

## **The Pinnacle Financial Group**

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### **Wrap Fee Program Brochure**

This wrap fee program brochure provides information about the qualifications and business practices of The Pinnacle Financial Group. If you have any questions about the contents of this brochure, please contact us at (516) 763-9700. 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.

The Pinnacle Financial Group is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

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

## **Item 2 Summary of Material Changes**

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This is Pinnacle Financial Group's first Wrap Brochure.

### **Item 3 – Table of Contents**

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## Item 4 – Services, Fees, and Compensation

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The Pinnacle Financial Group (hereinafter “TPFG”, “we”, “us”, “our” or the “Firm”) is organized as a New York Corporation with a principal place of business in the state of New York. The firm was formed in May of 2012, and the principal owner is Joseph Esposito.

TPFG offers services under the additional following names:

- North Star Wealth Investors
- Pension & Wealth Consultants
- Agrillo Financial Group
- McKenna Financial Planning
- NSI Group
- Melander Wealth Management
- Mario Molino and Associates
- Pinnacle Wealth Strategies Group
- Atlantic Financial Group
- Prospect Financial Services, LLC
- FIA Financial
- Coleman Investment Management

TPFG offers various types of advisory services including portfolio management services, pension consulting services, selection of other advisors, and participation in wrap fee programs. This Brochure provides a description of the advisory services offered through the wrap fee programs listed below. For more information about Advisor's other investment advisory services, please contact Advisor for a copy of a similar brochure that describes such services or go to [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

TPFG participates in and may recommend the following wrap programs to its clients:

- • OMP - Optimum Market Portfolios Program
- • PWP - Personal Wealth Portfolios Program
- • MWP - Model Wealth Portfolios Program
- • MAS - Manger Access Select Program
- • SWM II – Strategic Wealth Management II

In the Programs, TPFG, through its investment advisor representatives or IARs, provides ongoing investment advice and management on assets in the client’s account. IARs provide advice on the purchase and sale of various types of investments, such as mutual funds, exchange-traded funds (“ETFs”), variable annuity subaccounts, business development companies (“BDCs”), private equity, real estate investment trusts (“REITs”), equities, and fixed income securities. IARs provide advice that is tailored to the individual needs of the client based on the investment objective chosen by the client. Clients may impose restrictions on investing in certain securities or groups of securities by indicating in the Account Application. The Programs also permit clients to select a third party investment advisor firm associated with an TPFG registered representative, in lieu of an IAR, to provide the advisory services described in this brochure.

TPFG provides management services on a discretionary basis. The client authorizes the Advisor to have discretion by signing an advisory agreement.

Assets for program accounts are held at LPL Financial ("LPL") as custodian. LPL also acts as executing broker/dealer for transactions placed in program accounts and provides other administrative services as described throughout this Brochure.

### **Assets Under Management**

As of December 31, 2020, TPFG's total discretionary assets under management were \$866,459,226.

### **Fee Schedule**

In each Program, clients pay Advisor a single annual advisory fee for advisory services and execution of transactions. Clients do not pay brokerage commissions, markups or transaction charges for execution of transactions in addition to the advisory fee. The advisory fee is negotiable between the client and the Advisor and is set out in the advisory agreement. The advisory fee is a percentage based on the value of all assets in the account, including cash holdings. Advisory fees range between 0.00% to 2.50%

### **Payment in Advance and Refund of Pre-Paid Fees**

Fees are paid quarterly in advance, and clients may terminate their contracts with seven days' written notice.

If an account terminates their agreement prior to the end of the quarter, refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. Fees that are collected in advance will be refunded based on the prorated amount of work completed up to the day of termination within the quarter terminated. The fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the quarter up to and including the day of termination. (\*The daily rate is calculated by dividing the quarterly AUM fee by the number of days in the termination quarter). Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract.

## **Item 5 – Account Requirements and Types of Clients**

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TPFG generally provides management supervisory services to the Individuals, High-Net-Worth Individuals, Pension and Profit-Sharing Plans, Trusts, Estates, or Charitable Organizations and Corporations or Business Entities.

### **Minimum Account Size**

There is no minimum account size required to open an account with TPFG.

## **Item 6 – Portfolio Manager Selection and Evaluation**

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In TPFPG's wrap program, Advisor does not select, review or recommend other investment advisors or portfolio managers. Advisor, through its associated persons, is responsible for the investment advice and management offered to clients. Advisor generally requires that individuals involved in determining or giving investment advice have experience with large retail bank and/or brokerage firms.

For more information about the associated person of Advisor managing the account, client should refer to the Brochure Supplement for the associated person, which client should have received along with this Brochure at the time client opened the account.

LPL performs certain administrative services for Advisor, including generation of quarterly performance reports for program accounts. Client will receive an individual quarterly performance report, which provides performance information on a time weighted basis. The performance reports are intended to inform clients as to how their investments have performed for a period, both on an absolute basis and compared to leading investment indices.

### **Methods of Analysis**

TPFPG's methods of analysis include fundamental analysis.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

### **Investment Strategies**

TPFPG uses long term trading and short-term trading.

*Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.*

### **Methods of Analysis**

Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

### **Investment Strategies**

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading generally holds greater risk and clients should be aware that there is a material risk of loss using any of those strategies.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

### **Risks of Specific Securities Utilized**

TPFG generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss. Mutual funds are not guaranteed or insured by the FDIC or any other government agency. You can lose money investing in mutual funds. All mutual funds have costs that lower investment returns. They can be of bond “fixed income” nature (lower risk) or stock “equity” nature (mentioned above).

**Equity** investment generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

**Treasury Inflation Protected/Inflation Linked Bonds:** The Risk of default on these bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal.

**Fixed Income** is an investment that guarantees fixed periodic payments in the future that may involve economic risks such as inflationary risk, interest rate risk, default risk, repayment of principal risk, etc.

**Debt securities** carry risks such as the possibility of default on the principal, fluctuation in interest rates, and counterparties being unable to meet obligations.

**Stocks & Exchange Traded Funds (ETF):** Investing in stocks & ETF's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Investments in these securities are not guaranteed or insured by the FDIC or any other government agency.

**REITs** have specific risks including valuation due to cash flows, dividends paid in stock rather than cash, and the payment of debt resulting in dilution of shares.

**Precious Metal ETFs** (Gold, Silver, Palladium Bullion backed “electronic shares” not physical metal): Investing in precious metal ETFs carries the risk of capital loss.

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various other types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**The purchase or sale of options** involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during

a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Additionally, the premium paid for an option is based, in part, on the time to expiration, and with the passage of time, the premium associated with an option declines, assuming all other factors being equal. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

**Alternative investments** fall outside of traditional investments such as stocks, bonds, cash/cash equivalents, or mutual funds. Alternative investments can include exchange funds, hedge funds, managed futures, private equity and private credit, private debt, qualified Opportunity zone funds, real estate (non-traded real estate investment trusts and unlisted closed-end funds

**Structured investments** provide a means of linking traditional fixed income products, such as corporate notes and certificates of deposit, to the performance of equities or other asset classes.

***Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.***

## **Item 7 – Client Information Provided to Portfolio Managers**

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In the TPFPG's wrap program, the Advisor is responsible for account management. TPFPG obtains the necessary financial data from the client and assists the client in setting appropriate investment objectives for the account. The Advisor obtains this information by having the client complete an Account Application which is a part of the Account Agreement. TPFPG asks clients to contact the Advisor if there have been any changes in the client's financial situation or investment objective or if they wish to impose any reasonable restrictions on the management of the account or reasonably modify existing restrictions.

For the MAS Wrap Program, there are separate portfolio managers managing the assets in these programs. For OMP and MWP, separate LPL teams manages the assets in those programs.

Clients should understand that the investment objective selected for the program in the Account Application is an overall objective for the entire account and may be inconsistent with a particular holding and the account's performance at any time. Client also should be aware that achievement

## **Item 8 – Client Contact with Portfolio Managers**

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TPFPG does not place any restrictions on a client's ability to contact and consult with the Adviser or TPFPG.



## **Item 9 – Additional Information**

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### **Disciplinary Information**

To the best of our knowledge, there are no legal, regulatory or disciplinary events involving TPFG or any of its employees that are material to your evaluation of our advisory business or the integrity of our management.

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

#### **Registration as a Broker/Dealer or Broker/Dealer Representative**

Joseph Esposito and the other investment adviser representatives are registered representatives of LPL Financial LLC.

#### **Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Joseph Esposito and other investment adviser representatives of TPFG are registered representatives of LPL Financial LLC. LPL restricts the securities that its registered representatives such as Mr. Esposito and the other representatives of TPFG can recommend to their clients. TPFG's representatives also may sell insurance and may receive commissions for insurance product sales.

From time to time, they may offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. TPFG always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services of any representative of TPFG in their capacity as a registered representative. If you have any questions regarding the compensation TPFG or its representatives receives when recommending a security or insurance product, you should ask TPFG or its representatives.

Certain employees of TPFG are Dually Registered Persons. LPL Financial is a broker-dealer that is independently owned and operated and is not affiliated with TPFG. Please refer to Item 12 for a discussion of the benefits TPFG may receive from LPL Financial and the conflicts of interest associated with receipt of such benefits.

### **Code of Ethics**

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and

Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

**Recommendations Involving Material Financial Interests**

TPFG does not recommend that clients buy or sell any security in which a related person to TPFG or TPFG has a material financial interest.

**Investing Personal Money in the Same Securities as Clients**

From time to time, Investment Advisor Representatives of TPFG may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of TPFG to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. TPFG will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

**Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, IAR's and or employees of TPFG may buy or sell securities for themselves at or around the same time as clients. It is TPFG's Policy that personal transactions are reviewed on a regular basis to ensure that an employee does not trade in a security ahead of clients. Advisor reviews trade blotters periodically to ensure that that potential frontrunning is not taking place and remediating if necessary.

**Brokerage Practices****Factors Used to Select Custodians and/or Broker/Dealers**

TPFG uses LPL Financial, LLC, Schwab and TD Ameritrade Institutional, a division of TD Ameritrade, Inc. Member FINRA/SIPC ("TD Ameritrade"). as custodians. The custodians were chosen based on their relatively low transaction fees and access to mutual funds and ETFs. TPFG will never charge a premium or commission on transactions, beyond the actual cost imposed by the custodians.

TPFG will generally recommend, request, or require that clients establish a brokerage account with LPL Financial to maintain custody of clients' assets and to effect trades for their accounts.

While LPL Financial does not participate in, or influence the formulation of, the investment advice TPFG provides, certain supervised persons of TPFG are Dually Registered Persons. Dually Registered Persons are restricted by certain FINRA rules and policies from maintaining client accounts at another custodian or executing client transactions in such client accounts through any broker-dealer or custodian that is not approved by LPL Financial. As a result, the use of other trading platforms must be approved not only by TPFG, but also by LPL Financial.

Clients should also be aware that for accounts where LPL Financial serves as the custodian, TPFPG is limited to offering services and investment vehicles that are approved by LPL Financial, and may be prohibited from offering services and investment vehicles that may be available through other broker-dealers and custodians, some of which may be more suitable for a client's portfolio than the services and investment vehicles offered through LPL Financial.

Clients should understand that not all investment advisers require, request or recommend that client's custody their accounts and trade through specific broker-dealers.

Clients should also understand that LPL Financial is responsible under FINRA rules for supervising certain business activities of [TPFPG and its Dually Registered Persons] that are conducted through broker-dealers and custodians other than LPL Financial. LPL Financial charges a fee for its oversight of activities conducted through these other broker-dealers and custodians. This arrangement presents a conflict of interest because TPFPG has a financial incentive to recommend that you maintain your account with LPL Financial rather than with another broker-dealer or custodian to avoid incurring the oversight fee.

### **Review of Accounts**

Client accounts are reviewed at least annually by the investment adviser representative of TPFPG assigned to the account. Each investment adviser representative is instructed to review clients' accounts with regards to their investment policies and risk tolerance levels.

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

Each client will receive at least quarterly from the custodian, a written report that details the client's account including assets held and asset value which will come from the custodian.

### **Outside Compensation for the Sale of Securities to Clients**

Joseph Esposito and other Investment Adviser Representatives are registered representatives with LPL Financial LLC and insurance agents. They accept compensation for the sale of securities to TPFPG clients.

TPFPG and its supervised persons may accept compensation for the sale of securities or other investment products. This presents a conflict of interest and gives TPFPG or the supervised person an incentive to recommend products based on the compensation received rather than on the client's needs.

Please note that when TPFPG or its representatives provides investment advisory services, he or she is a fiduciary under the Investment Advisers Act and has a duty to act in your best interests and to make full and fair disclosure to you of all material facts and conflicts of interest.

## **Custody**

TPFG, with Clients written authority, has limited custody of client's assets through direct fee deduction of TPFG's Fees only. If the client chooses to be billed directly by LPL Financial LLC, Schwab, or TD, TPFG would have constructive custody over that account and must have written authorization from the client to do so. Clients will receive all required account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

## **Financial Information**

TPFG does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

In light of the COVID-19 coronavirus and historic decline in market values, TPFG elected to participate in the 2020 CARES Act's Paycheck Protection Program ("PPP") to strengthen its balance sheet. As of March 2021, this loan has been completely forgiven. TPFG was not selected for an additional round of PPP loans.