.

Further, insurance product recommendations may not be subject to the same fiduciary standard as investment advisers are subject. Certain advisors of BFG may be compensated for participating in the risk management services are provided to clients and a sale of an insurance product through BFG Insurance Services, LLC is made. A portion of BFG advisor time is spent in connection with these activities.

##### **BFG Tax Service, LLC**

Certain associated persons with BFG are also part of BFG Tax Service, LLC. BFG Tax Services, LLC (“BTS”) provides tax assistance as further described above.

##### **Estate Planning Services**

BFG engages with two separate law firms to provide estate planning services. BFG has no ownership interests in either law firm. BFG has an agreement with the law firms to provide estate plan funding services by means of

assisting in the transfer of assets to the trust. BFG may refer clients to either law firm to create trusts, wills and estate plans. BFG is compensated by providing the funding services.

#### **BFG Management Services, LLC**

Primary purpose is to perform management functions for BFG and affiliated entities. This includes but is not limited to payroll, 401(k) management, etc.

#### **BFG Investment Service, LLC**

Currently an inactive (disregarded) entity.

#### **Wealth Management Radio Network, Inc.**

Primary purpose is to produce the Americas Wealth Management Radio Show. Dean Barber is the host of the America's Wealth Management Show, a syndicated radio show. The radio show is designed to educate radio listeners on financial and retirement matters. The show airs in approximately 10 markets. Mr. Dean Barber may receive inquiries about Barber Financial Group services because of the radio show.

#### **Guided Retirement Show Podcast**

Dean Barber is the host of the Guided Retirement Show podcast. The podcast is designed to educate consumers on financial and retirement matters. Season 1 of the GRS podcasts was released on August 1, 2019. BFG anticipates that future seasons will be released periodically. Mr. Dean Barber may receive inquiries about Barber Financial Group services because of the podcast.

#### **Five Star Property Management**

Property owner for office complex occupied by BFG.

#### **Barber Holdings, Inc.**

Sole shareholder of BFG and affiliated entities described above. is The F. Dean Barber Revocable Trust

#### **Broker Dealer**

BFG is not a broker/dealer, but some of our advisors are registered representatives of Mutual Securities, Inc. ("MSI"), a full-service broker-dealer, member FINRA/SIPC. Because some of our advisors are dually registered agents of MSI and BFG, MSI has certain supervisory and administrative duties pursuant to the requirements of FINRA Conduct Rule 3040. MSI and BFG are not affiliated companies. advisors of BFG, in their capacity as registered representatives of MSI, or as agents appointed with various life, disability or other insurance companies, receive fee trails, or other compensation from the respective product sponsors.

In some instances, an advisor of BFG may place a securities transaction through MSI in their capacity as a registered representative. When, and if, this were to occur, they may earn a commission.

BFG may provide advice regarding investment company securities (mutual funds). You should be aware that, in addition to the advisory fees you pay BFG each Investment Company also pays its own separate investment management fees and other expenses. Such fees and expenses are disclosed in the mutual fund's prospectus. In addition, clients should be aware that mutual funds may be purchased separately independent of the investment management services of BFG.

### **Orion Advisory Board**

BFG serves on Orion Advisor Board ("Board"). The Board consists of approximately thirty (30) independent investment advisors that advise Orion on issues relevant to the independent advisor community. The Board meets in person on average twice per year and conducts periodic conference calls on an as needed basis.

Orion does not compensate Board members. However, Orion pays or reimburses BFG for the travel, lodging and meal expenses BFG incurs in attending Board meetings. The benefits received by BFG or its personnel by serving on the Board do not depend on the amount of administrative services provided by Orion to BFG. Clients should be aware, however, that the receipt of economic benefits by BFG or its related persons in and of itself creates a potential conflict of interest and may indirectly influence BFG's use of Orion for administrative services.

### **ITEM 11 - CODE OF ETHICS PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

BFG and persons associated with us are allowed to invest for their own accounts or have a financial interest in the same securities or other investments that we recommend or acquire for your account, and may engage in transactions that are the same as or different than transactions recommended to or made for your account. This creates a conflict of interest. We recognize the fiduciary responsibility to place your interests first and have established policies in this regard to avoid any potential conflicts of interest.

We have developed and implemented a Code of Ethics policy that sets forth standards of conduct expected of our advisory personnel to avoid this conflict of interest. The Code of Ethics addresses, among other things, personal trading, gifts, the prohibition against the use of inside information, and other situations where there is a possibility for conflicts of interest.

The Code of Ethics is designed to protect our clients by deterring misconduct, educating personnel regarding the firm's expectations and laws governing their conduct, reminding personnel that they are in a position of trust and must act with complete propriety at all times, protecting the reputation of BFG, guarding against violation of the securities laws, and establishing procedures for personnel to follow so that we may determine whether our personnel are complying with the firm's ethical principles.

All advisory personnel are required to report to the Firm's Chief Compliance Officer initial and annual holdings and quarterly transactions in reportable securities, as defined in the Code and the Chief Compliance Officer is responsible for reviewing such reports. The Code also sets forth general standards of conduct and practices to be followed by all personnel to minimize conflicts of interest, including restrictions on gifts to or from brokers, clients and others, restrictions on service on the boards of other companies, restrictions on participation in investment clubs and policies designed to prevent personal trading conflicts. In addition, the Code (including the Firm's Insider Trading Policy Statement) includes provisions designed to prevent and enforce the Firm's strict policy against the misuse of material non-public information by all personnel. The Firm's Chief Compliance Officer is responsible for the oversight and administration of the Code.

All associated persons sign a letter of acknowledgment that they have read the Personal Trading Policy, fully understand it and will abide by it at all times while under the employ of BFG.

We have established the following restrictions in order to ensure our fiduciary responsibilities to you are met:

1. A director, officer or employee of BFG shall not buy or sell any securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the

information is also available to the investing public on reasonable inquiry. No director, officer or employee of BFG shall prefer his or her own interest to that of the advisory client.

2. We maintain a list of all securities holdings for itself, and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of BFG.
3. We emphasize the unrestricted right of the client to decline to implement any advice rendered, except in situations where we are granted discretionary authority of the client's account.
4. We emphasize the unrestricted right of the client to select and choose any broker-dealer (except in situations where we are granted discretionary authority) he or she wishes.
5. We require that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
6. Any individual not in observance of the above may be subject to termination.

You may request a complete copy of our Code by contacting us at the address, telephone or email on the cover page of this Part 2; attn.: Chief Compliance Officer.

## ITEM 12 - BROKERAGE PRACTICES

We have relationships with various custodians, all members FINRA/SIPC, to act as custodians of your account. We recommend that you establish accounts with one of these custodians to maintain custody of your assets and to effect trades for your accounts. Some of the products, services and other benefits provided by these custodians benefit us and may not benefit you or your account. Our recommendation/requirement that you place assets with these custodians may be based in part on benefits the custodians provide us, and not solely on the nature, cost or quality of custody and execution services provided by the custodian.

We are independently owned and operated and not affiliated with any of these independent qualified custodians. The custodians provide us with access to their institutional trading and custody services. These services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors.

We place trades for your account subject to our duty to seek best execution and other fiduciary duties. We may use broker-dealers other than these custodians to execute trades for your account maintained at the custodian, but this practice may result in additional costs to you so that we are more likely to place trades through the selected custodian rather than other broker-dealers. You may be able to obtain lower commissions and fees from other brokers and the value of products, research and services given to us is not a factor in determining the selection of broker/dealer or the reasonableness of their commissions. The custodian's execution quality may be different than other broker-dealers.

Additionally, we have outsourced our back-office tasks to Orion Advisors. These include tasks of daily database reconciliation, generation and delivery of client statements, and advisory fee filling. Orion's system will provide us with customized reporting, GIPS-compliant composites, trade upload creation and pending trade follow-up for us to provide maintenance activities for your account.

For our client accounts maintained in custody with one of these custodians, the custodians generally do not charge separately for custody but are compensated by account holders through commissions or other transaction-related fees for securities trades.

We will aggregate (combine) trades for ourselves or our associated persons with your trades, providing that the following conditions are met:

1. Our policy for the aggregation of transactions shall be fully disclosed separately to our existing clients (if any) and the broker-dealer(s) through which such transactions will be placed;
2. We will not aggregate transactions unless it believes that aggregation is consistent with its duty to seek the best execution (which includes the duty to seek best price) for you and is consistent with the terms of our investment advisory agreement with you for which trades are being aggregated.
3. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all our transactions in a given security on a given business day, with transaction costs based on each client's participation in the transaction;
4. We will prepare a procedure specifying the participating client accounts and how to allocate the order among those clients;
5. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the allocation statement; if the order is partially filled, it will be allocated pro-rata based on the allocation statement;
6. Our books and records will separately reflect, for each client account, the orders of which aggregated, the securities held by, and bought for that account.
7. We will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and,
8. Individual advice and treatment will be accorded to each advisory client.

As a matter of policy and practice, we do not utilize research, research-related products and other services obtained from broker-dealers, or third parties, on a soft dollar commission basis other than what is described above.

#### **Trade Errors**

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. In all situations where the client does not cause the trade error, the client will be made whole and we will absorb any loss resulting from the trade error if the error was caused by the firm. If the error is caused by the broker-dealer, the broker-dealer will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will be donated to charity.

### **ITEM 13 - REVIEW OF ACCOUNTS**

#### **Account Reviews and Reviewers – Investment Supervisory Services**

The underlying securities within the investment supervisory services are regularly monitored. These reviews will be made by each Investment Adviser Representative in addition to a partner. An annual review is usually conducted in person or by telephone. The number of accounts assigned depends on which advisor has the personal relationship with the client.

The purpose of all these reviews is to ensure that the investment plan continues to be implemented in a manner which matches your objectives and risk tolerances. More frequent reviews may be triggered by material changes in variables such as your individual circumstances, or the market, political or economic environment. You are urged to notify us of any changes in your personal circumstances.

### **Statements and Reports**

Through an agreement with ORION Advisor Services, Inc., BFG will have the ability to provide clients with Performance/Position summary reports on a quarterly basis. Unless requested by the client, these reports are sent electronically to clients.

The custodian for the individual client's account, TD Ameritrade, will also provide clients with an account statement at least quarterly.

You are urged to compare the reports provided by BFG against the account statements you receive directly from your account custodian.

## **ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

The custodians we utilize make available to us other products and services that benefit us but may not benefit your accounts. Some of these other products and services assist us in managing and administering your accounts. These include software and technology 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 our fees from your account, and assist with back-office functions, recordkeeping and reporting.

Many of these services generally may be used to service all or a substantial number of our accounts. The custodians also make available to us other services intended to help us manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, the custodians may make available, arrange and/or pay for these services rendered to us by third parties. The custodians 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 us.

While as a fiduciary, we endeavor to act in your best interest, our recommendation that you maintain your assets in accounts at one of our recommended custodians may be based in part on the benefit to us or the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

### **Outside Compensation**

We may enter into written referral agreements with third parties by which the third party may, from time to time, refer clients that may establish accounts and enter into advisory relationships with us. In such circumstances, we agree to pay the third party a referral fee equal to a percentage of fees received by us from the referred client. The referral fee may be split between third parties who have jointly participated in referring a client to BFG. The fee to be paid by BFG will be borne entirely by us and there will be no additional fee, cost or expense to the referred client resulting from the referral agreement. BFG makes disclosure of such referral arrangement, if any, to the client before entering into an advisory agreement. All referral agreements are governed by Rule 206(4)-3 under the Investment Advisers Act of 1940.

BFG only refers clients to professionals we believe are competent and qualified in their field, but it is ultimately the client's responsibility to evaluate the provider, and it is solely the client's decision whether to engage a recommended firm. Clients are under no obligation to purchase any products or services through these



professionals, and BFG has no control over the services provided by another firm. Clients who chose to engage these professionals will sign a separate agreement with the other firm. Fees charged by the other firm are separate from and in addition to fees charged by BFG. BFG may receive a referral fee from the professional for the referral.

From time to time, we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made.

Advisors endeavor at all times to put the interest of our clients first as a part of their fiduciary duty. However, you should be aware that the receipt of additional compensation through expense reimbursements could create a conflict of interest that impacts the judgment of the advisors when making advisory recommendations.

#### ITEM 15 - CUSTODY

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.

Pursuant to amended Rule 206(4)-2 BFG is deemed to have custody of client funds and securities due to:

- ✓ in managing its clients' accounts, the ability to deduct management fees from clients' accounts and receive such payment from the clients' custodians; and
- ✓ the fact that some of BFG's clients have created through their Custodian (with BFG facilitation) standing third-party money movement instructions giving BFG the ability to direct the custodian to send the account owner's (client's) money to such third party.

For accounts in which BFG is deemed to have custody, the firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the way the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from BFG. When clients have questions about their account statements, they should contact BFG or the qualified custodian preparing the statement.

When fees are deducted from an account, BFG is responsible for calculating the fee and delivering instructions to the custodian. BFG instructs the custodian to deduct fees from the client's account. Separately BFG will send the client an invoice itemizing the fee. Itemization shall include the formula used to calculate the fee, the number of assets under management the fee is based on, and the time covered by the fee.

Our firm is also deemed to have custody of clients' funds or securities when clients have standing authorizations with their custodian to move money from a client's account to a third-party ("SLOA") and under that SLOA authorize us to designate the amount or timing of transfers with the custodian. The SEC has set forth a set of standards intended to protect client assets in such situations, which we follow. We do not have a beneficial interest on any of the accounts we are deemed to have Custody where SLOAs are on file. In addition, account

statements reflecting all activity on the account(s), are delivered directly from the qualified custodian to each client or the client's independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from us. When you have questions about your account statements, you should contact us, your Advisor or the qualified custodian preparing the statement.

#### ITEM 16 - INVESTMENT DISCRETION

We have authority to supervise and direct on an ongoing basis your investments in accordance with your investment objectives and guidelines or your written Investment Policy Statement. We are authorized, in its discretion and without prior consultation with you to: (1) buy, sell, exchange and otherwise trade any stocks, bonds or other securities or assets and (2) determine the amount of securities to be bought or sold and (3) place orders with the custodian. Any limitations to such authority will be communicated by you to us in writing.

We shall employ broker dealers and markets as is prudent for your account. We will not, however, employ a broker dealer affiliated with us without first disclosing the affiliation to you and obtaining your written consent, we shall not be liable for any act or omission of any broker dealer (other than an affiliated broker dealer employed with your written consent).

The limitations on investment and brokerage discretion held by BFG for you are:

1. For discretionary clients, we require that it be provided with authority to determine which securities and the amounts of securities to be bought or sold.
2. Any limitations on this discretionary authority shall be included in this written authority statement. You may change/amend these limitations as required. Such amendments shall be submitted in writing.

Research products and services received by us from broker-dealers will be used to provide services to all our clients.

#### ITEM 17 - VOTING YOUR SECURITIES

We will not vote proxies under our limited discretionary authority. You are welcome to vote proxies or designate an independent third-party at your own discretion. You designate proxy voting authority in the custodial account documents. You must ensure that proxy materials are sent directly to you or your assigned third party. We do not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies. Should you have any questions about a solicitation, please contact BFG or your advisor.

#### ITEM 18 - FINANCIAL INFORMATION

This item is not applicable to this brochure. We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.