



# THE PACIFIC CENTER FOR FINANCIAL S E R V I C E S

## Form ADV Part 2A Investment Advisor Brochure

### *Item 1: Cover Page*

Name of Registered Investment Advisor	The Pacific Center for Financial Services
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Date of Brochure as Last Revised	September 28, 2022

This Form ADV Part 2A (Investment Advisor Brochure) gives information about the investment advisor and its business for the use of clients and prospective clients. If you have any questions about the contents of this brochure, please contact us using one of the methods listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration is mandatory for all persons meeting the definition of investment advisor and does not imply a certain level of skill or training.

Additional information about our firm is available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### *Item 2: Material Changes*

The purpose of this section is to discuss only material changes since the last annual update of PCFS Investment Advisor Brochure. The date of the last annual update was September 21, 2021.

#### Summary of Material Changes:

- Item 5 – Updated to provide additional disclosures pertaining to rollover recommendations and our fiduciary obligations

#### Delivery:

Within 120 days of our fiscal year end we will deliver our annual Summary of Material Changes if there have been material changes since the last annual updating amendment.

***Item 3: Table of Contents***

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## ***Item 4: Advisory Business***

### **Advisory Firm**

The Pacific Center for Financial Services (“PCFS”) has been providing investment advisory services since 1997. Stephen F. Schliesser is the founder and President and has been in the financial services industry since 1985.

### **Advisory Services**

#### **(1) PCFS provides portfolio services under the **Managed Account Program (“MAP”)**.**

As of June 30, 2021, PCFS has \$698,685,560 of assets under management on a discretionary basis, and \$109,850,845 of assets under management on a non-discretionary basis.

MAP portfolios invest in both “no-load” and certain “load-waived” mutual funds, as well as selected stocks, ETF’s and bonds. MAP may utilize asset allocation models developed by PCFS in conjunction with other independent and unaffiliated investment advisor and/or service providers. The service is designed to offer clients a diversified, long-term approach to their personal investment goals and objectives through asset allocation, monitoring, and re-balancing.

Services are based on the individual needs of the client. An initial interview and data gathering questionnaire is undertaken to determine the client's financial situation and investment objectives, and to give the client the opportunity to impose reasonable restrictions on the management of the account. Clients have the ability to leave standing instructions with the IA Rep to refrain from investing in particular securities or types of securities or invest in limited amounts of securities. Quarterly, the IA Rep will notify the client in writing to contact the IA Rep if there have been any changes in the client's financial situation or investment objectives, or to impose or modify account restrictions. The IA Rep will contact or attempt to contact the client annually on these matters. It is the client's responsibility to notify the IA Rep at any time if there are changes. Clients may call in at any time during normal business hours to discuss directly with the IA Rep about the client's account, financial situation, or investment needs.

Clients will receive from the custodian/brokerage firm, by mail or e-mail, timely confirmations and at least quarterly statements containing a description of all transactions and all account activity. The client will retain rights of ownership of all securities and funds in the account to the same extent as if the client held the securities and funds outside the program.

In addition to custodial statements, PCFS sends quarterly portfolio evaluations that contain information including performance of holdings and comparable market indices.

#### **(2) PCFS provides **Financial Plans**.**

Financial planning services begin with collecting data on the client’s current financial profile; reviewing the financial situation, goals and objectives; and preparing a written report. The reports, usually brief, may include specific recommendations to purchase, hold, or sell securities. More comprehensive financial plans may be prepared as based on client need, which could incorporate recommendations on asset management, tax management, estate planning, and risk management, as well as business interests and investment policy.

#### **(3) PCFS may hold **seminars**, which may include presentations on various securities, insurance products, or on financial planning strategies. A fee is not charged to those in attendance.**

## ***Item 5: Fees and Compensation***

Fees for **Financial Plans** are quoted at either the hourly rate of \$200 or a flat negotiated fixed fee. Fees for financial plans may range from \$250 for a brief report up to \$2,000 for a more comprehensive report. Simple plans may be included with the MAP services at no additional charge. Hourly fees will be billed in arrears. When a fixed fee is quoted, the amount may be due and payable in full in arrears upon completion of work. All such services will be completed within a six-month period. PCFS may also arrange for installments as services are rendered.

Financial planning services include recommendations concerning securities. The advice provides recommended strategies consistent with the financial circumstances, goals, and objectives of the individual client. Investment strategies may be implemented under the PCFS MAP program, or as a brokerage transaction in our individual capacities as Registered Representatives of a broker/dealer. See section headed Other Financial Industry Activities and Affiliations for more details.

Fees for **MAP** are computed at an annualized percentage of assets under management on a sliding scale.

<u>\$ Portfolio Size</u>	<u>Annual %</u>	<u>Quarterly %</u>
\$0 to \$249,999	1.25%	.3125%
\$250,000 to \$749,999	1.00%	.2500%
\$750,000 to \$1,249,999	.85%	.2125%
\$1,250,000 to \$1,749,999	.80%	.2000%
Over \$1,750,000	Negotiable	

The fee will be calculated on the full portfolio value to include cash or margin balances. PCFS does not recommend margin or large cash balances but will manage the portfolio based on restrictions the client places on the management of the account as specified in the Investment Policy Statement ("IPS"). Exceptions to the fee calculation on cash or margin may be specified in the IPS.

While fees are based on the schedule illustrated above, PCFS may waive or lower fees at our discretion or at the request of the client. The fee is negotiated and set at account opening and only adjusted as may be renegotiated, which would be in writing. Clients may be on different fee schedules based on the length of their association with PCFS and the total value of their holdings.

These fees are for advisory services only and do not include any transaction fees or commissions, which may be charged separately by the broker/dealer custodial firm. See the section heading Brokerage Practices for more information. Certain mutual funds also charge redemption or exchange fees as described in their prospectuses.

For MAP the fee will be payable quarterly in arrears. The first payment is assessed and due at the end of the first calendar quarter and is assessed pro rata in the event the Agreement is executed at any time other than the first day of the current calendar quarter. Subsequent payments are due and will be assessed on the first day after the end of each calendar quarter based on the value of the account assets under supervision as of the close of business on the last business day of that quarter.

Payment of fees may be made directly by the client, or the client may authorize the custodian holding client funds and securities to deduct PCFS advisory fees direct from the client account in accordance with statements prepared and submitted to the custodian by PCFS. The custodian provides periodic account statements to the client. Such statements reflect all fee withdrawals by PCFS. It is the client's

responsibility to verify the accuracy of the fee calculation. The custodian will not determine whether the fee is properly calculated.

IA Reps of PCFS are also Registered Representatives of a broker/dealer, Cetera Advisor Networks, LLC (“Cetera”), and as such receive commission-based compensation when securities and other investment products are transacted through Cetera. All Cetera Registered Representative product sales activities are performed separately from and outside of their role as an IA Rep of PCFS.

When mutual funds are purchased and held through Cetera, IA Reps of PCFS in their capacity as Registered Representatives of Cetera may receive the usual and customary 12b-1 commissions for maintaining these accounts. Thus, a conflict of interest exists between the interests of our advisory clients and our IA Reps. Our advisory clients are under no obligation to purchase investment products we recommend, or to purchase them through us or through Cetera or its affiliated companies.

Fees are not collected for services to be performed more than six months in advance.

In addition to fees paid for advisory services with respect to clients' investments in mutual funds, clients pay additional fees on the mutual fund investment because the mutual funds also pay advisory and/or management fees to an investment advisor.

For **MAP**, services will continue until either party terminates the Agreement on 5 days written notice. If termination occurs prior to the end of a calendar quarter, the client will be invoiced for fees due on a pro-rata basis.

For **Financial Plans**, the client may terminate the Agreement at any time. At such time, an invoice will be provided, based on time and effort expended before termination and payment will be due upon receipt. The Agreement for Financial Plans terminates upon delivery of the plan or services. At this time, all fees are due and payable.

The Advisory Agreement contains a pre-dispute arbitration clause. Client understands that the agreement to arbitrate does not constitute a waiver of the right to seek a judicial forum where such a waiver would be void under the federal securities laws. Arbitration is final and binding on the parties.

#### Rollover Recommendations

When PCFS and our IA Reps provide any rollover recommendations (e.g. from your employer’s retirement plan, such as a 401(k), 457, or ERISA 403(b) account to individual retirement accounts), we are acting as fiduciaries within the meaning of Title I of the ERISA and/or the Internal Revenue Code (“IRC”), as applicable, which are laws governing retirement accounts. If you elect to roll the assets to an IRA we will manage for you, we will charge you an advisory fee. This financial incentive creates a conflict of interest. You are under no obligation 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.

Due to the conflict of interest when we make rollover recommendations, we operate under rules that require us to act in your best interests and not put our interests ahead of yours. These rule’s provisions require us to:

- meet a professional standard of care when making investment recommendations (i.e. give prudent advice);
- never put our financial interests ahead of yours when making recommendations (i.e. give loyal advice);
- avoid misleading statements about conflicts of interest, fees, and investments;

- follow policies and procedures designed to ensure that we give advice that is in your best interests;
- charge no more than a reasonable fee for our services; and
- give you basic information about conflicts of interest.

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 a rollover. Note that an employee will typically have four options in this situation:

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; or
4. rolling the funds into an IRA rollover account.

Each of these options has positives and negatives. Because of that, along with the importance of understanding the differences between these types of accounts, we will provide you with a written explanation of the advantages and disadvantages of both account types and the basis for our belief that the rollover transaction we recommend is in your best interests.

As an alternative to providing you with a rollover recommendation, we may instead take an entirely educational approach in accordance with the U.S. Department of Labor's Interpretive Bulletin 96-1. Under this approach, our role will be limited only to providing you with general educational materials regarding the pros and cons of rollover transactions. We would make no recommendation to you regarding the prospective rollover of your assets and you are advised to speak with your trusted tax and legal advisors with respect to rollover decisions. As part of this educational approach, we will discuss with you general information about some or all of the following topics: the general pros and cons of rollover transactions; the benefits of retirement plan participation; the impact of pre-retirement withdrawals on retirement income; the investment options available inside your Plan Account; and high level discussion of general investment concepts (e.g., risk versus return, the benefits of diversification and asset allocation, historical returns of certain asset classes, etc.). We may also provide you with questionnaires and/or interactive investment materials that may provide a means for you to independently determine your future retirement income needs and to assess the impact of different asset allocations on your retirement income. You will make the final rollover decision.

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

PCFS does not charge performance-based fees, which is based on capital gains in the client account.

#### ***Item 7: Types of Clients and Account Minimums***

PCFS provides advisory services to individuals, including high net worth families, family trusts, and retirement accounts (e.g., pension and profit-sharing plans).

Generally, the minimum account size for MAP is \$50,000. There is no minimum for clients retaining financial planning services.

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

The types of analysis utilized may include charting, fundamental, technical, and cyclical. PCFS focuses on asset allocation strategies for portfolio management.

By its nature, financial planning looks to the long-term. After the client's short-term cash needs and emergency fund is evaluated, investment and insurance strategies are designed to help the client achieve his or her financial goals. Casualty insurance (e.g. homeowner's, auto, liability, etc.) is reviewed only at the client's request, and would be provided by an outside casualty firm.

While there is risk in all investments, some carry a greater degree of risk or higher costs. There is no guarantee that the investment strategy selected for the client will result in the client's goals being met, nor is there any guarantee of profit or protection from loss. For those investments sold by prospectus, clients should read the prospectus in full.

PCFS is disclosing those risks and opportunities for our investment strategy or for particular types of securities used. The PCFS MAP service generally utilizes mutual funds and ETF's (as discussed below), but PCFS also may utilize the other types of investment vehicles below.

- Stock represents ownership in a company. If the company prospers and grows, the value of the stock should increase. Even if a company is profitable, the stock prices are subject to "market risk" which is attributable to investor attitudes. Stock ownership in more established companies is more conservative, while younger companies provide the most risk and reward opportunities.
- American Depositary Receipt ("ADR") represents an interest in the shares of a non-U.S. company that have been deposited with a U.S. bank. ADRs trade in U.S. dollars and clear through U.S. settlement systems, allowing ADR holders to avoid having to transact in a foreign currency. An ADR may represent the underlying shares on a one-for-one basis, or may represent a fraction of a share or multiple shares. The use of a ratio allows ADRs to be priced at an amount more typical of U.S. market share prices. ADRs may be "sponsored" or "unsponsored." Sponsored ADRs are those in which the non-U.S. company enters into an agreement directly with the U.S. depository bank to arrange for recordkeeping, forwarding of shareholder communications, payment of dividends, and other services. An unsponsored ADR is set up without the cooperation of the non-U.S. company and may be initiated by a broker-dealer wishing to establish a U.S. trading market. An ADR, however, may not be established unless the non-U.S. company is either subject to the reporting requirements under the Securities Exchange Act of 1934 or is exempt under the Act.
- Debt Securities (corporate or municipal bonds) are promissory notes that pay interest and the return of principal at the end of a specified term. Credit risk is the chance the issuer will fail to pay the interest payments on the security or to pay the principal at maturity. Interest rate risk is that the market value of the bonds will go down when interest rates go up. Prepayment risk is the chance that a bond will be paid off early. For example, if interest rates fall, a bond issuer may decide to pay off its debt. When this happens, the investor may not be able to reinvest the proceeds in an investment with as high a return or yield.
- High Yield Bonds have a lower credit rating than investment-grade bonds. Because of the higher risk of default, these bonds pay a higher yield than investment grade bonds.
- Mutual Fund is an investment pool, which may include money market instruments, stocks, bonds, or other investment vehicles. Professional money managers research, select, and monitor the performance of the securities the fund purchases. It is easier to achieve diversification through ownership of mutual funds rather than through ownership of individual stocks or bonds. Even with no-load or load-waived funds, there are mutual fund expenses paid to the fund company. Investors may have to pay taxes on capital gains distribution received by the fund, but not

distributed to the investor. Mutual funds redeem shares at net asset value (“NAV”) at the end of the trading day.

- Unit Investment Trust (“UIT”) is similar to a mutual fund, but once the UIT selects the securities it will hold them. The portfolio is not actively managed and does not sell securities in response to ordinary market fluctuations. There may be special risks if a portfolio is concentrated within a specific sector of the market.
- Index Fund is an investment pool (e.g., mutual fund or ETF invested in stocks, bonds, or other investment vehicles) that aims to replicate the movements of an index of a specific financial market. The lack of active management generally gives the advantage of lower fees and lower taxes in taxable accounts. Of course there are fees, which reduce the return to the investor relative to the index. It is usually impossible to precisely mirror the index, as the models for sampling and mirroring, by their nature, cannot be 100% accurate. The difference between the index performance and the fund performance is known as the “tracking error.” By design, an index fund seeks to match rather than outperform the target index. Therefore, a good index fund with low tracking error will not generally outperform the index, but rather produces a rate of return similar to the index minus fund costs. An index fund does not have to follow a well-known index. There are thousands of index funds, leaving advisors to determine which fund best matches the client’s risk capacity and other investment objectives.
- Exchange Traded Fund (“ETF”) holds securities to match the price performance of a certain market index or commodity price. ETFs can track stock indexes and sectors, bonds and precious metals. ETFs are subject to the same market risks as the index or sector they are designed to track. ETFs can be bought and sold throughout the day like stocks. ETFs may be an index fund or a fully transparent actively managed fund. Certain ETFs are relatively easy to understand, while others may have unusual or complex strategies. For example, “leveraged ETFs” seek to achieve performance equal to a multiple of an index after fees and expenses. These ETFs seek to achieve their investment objective on a daily basis only, potentially making them unsuitable for long-term investors. “Inverse ETFs” use various derivatives to prove from the decline in value of an underlying index or basket of assets.
- Exchange Traded Notes (“ETN”) are a type of debt security that trade on exchanges and promise a return linked to a market index or other benchmark. However, unlike ETFs, ETNs do not buy or hold assets to replicate or approximate the performance of the underlying index. Some of the indexes and investment strategies used by ETNs can be quite sophisticated and may not have much performance history. The return on an ETN generally depends on price changes if the ETN is sold prior to maturity (as with stocks or ETFs) – or on the payment, if any, of a distribution if the ETN is held to maturity (as with some other structured products). An ETN's closing indicative value is computed by the issuer and is distinct from an ETN's market price, which is the price at which an ETN trades in the secondary market. An ETN's market price can deviate, sometimes significantly, from its indicative value. ETNs are complex products and can carry a number of risks including: credit risk, market risk, liquidity risk, price-tracking risk, holding-period risk, and call or early redemption risk.
- Alternative Investments in mutual funds or ETFs: There is no uniform definition of the term “alternative investments.” As utilized by PCFS, alternative or “alt” mutual funds or ETFs are publicly traded funds that use investment strategies that differ from the buy-and-hold strategy typical in funds. Compared to a traditional fund, an alternative fund typically holds more non-traditional investments and employs more complex trading strategies. Alt funds might invest in assets such as global real estate, commodities, natural resources, leveraged loans, foreign



currency, managed futures, derivatives, swap agreements, start-up companies and unlisted securities that offer exposure beyond traditional stocks, bonds and cash. Alt fund strategies might include market neutral (long/short positions) and arbitrage strategies. Alternative mutual funds have unique characteristics and risks. Investors should read the prospectus for an understanding of a particular fund's strategy and risk.

- Variable Annuity is a contract between the investor and an insurance company, under which the insurer agrees to make periodic payments, beginning either immediately or at some future date. A variable annuity offers a range of investment options, and the value of the investment will vary depending on the performance of the underlying investments. Variable annuities offer insurance and death benefits, as well as taking advantage of tax law benefits. The fee and expense charges incurred in a variable annuity are higher than a mutual fund.
- Real Estate Investment Trusts ("REITs") are a form of security that trades like a stock on major markets, yet participates in real estate projects. Most REITs focus on particular types of commercial development, such as apartments or office buildings. This concentration leaves them vulnerable to a downturn in this particular sector of real estate. Also, a high concentration of development in one community or geographic region may leave it vulnerable to a downturn in that area's economy. Equity REITs own and manage income-producing real estate properties. Mortgage REITs purchase or originate mortgages on properties, not the properties themselves. Some REITs use leverage, which has potential for higher rewards, but comes with greater risks. Some REITs are private placements and thus are not traded on the stock exchange. These carry liquidity risk.
- Mortgage-Backed Securities are collateralized by a pool of residential mortgages. Monthly payments "pass through" the originating bank on to a third-party investor. Besides monthly interest payments, mortgages amortize over their life, meaning some amount of principal is paid off with every monthly payment, unlike a bond, which generally pays all principal at maturity. In addition to scheduled amortizations, investors receive, on a pro-rata basis, unscheduled prepayments of principal due to refinancing, foreclosure and house sales. While a typical mortgage may have a term of 30 years, quite often mortgages are paid off much sooner. Because of these unscheduled prepayments, predicting the maturity of the MBS is problematic. The credit risk of mortgage-backed securities depends on the likelihood of the borrower paying the promised cash flows (principal and interest) on time.
- Floating-rate loan funds invest in loans extended by financial institutions to entities of below investment-grade credit quality. Companies that are extended these high interest rate loans usually have a high debt-to-equity ratio, and those loans' yields tend to be higher than investment-grade bonds. The interest rates on floating-rate loans adjust by a pre-determined spread over a reference rate, like the London Interbank Offered Rate (LIBOR). A fund that invests in floating-rate loans may be attractive in a low or rising interest rate environment because, in addition to having higher yields, the fund's interest rate increases when rates rise.

There are times when all types of investments may go down based on world events. This can increase volatility even for a diversified portfolio.

### ***Item 9: Disciplinary Information***

An investment advisor must disclose material facts about any legal or disciplinary event that is material to a client's evaluation of the advisory business or of the integrity of its management personnel. PCFS does not have any disclosure items.

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

PCFS is not, but IA Reps of the firm are licensed as securities salespersons (“Registered Representatives”) and insurance agents as further described below. It is estimated that IA Reps devote approximately 90% of their time to investment advisory activities and the remainder to other business activities.

IA Reps of PCFS are associated with Cetera Advisor Networks LLC (“Cetera”) as Registered Representatives. Cetera is a general securities broker/dealer having membership in the Financial Industry Regulatory Authority (“FINRA”), and is a registered investment advisor with the Securities and Exchange Commission (“SEC”). Cetera (through a series of holding companies) is principally owned by Aretec. Some affiliated companies of Cetera are also general insurance agencies. Our IA Reps, in their capacity as Cetera Registered Representatives, may recommend securities, asset management, or insurance products offered by Cetera or its affiliated companies. If our clients purchase these products through Cetera or its affiliated companies, our IA Reps will receive the normal commissions or fees. Thus, a conflict of interest exists between the interests of our advisory clients and our IA Reps. Our advisory clients are under no obligation to purchase products we recommend, or to purchase them through us or through Cetera or its affiliated companies.

IA Reps of the firm are licensed with several life, disability, and other insurance companies. We may recommend insurance products offered by these companies. If our clients purchase these products through us, we receive the normal commissions. Thus, a conflict of interest exists between our interests and those of our advisory clients. The client is under no obligation to purchase products we recommend, or to purchase products either through us or through these insurance companies.

As further disclosed in the Form ADV 2B (Brochure Supplement) for IA Reps, other activities and affiliations may include:

Own Mortgage, Inc. dba UMAX Mortgage (“UMAX Mortgage”): Certain IA Reps are licensed to sell real estate in the State of California, and as such, are registered mortgage brokers with UMAX Mortgage. In this capacity, they may recommend, and process loans offered through UMAX Mortgage as a Loan Officer. If clients become borrowers, the Loan Officers receive normal commissions or fees. Thus, a conflict of interest exists between the IA Rep interests and those of their advisory clients. The client is under no obligation to utilize PCFS IA Reps for realtor services or purchase loans they recommend.

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

### **Code of Ethics**

PCFS is committed to providing brokerage services and/or investment advice with the utmost professionalism and integrity. These qualities are a vital business asset. The confidence placed in us by our clients is something that we value and protect. PCFS, including its directors, officers, employees, and IA Reps, has a duty to act in the best interest of the client.

To help avoid potential conflicts that might damage our professional reputation and in compliance with securities laws, our Code of Ethics sets forth guidelines and restrictions for personal securities trading, including an absolute prohibition against trading on the basis of “inside” (i.e., material, non-public) information, and addresses conflicts that arise from personal trading by advisory personnel. Adherence to this Code of Ethics is a condition of engagement or employment. Clients may request a copy of the Code of Ethics.

## Personal Trading

At times PCFS and/or its IA Reps may take positions in the same securities as clients, and we will try to avoid conflicts with clients. The firm and its IA Reps will generally be “last in” and “last out” for the trading day when trading occurs in close proximity to client trades. We will not violate our fiduciary responsibilities to our clients. Scalping (trading shortly ahead of clients) is prohibited. Should a conflict occur because of materiality (i.e. a thinly traded stock), disclosure will be made to the client(s) at the time of trading. Incidental trading not deemed to be a conflict (i.e. a purchase or sale which is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price), would not be disclosed at the time of trading.

## ***Item 12: Brokerage Practices***

### Selection or Recommendation of Broker/Dealers

For the Managed Account Program (“MAP”) it is recommended, and clients may choose to implement trades and maintain custody of assets through a discount broker. The services of the Schwab Advisor Services division of Charles Schwab & Co. (“Schwab”) or Pershing, LLC (“Pershing”) are recommended. The selection is made on the discount rates and execution services available to the client. Other discount brokers may have lower rates. Clients may pay transaction fees to Schwab and Pershing for the purchase of “no-load” funds. Schwab and Pershing provide clients with consolidated statements.

Schwab provides PCFS with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. Client accounts maintained in Schwab custody generally are not charged separately for custody, as Schwab is compensated by account holders through commissions or other transaction-related fees for securities that are executed through Schwab.

PCFS is not affiliated with Schwab and Pershing. IA Reps of our firm are not registered representatives of Schwab or Pershing and do not receive any commissions or fees from recommending these services.

Schwab and Pershing make available software and technology to facilitate trade execution and access to client account data. See Soft Dollar Practices below.

### Soft Dollar Practices

PCFS has access to research available through Schwab and Pershing. This research is readily available to any investment advisor utilizing Schwab Advisor Services and may be received by PCFS on an unsolicited (unrequested) basis in addition to other formal arrangements as detailed below.

PCFS understands its duty for best execution and considers all factors in making recommendations to clients. These research services may be useful in servicing all PCFS clients and may not be used in connection with any particular account which may have paid compensation to the firm providing such services. While PCFS may not always obtain the lowest commission rate, PCFS believes the rate is reasonable in relation to the value of the brokerage and research services provided.

Schwab and Pershing also make available other soft dollar compensation for non-research products and services that benefit PCFS but may not benefit its clients' accounts. Some of these other products and services assist PCFS in managing and administering clients' accounts. These include software and other technology that provide access to client account data, facilitate trade execution, pricing information and market data, assist with back-office support, recordkeeping, and client reporting. Many of these services

generally may be used to service all or a substantial number of PCFS's accounts, including accounts not maintained at Schwab or at Pershing. Schwab and Pershing may also provide other services intended to help PCFS 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. Schwab and Pershing may make these available through independent third parties. Schwab and Pershing may discount or waive fees it would otherwise charge for these services or pay all or a part of the fees of a third party providing these services to PCFS.

PCFS's recommendation that clients maintain their assets at Schwab or Pershing may be based in part on the benefit to PCFS of the availability of some of the foregoing products and services and not solely on the quality or cost of services provided by Schwab and Pershing, which creates a potential conflict of interest.

### Trade Aggregation

While individual client advice is provided on each account, client trades may be executed as a block trade. The Advisor encourages its existing and new clients to use the Advisor's "lead custodian." Only accounts in the custody of the lead custodian would have the opportunity to participate in aggregated securities transactions. The executing broker will be informed that the trades are for the account of the Advisor's clients and not for the Advisor itself. No advisory account within the block trade will be favored over any other advisory account; therefore, each account in an aggregated order receives the average share price and the same commission rate. The aggregation usually reduces slightly the costs of execution, and the Advisor will not aggregate a client's order if in a particular instance the Advisor believes that aggregation would increase the client's cost of execution. The Custodian is notified of the amount of each trade for each account. The Advisor and/or its IA Reps may participate in block trades with clients and may also participate on a pro-rata basis for partial fills, but only if clients receive fair and equitable treatment.

## ***Item 13: Review of Accounts and Reports on Accounts***

### Reviews

PCFS monitors the individual investments within the Managed Account Program ("MAP") each day the market is open. Portfolio performance is reviewed on a quarterly basis at a minimum. PCFS offers MAP clients an annual phone call or in-person portfolio review meeting. The client may contact our office at any time to request a phone call or in-person portfolio review meeting on a more frequent basis at no additional cost.

The Financial Plan is a snapshot in time and no ongoing reviews are conducted. We recommend clients engage us on an annual basis to update their financial plan.

The account reviews are performed by the client's IA Rep. The Chief Compliance Officer and other designated compliance staff monitor the portfolios and financial plans for investment objectives and other supervisory review.

### Reports

All clients receive standard account statements from investment sponsors and brokerage firms. MAP clients receive a written (via mail or electronic) quarterly performance report from PCFS.

## ***Item 14: Client Referrals & Other Compensation***

### Referral Fees Paid

PCFS does not compensate for client referrals.

### Referral Fees Received

PCFS does not receive compensation for making client referrals

### Other Compensation

As disclosed in the section heading Other Financial Industry Activities and Affiliations, additional compensation separate from PCFS advisory fees is received by certain IA Reps when clients choose those IA Reps for their realtor services or to process loans through UMAX Mortgage.

PCFS holds client appreciation events. One or more mutual fund sponsors that are utilized by PCFS may contribute towards the expense of these events. These events are not held for sales promotion or education; however the sponsor(s) name will be displayed at the event. This represents a conflict of interest, as it creates an incentive for PCFS to recommend the fund sponsors that are willing to contribute. PCFS understands its fiduciary duty to act in the best interest of the client when making investment recommendations.

### ***Item 15: Custody***

Although client assets are held at a third-party independent custodian, PCFS is deemed to have custody of client funds solely because of the fee deduction authority granted by the client in the advisory agreement. Except for this fee deduction, we do not have authority to withdraw funds out of client accounts.

If/when a client grants PCFS the limited power in a Standing Letter of Authorization (“SLOA”) to the account custodian to disburse funds to a third party, we would also be deemed to have custody. Under such circumstances, our firm will follow regulatory guidance in documenting this procedure.

Clients will receive account statements at least quarterly from the broker-dealer or other qualified custodian. Client is urged to compare custodial account statements against reports prepared by PCFS for accuracy. Minor variations may occur because of reporting dates, accrual methods of interest and dividends, and other factors. The custodial statement is the official record of the account for tax purposes.

### ***Item 16: Investment Discretion***

PCFS provides clients with the option to authorize full discretion under a limited power of attorney as to the securities and amount of securities.

Even when granted discretion, PCFS generally trades in conjunction with an Investment Policy Statement that summarizes the general client investment objectives and strategies used.

PCFS does not have authority to withdraw funds or to take custody of client funds or securities, other than under the terms of the Fee Payment Authorization clause in the Agreement with the client or as granted by the client through a limited power of attorney in an SLOA as stated in the previous section.

### ***Item 17: Voting Client Securities***

PCFS does not vote proxies. It is the client's responsibility to vote proxies. Clients will receive proxy materials directly from the custodian. Questions about proxies may be made via the contact information on the cover page.

***Item 18: Financial Information***

An investment advisor must provide financial information if a threshold of fee prepayments is met; there is a financial condition likely to impair the ability to meet contractual commitments; or, a bankruptcy within the past ten years. PCFS does not have any disclosure items in this section.