

# **TEAM FINANCIAL STRATEGIES**

(Part 2A of Form ADV)

## **J. TEAM FINANCIAL, INC. d/b/a TEAM FINANCIAL STRATEGIES**

**1174 N. 3rd Street Abilene, Texas 79601**

**PHONE: (325) 480-1587**

**FAX: (817) 796-2709**

**[www.TeamStrategiesOnline.com](http://www.TeamStrategiesOnline.com)**

### **Granbury Office**

**1208 Fall Creek Highway Ste. B Granbury, TX 76049**

**PHONE: (817) 573-8326**

This brochure provides information about the qualifications and business practices of Team Financial Strategies. If you have any questions about the contents of this brochure, please contact us at: (325) 480-1587, or by email at: [jteam@teamstrategiesonline.com](mailto:jteam@teamstrategiesonline.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Team Financial Strategies is a federally registered investment adviser. This designation does not imply a specific level of specialized skill or training.

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

February 28, 2022

## **Item II: Material Changes**

The Firm had made the following changes to its Form ADV Part 2A since its last amendment on October 2, 2020:

*Item 4: The Advisor updated information regarding its ownership.*

*Item 4: The Advisor included information on Donor Advised Funds.*

*Item 4: The firm no longer offers “Wealth Builder” services.*

*Item 5: The Advisor added language regarding proration of fees.*

A complete copy of our Firm Brochure is available on request, please contact TFS by telephone at: (325) 480-1587 or by email at: [jteam@teamstrategiesonline.com](mailto:jteam@teamstrategiesonline.com)

## Contents

Item II: Material Changes .....	2
Item IV: Advisory Business.....	5
Firm Description.....	5
Principal Owners .....	5
Types of Advisory Services .....	5
Types of Agreements .....	7
Termination of Agreement .....	7
Item V: Fees and Compensation.....	8
Description.....	8
Fee Billing.....	10
Other Fees / Expenses .....	10
Item VI: Performance-based Fees and Side-by-Side Management.....	11
Item VII: Types of Clients .....	11
Description.....	11
Account Minimums.....	11
Item VIII: Methods of Analysis, Investment Strategies and Risk of Loss .....	12
Methods of Analysis.....	12
Investment Strategies .....	12
Risk of Loss .....	12
Item IX: Disciplinary Information.....	13
Legal and Disciplinary.....	13
Item X: Other Financial Industry Activities and Affiliations.....	13
Financial Industry Activities .....	13
Affiliations .....	14
Item XI: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	14
Code of Ethics .....	14
Personal Trading Conflicts of Interest.....	14
Item XII: Brokerage Practices .....	14
Selecting Brokerage Firms.....	14
Best Execution.....	15
Soft Dollars.....	15
Directed Brokerage .....	15

Item XIII: Review of Accounts .....	16
Periodic Reviews .....	16
Review Triggers.....	16
Regular Reports.....	16
Item XIV: Client Referrals and Other Compensation .....	16
Incoming Referrals .....	16
Referrals Out .....	16
Other Compensation – The Texas Fund.....	17
Item XV: Custody .....	17
Account Statements.....	17
Item XVI: Investment Discretion.....	17
Discretionary Authority for Trading .....	17
Non-Discretionary Authority for Trading.....	17
Advisory Trading Authorization .....	18
Item XVII: Voting Client Securities .....	18
Proxy Voting.....	18
Item XVIII: Financial Information .....	18
Financial Condition .....	18

## Item IV: Advisory Business

### Firm Description

J. Team Financial, Inc. d/b/a TEAM FINANCIAL STRATEGIES ("TEAM", "TFS" or the "Firm") was founded in 2005. TEAM provides continuous and regular investment management services with respect to all accounts which include Separate and Mutual Fund Portfolio Management.

As of December 31, 2021, TFS manages \$186,338,800 in assets for 900 accounts, of which \$176,697,136 is managed on a discretionary basis.

### Separate Account Portfolio Management

The Firm provides personalized financial planning and investment management to individuals, high net worth individuals, investment companies, pension and profit sharing plans, trusts, estates, charitable organizations, registered investment companies and small businesses. Discretionary and Non-discretionary advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

Investment advice is provided and changes are implemented by TEAM. TEAM does not act as a custodian of client assets. TEAM places trades for clients under a limited power of attorney.

An evaluation of each client's initial situation is made, often in the form of an investment analysis or net worth statement. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended. Clients are encouraged to communicate any changes in their financial and/or risk objectives to the Firm in writing.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis.

Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, which may be by telephone or in person, is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the client.

### Principal Owners

Joseph Team is the principal owner of the firm, owning more than 75%.

### Types of Advisory Services

Team Financial Strategies provides investment supervisory services, also known as asset management services; manages investment advisory accounts not involving investment supervisory services; furnishes investment advice through consultations; issues special reports about securities; and issues charts, graphs, formulas, or other devices which clients may use to evaluate securities.

On more than an occasional basis, Team Financial Strategies furnishes advice to clients on matters not involving securities, such as financial planning matters, taxation issues, and trust services that often include estate planning.

#### “Wealth Management” Services

Clients who qualify and choose “Wealth Management” Services will receive ongoing, in-depth advice. All applicable aspects of the client’s financial affairs are reviewed. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

“Wealth Management” Services also include: cash flow management; insurance review; investment management (including performance reporting); education planning; retirement planning; estate planning; and tax planning, as well as the implementation of recommendations within each area. Unless waived in specific instances, “Wealth Management” Clients must have a minimum of \$500,000 in assets under management to qualify.

#### “Wealth Planning” Services

Clients who select “Wealth Planning” services will receive ongoing planning advice including retirement planning, investment management, estate planning, tax planning, insurance planning, charitable planning and educational planning, all based on their goals and objectives. Clients will have real-time access to their portfolio and plan through an online portal and will receive periodic reviews with their planner.

#### Donor Advised Fund Services

The Advisor provides investment management services to Donor Advised Funds (“DAF”). Donor Advised Funds are an IRS approved philanthropic vehicle established for the purpose of managing charitable donations contributed by or on behalf of donor clients. The DAF allows the Advisor to actively manage assets that have been donated to and are owned by charity, while charging an investment management fee.

#### “Institutional Investment” Services

TEAM provides investment management services for institutional accounts, including corporations, pensions, endowments, trusts, retirement plans, investment companies and foundations. Accounts are managed in an ongoing discretionary fashion and reviews are provided on a quarterly basis.

We also offer advisory and consulting services to corporate and non-profit retirement plans and plan sponsors. We generally act as either a co-fiduciary under Section 3(21) of the Employee Retirement Income Security Act of 1974 (“ERISA”) or as an Investment Manager under section 3(38) of ERISA.

When acting as a fiduciary, as defined in ERISA in Section 3(21), we provide non-discretionary investment advice regarding the selection and monitoring of the plan’s investment options. When acting as an Investment Manager to a plan, as defined in ERISA Section 3(38), we assume

discretionary authority to make decisions regarding the investment options made available to plan sponsors.

Regardless of whether we are acting under Sections 3(21) or 3(38), our Retirement Plan Consulting Services generally include supporting plan sponsors and retirement plan participants with the following:

- Ongoing administration of the plan:
  - Assisting plan fiduciaries with the selection and ongoing management of service providers.
  - Monitoring and benchmarking plan fees on a regular basis.
  - Assisting with fiduciary oversight and committee education.
- Plan lineup construction and investment selection and monitoring
  - Developing and updating an investment policy statement to govern the selection and ongoing monitoring of the plan's specific investment options.
  - Advising on plan lineup construction as it relates to the various types of asset classes to include in the plan lineup.
  - Recommending and monitoring the specific investment options included in the plan lineup.

#### "Other" Services

TEAM provides additional services to clients where needed such as Tax Management and Preparation, Estate Settlement Consulting, Business Financial Consulting, Financial Plan Preparation. These services are detailed in Schedule A of the client agreement.

Agreements may not be assigned without client consent.

#### Types of Agreements

TEAM has one agreement that includes multiple arrangements to meet the needs of the client. All arrangements include an agreement whereby TEAM provides planning and investment services depending on the clients needs and the scope of the engagement. Under the agreement, TEAM acts as a Fiduciary for the client to work on their behalf. TEAM never accepts commissions or revenue sharing arrangement from other parties.

The client pays TEAM in arrears either quarterly for ongoing services or upon completion of one-time services. For various fee schedules, please see the "Fees and Compensation" section below.

#### Termination of Agreement

A Client may terminate any of the aforementioned agreements at any time by notifying Team Financial Strategies in writing. At termination, fees will be billed on a pro rata basis for the portion of the quarter completed based on the asset value when termination notice is received.

TEAM may terminate any of the aforementioned agreements at any time by notifying the client in writing.

## Rollover Recommendations

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset-based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of: 1)) Leaving the funds in your employer's (former employer's) plan; 2) moving the funds to a new employer's retirement plan; 3) cashing out and taking a taxable distribution from the plan; and/or 4) rolling the funds into an IRA rollover account. Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney. Our recommendations may include any of them, depending on what we feel is in your best interest.

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. As a fiduciary, we are required to document the reason(s) for why the recommendation we made is in your best interest.

## Item V: Fees and Compensation

### Description

TEAM is strictly a fee-only financial planning and investment management firm. TEAM has various fee structures to meet the needs of the client including: fees based on assets under management, flat fees, and hourly rates. Asset management fees are collected quarterly in arrears. Flat fees or hourly fees are collected in arrears and are due upon completion of the project. The firm does not receive commissions for purchasing or selling annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. No commissions in any form are accepted. No finder's fees are accepted.

Fees for services rendered are determined by the scope and complexities involved in managing the needs of the client.

Team Financial Strategies, at its sole discretion, may charge a lesser management fee, or reduce the minimum fee.



### “Wealth Management” Services

The annual Advisory Service Agreement fee for “Wealth Management” Services is based on a percentage of the investable assets that will not exceed the following schedule:

#### For Individual Accounts:

1.25% of the first \$500,000 in assets under management; and

1.00% of the additional assets from \$500,001 to \$2,000,000; and 0.75% of assets above \$2,000,000

#### “Wealth Planning” Services Financial plan fee:

\$2,000 (one-time fee includes data gathering, data entry, initial plan preparations and recommendations)

#### Ongoing Advisory Fee:

Assets managed	Rate
< \$500,000	1.25%
\$500K-\$2M	1.00%
>\$2M	0.75%

### “Wealth Builder” Services

The annual Advisory Service Agreement fee for “Wealth Builder” Services is based on a percentage of the investable assets and a monthly fee according to the following schedule:

1.00% of managed assets AND a \$75/quarterly fee.

#### “Institutional Investment” Services For Institutional Accounts:

1% of the first \$1,000,000 in assets under management; and

.75% of the additional assets from \$1 to \$5 million; and

.5% of assets above \$5 million

#### For Investment Companies:

<\$10M 0.25%

>\$10M 0.60%

#### “Other” Services Fees

Estate Settlement Consulting – Flat fee for services provided, in arrears, quarterly

Business Financial Consulting – Flat quarterly fee, in arrears

Standalone Financial Plan Preparation – Flat fee due on delivery of plan

Flat Quarterly Fee in Lieu of AUM Fee – Quarterly fee billed in arrears for investment management and financial planning.

Team Financial Strategies, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, etc.). TFS may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, account values may be combined for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in the fee schedules stated above.

### Fee Billing

Investment management fees are billed quarterly, in arrears, meaning that TEAM will invoice clients after the three-month billing period has ended. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account. Clients also have the option of paying by check. If there are significant capital flows within an account, or if an account is opened or closed prior to the end of the quarter, then the quarterly fee will be prorated.

Fees for separate financial planning arrangements are due upon the delivery of the financial plan or planning services outlined at engagement.

### Other Fees / Expenses

Custodians or other financial institutions may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

Representatives of TEAM may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that are paid to TEAM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, TEAM, and others. For information on our brokerage practices, refer to the *Brokerage Practices* section of this brochure.

We will trade client accounts on margin. Each client must sign a separate margin agreement before margin is extended to that client account. Fees for advice and execution on these securities are based on the total asset value of the account, which includes the value of the securities purchased on margin. While a negative amount may show on a client's statement for the margined security as the result of a lower net market value, the amount of the fee is based

on the absolute market value. This creates a conflict of interest where we have an incentive to encourage the use of margin to create a higher market value and therefore receive a higher fee. The use of margin may also result in interest charges in addition to all other fees and expenses associated with the security involved.

TEAM uses Mutual Funds to diversify client holdings and provide broader exposure to certain markets depending on the clients' risk profile and goals. Mutual Funds are generally offered in different share classes (e.g. A Shares, I Shares, etc.) with varying fee structures, including share classes with sales load, sales charges or 12B-1 fees. TEAM strives to use the lowest fee share class in most circumstances, however on occasion TEAM does not meet certain criteria to purchase I shares or similarly offered low expense share classes. In these cases, TEAM will use a higher fee share class that may carry a 12B-1 fee. 12B-1 fees are deducted from the client's mutual funds' assets on an ongoing basis and are paid to the client's broker-dealers / custodians. TEAM does not receive any portion of the 12B-1 fees that are paid to the Broker-Dealer or custodian.

TEAM is sub-adviser to the Texas Fund, a series of the Monteagle Funds. Monteagle Funds is a registered investment company. TEAM is not under any common ownership with the Monteagle Funds.

However, TEAM receives a separate fee for managing the portfolio of The Texas Fund. To the extent The Texas Fund is selected to fill components of a client's overall strategy, TEAM will waive and/or discount the client's overall fee by that same proportionate amount.

## **Item VI: Performance-based Fees and Side-by-Side Management**

Team Financial Strategies does not charge performance-based fees (fees based on a share of capital gains or on capital appreciation of the assets of the client) and consequently does not simultaneously manage performance-based and non-performance-based accounts.

## **Item VII: Types of Clients**

### **Description**

Team Financial Strategies generally provides investment advice to individuals, high net worth individuals, investment companies, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations or business entities.

Client relationships vary in scope and length of service.

### **Account Minimums**

In order to be eligible for the "Wealth Management" tier of services with TEAM a client will be assessed the minimum fee of \$6,250 annually for these services which equates to \$500,000 times the 1.25% asset based fee.

Team Financial Strategies in its sole discretion may waive the account minimum, or make other adjustments as deemed in the best interest of the firm. Other exceptions will apply to

employees of Team Financial Strategies and their relatives. Team Financial Strategies may also combine account values for related accounts in your household to meet the stated minimums.

“Wealth Builder” Clients will pay a quarterly fee of \$75 plus a percentage of assets managed by TFS for services each quarter. The set fee will be the minimum fee for these services.

There is no account asset minimum for “Wealth Planning” clients. The initial \$2,000 planning fee will apply and the asset fee management schedule is the same as for “Wealth Management” clients.

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

### **Methods of Analysis**

Security analysis methods may include fundamental analysis, financial analysis, technical analysis, charting, cyclical and macro-economic analysis.

The main sources of information include, but are not limited to, financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases. TEAM also pays a subscription for certain services to provide current information on stocks, bonds, mutual funds, exchange-traded funds (ETF), and index funds.

### **Investment Strategies**

The primary investment strategy used on client accounts is strategic asset allocation to match the goals and objectives of the client while taking into account current macro conditions and the client’s risk tolerance. The firm’s investment committee develops and maintains models that can be assigned for a given client risk tolerance. These models can then be tailored when necessary for the needs of the client. A combination of stocks, bonds, open end mutual funds, exchange traded mutual funds, options, and other investments can be utilized in attempting to carry out the client’s objectives.

Other strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions, option purchases, and option writing (including covered options, uncovered options or spreading strategies).

### **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Clients should be prepared to bear such loss.

TFS’ investment approach constantly keeps the risk of loss in mind. Investments in securities involve risks which may include the following:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Options Risk:** Options are complex investments and can be very risky, especially if the investor does not own the underlying stock. In certain situations, an investor's risk can be unlimited.

## **Item IX: Disciplinary Information**

### **Legal and Disciplinary**

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

## **Item X: Other Financial Industry Activities and Affiliations**

### **Financial Industry Activities**

Team Financial Strategies is not registered as a securities broker-dealer or a futures merchant commodity pool operator or commodity trading advisor and does not intend to seek any such registration and does not participate in any other financial industry activities.

### Affiliations

Certain representatives of TEAM serve as portfolio managers for the Texas Fund. TEAM is not under common ownership with The Texas Fund, but representatives and/or agents of TEAM perform investment related services associated with managing the portfolio of The Texas Fund. This creates a conflict of interest in that to the extent that representatives invest TEAM client funds into the Texas Fund, TEAM receives additional compensation. To the extent that clients are invested in the Texas Fund, clients do not pay a dual fee because if The Texas Fund is selected to fill components of a client's overall strategy, TEAM will waive and/or discount the client's overall fee by that same proportionate amount. Furthermore, clients are only invested in the Texas Fund following disclosure and their written confirmation to allow said investment in the investment advisory agreement, and TEAM has implemented policies and procedures to review investments for suitability.

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

### Code of Ethics

The employees of Team Financial Strategies have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by TFS or any of its associated persons. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

### Personal Trading Conflicts of Interest

Employees of Team Financial Strategies are allowed to trade and hold securities also held by clients pursuant to the firm's Code of Ethics. This creates a conflict of interest in that Employees may favor their personal investments over those of clients. However, no employee of TEAM is permitted to prioritize their own interests over those of a client or make personal investment decisions based on the investment decisions of clients.

To address conflicts of interest, pursuant to the TFS Compliance Manual, TFS requires persons with access to client investment information to submit annual holdings reports and quarterly transaction reports to the Chief Compliance Officer for their personal brokerage accounts, as well as the accounts of their immediate family.

Employees are also subject to preclearance requirements for participations in initial public offerings (IPO's) and private placements.

## **Item XII: Brokerage Practices**

### Selecting Brokerage Firms

Team Financial Strategies does not maintain custody of client assets. Instead, client assets are held at a "qualified custodian." TFS is not affiliated with any broker-dealer or custodian. Specific custodian recommendations are made to clients based on their need for such services. TFS recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable transaction costs.

TFS recommends brokerage firms and trust companies (qualified custodians). TFS does not receive any compensation for recommending any brokerage firm or custodian. Generally, TFS recommends that clients use the brokerage services of Fidelity or TD Ameritrade.

TD Ameritrade and Fidelity enable TFS to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by TD Ameritrade and Fidelity may be higher or lower than those charged by other Financial Institutions.

### Best Execution

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

### Soft Dollars

TFS does not currently participate in "soft dollar" arrangements. By virtue of custodial client assets at certain custodians, TFS receives support services that enable us to monitor and service our client accounts. These support services are not exclusive to TFS and, except in certain circumstances, do not depend on the volume of transactions directed by TFS to the custodian. The types of support offered include amongst others: dedicated trading desks that services custodial clients exclusively; dedicated service group and an account services manager dedicated to our accounts; electronic download of trades, balances, prices, and positions in portfolio management software; electronic access to the Custodian's proprietary internet site and their software-based system, electronic download of client statements, confirmations, and year-end summaries, the ability to have advisory fees directly debited from client accounts (in accordance with Federal and State requirements); newsletters and other publications; client access to the Custodian's online service; and discounted or gratis attendance at conferences, meetings, and other educational events.

### Directed Brokerage

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

## Item XIII: Review of Accounts

### Periodic Reviews

“Wealth Management” Client reviews are done on at least a quarterly basis through quarterly Investment Team reviews and reviews by the advisor for each client.

“Wealth Builder” and “Wealth Planning” clients will have perpetual access to their plans to monitor progress to the goals that have been set. Clients also have the responsibility to input material changes.

Furthermore, “Wealth Builder” and “Wealth Planning” clients have electronic access to the advisor for specific questions or recommendations on an ongoing basis.

### Review Triggers

TFS reviews each client’s risk profile and investment policy at least annually. Additional account reviews may be triggered by a change in a client’s investment objectives, risk profile, a specific client request, an imbalance in a portfolio allocation, or market or other factors.

It will be the responsibility of the client to make the TFS aware of personal changes to the client’s situation.

### Regular Reports

Account reviewers are members of the firm's Investment Team. They are instructed to consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

“Wealth Management” Clients receive periodic communications. Investment Management clients, and Annual Fee Agreement clients receive written quarterly updates. Quarterly updates will include portfolio performance on managed accounts along with a written statement of fees. “Wealth Builder” and “Wealth Planning” clients may access progress reports directly to monitor progress. Furthermore, clients receive statements at least quarterly from the custodian. Clients are encouraged to compare any reports received from TFS with any reports received from the custodian.

## Item XIV: Client Referrals and Other Compensation

### Incoming Referrals

TFS has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. TEAM does not offer compensation for client referrals.

### Referrals Out

TFS does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

TFS may receive economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12 (Brokerage Practices), above.



### Other Compensation – The Texas Fund

TEAM acts as adviser to the Texas Fund (a registered mutual fund) for which it receives a management fee. With written client consent, and to the extent the Texas Fund is selected to fill components of a client's overall strategy, TEAM may allocate a portion of client assets to the Texas Fund. TEAM will waive or discount the clients overall fee by the amount assessed on client's assets invested in the fund.

## Item XV: Custody

### Account Statements

TFS does not have physical custody of client assets, as all assets are held by a bank, broker-dealer, or other qualified custodian. However, TFS is deemed to have limited custody due to the ability to directly debit fees from client accounts. The custodian sends quarterly statements to clients showing all transactions occurring on behalf of the client during the quarter, and the funds, securities and other property of the client held in the client's account at the end of the quarter. TFS urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. TFS statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## Item XVI: Investment Discretion

### Discretionary Authority for Trading

TFS accepts discretionary authority to manage securities accounts on behalf of clients by the execution of a discretionary investment advisory agreement by the client. TFS has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. TFS consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

The client approves the custodian to be used and the transaction fees paid to the custodian. TFS does not receive any portion of the transaction fees paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the firm investment policy.

### Non-Discretionary Authority for Trading

TFS also works in a non-discretionary relationship with clients in some instances. In a non-discretionary relationship TFS cannot make any changes to a client's account without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

The client approves the custodian to be used and the transaction fees paid to the custodian. TFS does not receive any portion of the transaction fees paid by the client to the custodian.

### Advisory Trading Authorization

TFS acts as an agent on behalf of the client through a signed Advisor Authorization Agreement with each qualified custodian. This authorization is granted in the custodian's initial account application.

## **Item XVII: Voting Client Securities**

### Proxy Voting

TFS does not vote proxies on securities. Clients will receive proxies directly from the custodian. TFS may provide advice and answer questions relating to voting the proxy to assist the client in making an informed decision, but the ultimate decision as to how to vote is left to the client.

## **Item XVIII: Financial Information**

### Financial Condition

TFS has not been the subject of a bankruptcy petition at any time since its inception. A balance sheet is not required to be provided because TEAM does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$600 per client, and six months or more in advance.

The Firm is not aware of any financial conditions reasonably likely to impair its ability to meet contractual commitments to its clients. In April 20, 2020, the firm received a Paycheck Protection Plan Loan through the SBA in conjunction with the relief afforded from the CARES [Act]. The firm used the PPP to continue payroll for the firm and the firm did not suffer any interruption of service.