

**Universal  
Financial Advisors,  
LLC**  
*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Universal Financial Advisors, LLC (“UFA,” the “Firm,” “we,” “us”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number 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. Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration does not imply any level of skill or training. The Firm is a registered investment adviser. CRD number 318392.

Investment Advisory Services offered through Universal Financial Advisors, LLC, a SEC Registered Investment Advisory Firm.

Securities offered through Securities America, Inc. member FINRA/SIPC.

Universal Financial Advisors, LLC is a separate entity from Securities America, Inc.

Certified Financial Planner Board of Standards Inc. owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™ and 

**Item 2. Material Changes**

This is our initial filing of our Form ADV Part 2 (“Disclosure Brochure”) dated April 2022.

In future filings, this section of the Disclosure Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this Disclosure Brochure on the SEC’s public disclosure website (IAPD) at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

When an update is made to this Disclosure Brochure, we will send you a copy including a summary of material changes, or a summary of material changes that includes an offer to send you a copy (either by electronic means (email) or in hard copy form). You may contact our Chief Compliance Officer, Brian C. Lock (314) 721-5522 or via email at [brian.lock@ufgworld.com](mailto:brian.lock@ufgworld.com) if you have any questions about this Disclosure Brochure.

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## Item 4. Advisory Business

UFA will serve the financial needs of clients seeking personal, comprehensive financial planning and investment management services from advisors with experience. Prior to UFA providing investment advisory services, clients are required to enter into one or more written agreements with UFA setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

The Firm is equally owned by A. Larry Lock, CLU®, ChFC® and Brian C. Lock, CFP®. As of September 2022, UFA has \$162,881,895 of discretionary assets under management and \$17,127,483 are non-discretionary.

While this Disclosure Brochure generally describes our business, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on our behalf (collectively referred to as investment adviser representatives or “IARs” and are subject to the Firm’s supervision or control.

### Financial Planning and Consulting Services

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UFA offers clients a broad range of financial planning and consulting services, which may include any or all of the following functions:

- |                             |                         |
|-----------------------------|-------------------------|
| • Business Planning         | • Retirement Planning   |
| • Cash Flow Forecasting     | • Risk Management       |
| • Trust and Estate Planning | • Charitable Giving     |
| • Financial Reporting       | • Distribution Planning |
| • Investment Consulting     | • Tax Planning          |
| • Insurance Planning        | • Manager Due Diligence |

In performing these services, we are not required to verify any information received from the client or from the client’s other professionals (e.g., attorneys, accountants, etc.) and are authorized to rely on such information. We may recommend clients engage the Firm for additional related services, and our IARs in their individual capacities as insurance agents or registered representatives of a broker-dealer may implement their recommendations. Clients are advised that a conflict of interest exists if clients engage us to provide additional services for compensation. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by us under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising our recommendations and/or services.

### Investment and Wealth Management Services

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We manage client investment portfolios on a discretionary basis and primarily allocate client assets among various mutual funds, exchange-traded funds (“ETFs”), individual debt and equity securities, options and independent investment managers (“Independent Managers”) in accordance with their stated investment objectives.

Where appropriate, IARs may also provide advice about any type of legacy position or other investment held in client portfolios. Clients may engage us to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, we direct or recommend the allocation of client assets among the various investment options available within the product. These assets are generally maintained at the underwriting insurance company, or the custodian designated by the product’s provider.

We tailor our advisory services to meet the needs of our individual clients and seek to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with the client’s stated needs and objectives. We consult with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify us if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if we determine, in our sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm’s management efforts.

### Retirement Plan Consulting Services

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We provide various consulting services to qualified employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans. Each engagement is individually negotiated and customized, and may include any or all of the following services:

- Plan Design and Strategy
- Plan Review and Evaluation
- Executive Planning & Benefits
- Investment Selection
- Plan Fee and Cost Analysis
- Plan Committee Consultation
- Fiduciary and Compliance
- Participant Education

As disclosed in the Advisory Agreement, certain of the foregoing services are provided by us as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In accordance with ERISA Section 408(b)(2), each plan sponsor is provided with a written description of our fiduciary status, the specific services to be rendered and all direct and indirect compensation the Firm reasonably expects under the engagement.

In addition, when we regularly provide investment advice regarding a client's individual retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title 1 of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts of interest, so we operate under a special rule created by the Department of Labor (the "DOL"), that requires us to act in your best interest and not put our interest ahead of yours.

### **Use of Independent Managers**

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We may also select certain Independent Managers to actively manage a portion of our clients' assets. The specific terms and conditions under which a client engages an Independent Manager will be set forth in a separate written agreement with the designated Independent Manager. In addition to this Disclosure Brochure, clients may also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets.

We evaluate a variety of information about Independent Managers, which includes the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses we believe to be reputable. To the extent possible, the Firm seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to our clients' individual portfolio allocations and risk exposure. We also take into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

We continue to provide services relative to the discretionary selection of the Independent Managers. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. We seek to ensure the Independent Managers' strategies and target allocations remain aligned with the clients' investment objectives and overall best interests.

### **Wrap Fee Program**

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We offer a Wrap Fee Account which is administered through a clearing broker/dealer, TD Ameritrade. The Wrap Fee Program is designed to assist you in clarifying your investment needs and obtaining professional asset management for a convenient single "wrap" fee on a discretionary or non-discretionary basis. Under the Wrap Fee Program, an inclusive fee covers account management, brokerage, clearance, custody and administrative services. We will receive a portion of the WRAP fee for our services.

We typically manage wrap accounts similarly to non-wrap accounts. However, several factors may influence the selection of the account structure, including but not limited to:

1. The client's preference for a "wrap" vs. transaction charges per trade on certain or all securities.
2. Account size.
3. Anticipated trading frequency.
4. Anticipated securities to be traded.
5. Management style.
6. Long term investment goals.

The overall cost you will incur if you participate in a wrap fee program may be higher or lower than you might incur by paying transaction costs separately. To compare the cost of the wrap fee program with non-wrap fee portfolio management services, you should consider the frequency of trading activity associated with our investment strategies, the transaction charges involved, and the advisory fees charged.

## **Item 5. Fees and Compensation**

We offer services on a fee basis, which may include fixed and/or hourly fees, as well as fees based upon assets under management or advisement. Additionally, certain of the Firm's IARs, in their individual capacities, may offer securities brokerage services and/or insurance products under a separate commission-based arrangement.

### **Financial Planning and Consulting Fees**

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We generally charge a fixed and/or hourly fee for providing financial planning and consulting services. These fees are negotiable, but generally range from \$1,000 to \$10,000 on a fixed fee basis and/or from \$100 to \$400 on an hourly basis, depending upon the scope and complexity of the services and the professional rendering the financial planning and/or the consulting services. If the client engages the Firm for additional investment advisory services, we may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

The terms and conditions of the financial planning and/or consulting engagement are set forth in the Advisory Agreement and we generally require one-half of the fee (estimated hourly or fixed) payable upon execution of the Advisory Agreement. The outstanding balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

### **Investment Management Fees**

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We offer investment management services for an annual fee based on the amount of assets under the Firm's management. This management fee generally varies, depending upon the size and composition of a client's portfolio and the type of services rendered. Generally, fees range from less than 1% annually to no more than 2.5% annually. The advisory account Minimum Platform Service Fee (MPSF) is \$50 annually per advisory account. The per account MPSF may be waived on a single account(s) provided aggregate MPSF fee for the immediate client family household meets the MPSF of \$50 annually per account on an aggregate basis. For example, one household account could cover the MPSF provided the Platform Service Fee is



enough in aggregate to meet the minimums for all accounts in the household. The specific fee charged for investment management services is disclosed in the Advisory Agreement for the client's specific investment management plan the client chooses to implement.

The annual fee is prorated and charged quarterly, in arrears or in advance, based upon the method selected in the Advisory Agreement and the market value of the assets being managed by the IAR on the last day of the billing period.

No adjustment will be made for intra-quarter withdrawals or deposits. Accounts opened during a quarter may be billed on a pro-rata basis at advisor's discretion. Accounts closed during a quarter will receive a pro-rata refund. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the Advisory Agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

#### **Retirement Plan Consulting Fees**

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We generally charge a fixed project-based fee from 0.25% to 2.5% to provide clients with retirement plan consulting services. Each engagement is individually negotiated and tailored to accommodate the needs of the individual plan sponsor, as memorialized in the Advisory Agreement. These fees vary, based on the scope of the services to be rendered.

#### **Fee Discretion**

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We may, in our sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.

#### **Additional Fees and Expenses**

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In addition to the advisory fees paid to us, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges include securities brokerage commissions, transaction fees, custodial fees, fees charged by the Independent Managers, margin costs, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage practices are described at length in Item 12 below.

We and your IAR do not retain 12b-1 fees paid by funds for either qualified or non-qualified accounts. All 12b-1 fees on accounts are retained by the custodian, TD AMERITRADE Institutional, a division of TD AMERITRADE, Inc. ("TD Ameritrade"). For accounts that are traded with No-Transaction Fee (NTF)

mutual funds and/or (NTF) exchange traded mutual funds, any 12b-1 fee is paid to the custodian in lieu of the client paying transaction or trading costs. Where a fund participates in the NTF platform and does not have a 12b-1 fee, the custodians generally receive a portion of the fund management or administrative fee. The participation of funds in the NTF platform does not increase the cost of the same share class of the fund to the client. Funds that do not participate in the custodian's NTF platform may have lower expense ratios, which may result in a lower annual cost to the client; however, they generally incur transaction fees and trading costs.

### **Direct Fee Debit**

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Clients generally provide us and/or certain Independent Managers with the authority to directly debit their accounts for payment of the advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to us. Alternatively, clients can elect to have us send a separate invoice for direct payment.

### **Account Additions and Withdrawals**

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Clients may make additions to and withdrawals from their account at any time, subject to our right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client's account. Clients may withdraw account assets on notice to us, subject to the usual and customary securities settlement procedures. However, the Firm generally designs its portfolios as long-term investments, and the withdrawal of assets may impair the achievement of a client's investment objectives. We will consult with our clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they are subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

### **Commissions and Sales Charges for Recommendations of Securities**

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Clients can engage certain persons associated with us (but not the Firm directly) to render securities brokerage services under a separate commission-based arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with us. Under this arrangement, the Firm's IARs, in their individual capacities as registered representatives of Securities America, Inc. ("SAI"), may provide securities brokerage services and implement securities transactions under a separate commission-based arrangement. Supervised Persons may be entitled to a portion of the brokerage commissions paid to SAI, as well as a share of any ongoing distribution or service (trail) fees from the sale of mutual funds. We may also recommend no-load or load-waived funds, where no sales charges are assessed. Prior to effecting any transactions, clients are required to enter into a separate account agreement with SAI.

A conflict of interest exists to the extent that we recommend the purchase or sale of securities where our IARs receive commissions or other additional compensation as a result of their recommendations. The Firm

has procedures in place to ensure that any recommendations made by such IARs are in the best interest of clients. For certain accounts covered by the Employee Retirement Income Security Act of 1974 ("ERISA") and such others that we, in our sole discretion, deems appropriate, we may provide our investment advisory services on a fee-offset basis. In this scenario, we will offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by the Firm's Supervised Persons in their individual capacities as registered representatives of SAI.

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

We do not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets). "Side-by-Side Management" refers to a situation in which the same Firm manages accounts and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because we have no performance-based fee accounts, it has no side-by-side management.

## **Item 7. Types of Clients**

We offer services to individuals including high net worth individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations and business entities.

### **Minimum Account Requirements**

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We impose minimum account requirements for opening and maintaining an investment management relationship. We have a minimum size account requirement of \$75,000 per account (can be aggregated, see below). We impose a Minimum Platform Service Fee (MPSF) of \$50 annually or \$12.50 per quarter (see Investment Management Fees under Item 5). The Firm, in its sole discretion, may reduce or waive its minimum account requirements based upon certain criteria. We may aggregate the portfolios of immediate family members living in one household to meet the minimum portfolio size. For example, a household with three accounts, one at \$5,000, another at \$10,000 and a third at \$525,000 would generally meet the minimum ( $\$5,000 + \$10,000 + \$525,000 = \$540,000 / 3 = \$180,000$ ).

In addition, certain Independent Managers may impose more restrictive account requirements and billing practices from the Firm. In these instances, we may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

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

### Methods of Analysis

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The Firm endeavors to keep abreast of the general and macroeconomic business conditions, changes in the law, taxation, and various investment and insurance products relevant to its clients. To this end, we review business publications, seminars, webinars, economic services, tax services, journals, historical data, computer models, and research materials. These can be prepared by parties other than us, for example, corporate rating services, inspections of corporate and business activities, the research of economists and other materials relevant to our services. In addition, the Firm has access and subscribes to a collection of research and commentary from various economists and market strategists. While we rely on other services and sources, we cannot guarantee their accuracy. In consideration of the breadth, complexity, and speed at which information and rules can change, the Firm seeks to stay abreast of nuances as reasonably as possible.

### Investment Strategies

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As with most all investments, there is a tradeoff between the risk of a portfolio, and its expected return. Many types of investment portfolios are considered and utilized by the Firm. The main strategies include “asset allocation” and “diversification” based on Modern Portfolio Theory and Post-Modern Portfolio Theory, considering behavioral finance.

The Firm has a sliding-scale of asset allocation portfolios based on risk (volatility), expected return, and account type. Allocating resources to different classes of financial assets, such as stocks, bonds, cash, sectors, real estate, and commodities, among others, along with each asset segment’s subdivisions, can generally result in diversification. Diversification can potentially lower certain risks and volatility as different assets can react differently under various environments.

Asset allocation portfolios generally utilize historical data to seek to predict an expected risk and expected return of a particular portfolio but are constructed with an eye to the future. Licensed software providers assist us in this process. Specific assets within an asset allocation portfolio are generally selected with the objective of potentially increasing long-term total return given the amount of risk taken, commensurate to a client’s specific profile, as determined in conjunction with the client’s adviser. The Firm’s goal with its investment strategy is to strive to exceed the expected return of the asset classes and asset mix utilized, as this would add value for its clients. Nevertheless, past results and expected returns are not a guarantee of the future, and actual returns. Accounts managed using the principals of asset allocation and diversification are not guaranteed and may lose value.

Overall, as part of its supervisory responsibilities, the Firm requires its IARs to operate generally under the key tenets of Modern Portfolio Theory which include asset allocation and diversification, or a method of management that is sufficiently described and understood by the Firm. Investment strategies and portfolios may differ from adviser to adviser, and from client to client, and there is a risk of adverse consequences due to each adviser’s investment strategy. Each client brings different beliefs and notions to their relationship with us, and we are sensitive to client needs. Specific client account allocations are determined according to a client’s risk tolerance profile. As a result, there may be a departure from some or many of

the tenets of Modern Portfolio Theory for a client. Please note, the Firm reserves the right to use discretion in determining whether or not to work with clients that may not be a good fit, due to investing temperament, among other factors.

Certain IARs may employ the following strategies/techniques in the management of your portfolio(s):

- Market Timing
- Sector Rotation
- Concentrated Positions

Market timing is the strategy of making buy or sell decisions of financial assets by attempting to predict future market price movements. The prediction may be based on an outlook of market or economic conditions resulting from technical or fundamental analysis. This is an investment strategy based on the outlook for an aggregate market, rather than for a particular financial asset. The risks include, but are not limited to, the potential of diminished long-term performance, and/or the potential for loss or decline in investment value that could result from the difficulty in predicting market movement.

Sector rotation is a strategy based on moving investments across business sectors to take advantage of cyclical trends in the overall economy. Sector rotation can be prompted by fundamental changes in the economy or within specific industries, or it can be part of a systematic investment strategy that follows cyclical or seasonal price patterns. The risks include but are not limited to the potential of diminished long-term performance in any one sector, and/or the potential for loss or decline in investment value that could result from the difficulty in predicting sector movement.

A Concentrated Position occurs when an investor owns shares of a single security, single type of security or security invested in a specific sector that represents a large percentage of his or her overall portfolio. The risks include, but are not limited to, market risk of not being diversified, as well as business risks that can be affected by changes in consumer preferences, ineffective management, law changes or new competition to name a few. As such, the risks can potentially cause the loss or decline in investment value.

## **Risk of Loss**

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There are inherent risks involved for each investment strategy or method of analysis we use and the particular type of security we recommend. Investing in securities involves risk of loss which you should be prepared to bear. Depending on the types of securities we invest in, you may face the following investment risks:

### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of our recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that we will be able to predict those price movements accurately or capitalize on any such assumptions.

*Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders' fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

*Use of Independent Managers*

As stated above, we may select certain Independent Managers to manage a portion of its clients' assets. In these situations, we continue to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, we generally may not have the ability to supervise the Independent Managers on a day-to-day basis.

*Real Estate Investment Trusts (REITs)*

We may recommend an investment in, or allocate assets among, various real estate investment trusts ("REITs"), the shares of which exist in the form of either publicly traded or privately placed securities. REITs are collective investment vehicles with portfolios comprised primarily of real estate and mortgage related holdings. Many REITs hold heavy concentrations of investments tied to commercial and/or residential developments, which inherently subject REIT investors to the risks associated with a downturn in the real estate market. Investments linked to certain regions that experience greater volatility in the local real estate market may give rise to large fluctuations in the value of the vehicle's shares. Mortgage related holdings may give rise to additional concerns pertaining to interest rates, inflation, liquidity and counterparty risk.

*Exchange-Traded Notes (ETNs)*

We may recommend an investment in, or allocate assets among, various exchange-traded notes (“ETNs”). ETNs are unsecured debt securities which are listed on securities exchanges and transacted at negotiated prices in the secondary market. ETNs are designed to track the performance of a corresponding benchmark. An ETN is essentially a contract between an issuer and the ETN holder, whereby the issuer, upon maturity, agrees to pay an amount relative to the returns of the underlying benchmark. In addition to the risks associated with the specific benchmark, ETN holders are also subject to various counter-party concerns. In this respect, the value of an ETN may be adversely impacted by a downgrade to the issuer’s credit rating and/or an unwillingness or inability of the issuer to perform its contractual obligations.

*Option Contracts*

We may recommend an investment in or allocate assets in option contracts. Investments in options contracts have the risk of losing value in a relatively short period of time. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses.

*Legal and Regulatory Matters Risks*

Legal developments which may adversely impact investing and investment-related activities can occur at any time. “Legal Developments” means changes and other developments concerning foreign, as well as US federal, state and local laws and regulations, including adoption of new laws and regulations, amendment or repeal of existing laws and regulations, and changes in enforcement or interpretation of existing laws and regulations by governmental regulatory authorities and self-regulatory organizations (such as the SEC, the US Commodity Futures Trading Commission, the Internal Revenue Service, the US Federal Reserve and the Financial Industry Regulatory Authority). Our management of accounts may be adversely affected by the legal and/or regulatory consequences of transactions effected for the accounts. Accounts may also be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by governmental regulatory authorities or self-regulatory organizations.

*System Failures and Reliance on Technology Risks*

Our investment strategies, operations, research, communications, risk management, and back-office systems rely on technology, including hardware, software, telecommunications, internet-based platforms, and other electronic systems. Additionally, parts of the technology used are provided by third parties and are, therefore, beyond our direct control. We seek to ensure adequate backups of hardware, software, telecommunications, internet-based platforms, and other electronic systems, when possible, but there is no guarantee that our efforts will be successful. In addition, natural disasters, power interruptions and other events may cause system failures, which will require the use of backup systems (both on- and off-site). Backup systems may not operate as well as the systems that they back-up and may fail to properly operate, especially when used for an extended period. To reduce the impact a system failure may have, we continually evaluate our backup and disaster recovery systems and perform periodic checks on the backup systems’ conditions and operations. Despite our monitoring, hardware, telecommunications, or other electronic systems malfunctions may be unavoidable, and result in consequences such as the inability to



trade for or monitor client accounts and portfolios. If such circumstances arise, the Investment Committee will consider appropriate measures for clients.

#### *Cybersecurity Risk*

A portfolio is susceptible to operational and information security risks due to the increased use of the internet. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyberattacks include, but are not limited to, infection by computer viruses or other malicious software code, gaining unauthorized access to systems, networks, or devices through “hacking” or other means for the purpose of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cybersecurity failures or breaches by third-party service providers may cause disruptions and impact the service providers’ and our business operations, potentially resulting in financial losses, the inability to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement, or other compensation costs, and/or additional compliance costs. While we have established business continuity plans and risk management systems designed to prevent or reduce the impact of such cyberattacks, there are inherent limitations in such plans and systems due in part to the everchanging nature of technology and cyberattack tactics.

#### *Pandemic Risks*

The outbreak of the novel coronavirus rapidly became a pandemic and has resulted in disruptions to the economies of many nations, individual companies, and the markets in general, the impact of which cannot necessarily be foreseen at the time. This created closed borders, quarantines, supply chain disruptions and general anxiety, negatively impacting global markets in an unforeseeable manner. The impact of the novel coronavirus and other such future infectious diseases in certain regions or countries may be greater or less due to the nature or level of their public health response or due to other factors. Health crises caused by the coronavirus outbreak and future infectious diseases may exacerbate other pre-existing political, social, and economic risks in certain countries. The impact of such health crises may be quick, severe and of unknowable duration. These pandemic and other epidemics and pandemics that may arise in the future could result in continued volatility in the financial markets and could have a negative impact on investment performance.

The above list of risk factors does not purport to be a complete list or explanation of the risks involved in an investment strategy. You are encouraged to consult your IAR and tax professional on an initial and continuous basis in connection with selecting and engaging in the services provided by us. In addition, due to the dynamic nature of investments and markets, strategies may be subject to additional and different risk factors not discussed above.

## **Item 9. Disciplinary Information**

We have not been involved in any legal or disciplinary events that are material to a client’s evaluation of its advisory business or the integrity of its management.



## Item 10. Other Financial Industry Activities and Affiliations

Neither our Firm nor any of our management persons (except as disclosed below), are registered, nor do we have an application pending to register as a futures commission merchant, commodity pool operator, commodity trading advisor or as an associated person of the foregoing entities.

In addition, neither our Firm nor any of our management persons have any arrangement that is material to our advisory business or to our clients that we or any of our management persons have with any related person that is under common control and ownership, i.e., a:

- Broker-dealer, municipal securities dealer, or government securities dealer or broker,
- Investment company or other pooled investment vehicle,
- Other investment adviser or financial planner,
- Futures commission merchant (or commodity pool operator or commodity trading advisor),
- Banking or thrift institution,
- Accountant or accounting firm,
- Lawyer or law firm,
- Insurance company or agency,
- Pension consultant,
- Real estate broker or dealer, or
- Sponsor or syndicator of limited partnerships.

### Registered Representatives of a Broker/Dealer

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Several of the Firm's IARs are registered representatives of SAI and may provide clients with securities brokerage services under a separate commission-based arrangement. This arrangement is described in Item 5.

### Licensed Insurance Agents

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A number of the Firm's IARs are licensed insurance agents and may offer certain insurance products on a fully disclosed commissionable basis. A conflict of interest exists to the extent that we recommend the purchase of insurance products where our IAR may be entitled to insurance commissions or other additional compensation. The Firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

## Item 11. Code of Ethics

### Code of Ethics

We have adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets

forth the standards of conduct expected of its Supervised Persons. Our Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of our personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, the Firm's Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

Transaction for Supervised Person or immediate family member made during last 30 minutes of trading is allowed.

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

Clients and prospective clients can contact UFA to request a copy of its Code of Ethics.

#### Participation or Interest in Client Transactions

Neither our Firm nor any of our Supervised Persons have any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this Disclosure Brochure.

Files of securities transactions effected for our IARs will be maintained for review should there be a conflict of interest. Our Chief Compliance Officer, or his designee, will review all securities transactions of our IARs to ensure no conflicts exist with client executions. To mitigate conflicts of interest, all our employees must comply with our Firm's Compliance Manual and Code of Ethics, which imposes disclosure requirements on the purchase or sale of securities for their own accounts and the accounts of certain related

persons.

Our Firm does not execute transactions on a principal or agency cross basis.

#### Personal Trading

Neither our Firm nor any of our Supervised Persons associated with our Firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we can trade ahead of you and potentially receive more favorable prices than you will receive. To address this conflict of interest, all personal securities accounts are reviewed at least quarterly for compliance with our Firm's Code of Ethics, as previously discussed.

## **Item 12. Brokerage Practices**

### **Recommendation of Broker/Dealers for Client Transactions**

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For investment management clients, we recommend that clients utilize the custody, brokerage and clearing services of Securities America, Inc. ("SAI"), and TD Ameritrade for investment management accounts. We participate in the institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA, an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisers services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD Ameritrade through its participation in these services. These Financial Institution Custodians provide institutional platform services to the Firm. Institutional platform services include custody of securities, trade execution, clearance and settlement of transactions.

Factors which we consider in recommending SAI, TD Ameritrade, or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. The Financial Institutions recommended by the Firm may enable the Firm to obtain many mutual funds without transaction charges and other securities at nominal or no transaction charges. The commissions and/or transaction fees charged by the Financial Institutions recommended by the Firm may be higher or lower than those charged by other Financial Institutions.

The commissions paid by our clients to SAI, and/or TD Ameritrade comply with the Firm's duty to obtain "best execution." Clients pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where we determine 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. We seek competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

We do not have formal soft dollar arrangements. However, we may receive some research because client assets are custody at TD Ameritrade. Such research generally will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because we do not have to produce or pay for the products or services.

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

### **Software and Support Provided by Financial Institutions**

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We may receive, without cost, from the Financial Institution Custodians it recommends, computer software, related systems support and other economic benefits. We receive these benefits because our Firm renders investment management services to clients that maintain assets at those Financial Institutions.

Specifically, we receive the following benefits from the Financial Institutions:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services its institutional traders;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts;
- Access to an electronic communication network for client order entry and account information; and
- Third-party research, publications, access to educational conferences, roundtables, webinars, and practice management resources.

The Firm also has the ability to deduct advisory fees directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and has discounts on compliance, marketing, research, technology, and practice management products or services provided to the Firm by third-party vendors. TD Ameritrade may fund business consulting and professional services received by UFA's related persons.

Some of the products and services made available by TD Ameritrade through the program can benefit us but not our clients. These products or services assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop its business enterprise. The benefits received by our participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade.

The benefits the Firm receives from Financial Institutions it recommends are not provided in connection with clients' securities transactions (i.e., not "soft dollars"). The software, related systems support, and other economic benefits benefit us, but not its clients directly. In fulfilling its duties to its clients, we endeavor always to put the interests of its clients first. Clients should be aware, however, that our receipt of economic benefits from a Financial Institution creates a conflict of interest since these benefits influence the Firm's choice of one Financial Institution over another that does not furnish similar software, systems support or services.

### **Brokerage for Client Referrals**

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We do not consider, in selecting or recommending broker/dealers, whether the Firm receives client referrals from the Financial Institutions or other third parties.

### **Directed Brokerage**

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We do not have directed brokerage arrangements.

### **Commissions or Sales Charges for Recommendations of Securities**

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As discussed above, certain Supervised Persons in their respective individual capacities are registered representatives of SAI. These Supervised Persons are subject to FINRA Rule 3040 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless SAI provides written consent. Therefore, clients are advised that certain Supervised Persons may be restricted to conducting securities transactions through SAI if they have not secured written consent from SAI to execute securities transactions through a different broker-dealer. Absent such written consent or separation from SAI, these Supervised Persons are prohibited from executing securities transactions through any broker-dealer other than SAI under its internal supervisory policies. The Firm is aware of our duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

### **Trade Aggregation**

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Transactions for each client generally will be effected independently unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may (but are not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among our clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which our Supervised Persons may invest, the Firm generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the SEC. We do not receive any additional compensation or remuneration as a result of the aggregation.

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

#### Administrative Trade Errors

From time-to-time, we may make an error in submitting a trade order on the client's behalf. Trading errors may include several situations, such as:

- The wrong security is bought or sold for a client;
- A security is bought instead of sold;
- A transaction is executed for the wrong account,
- Securities transactions are completed for a client that had a restriction on such security; or
- Securities are allocated to the wrong accounts.

When this occurs, we place a correcting trade with the broker-dealer which has custody of the client's account. If an investment gain results from the corrective action, the amount of the gain will be donated to a charity designated by TD Ameritrade. Currently, the designated charity is The Red Cross. If a loss occurs due to our administrative trade error, we are responsible and will pay for the loss to ensure that the client is made whole.

Note: To limit the respective administrative expenses and burden of processing small trade errors, it should be noted some custodians (at their own discretion) may elect not to invoice us if the trade error involves a de minimis dollar amount (usually less than \$100). Generally, if related trade errors result in both gains and losses in your account, they may be netted.

## **Item 13. Review of Accounts**

### **Account Reviews**

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We monitor client portfolios on a continuous and ongoing basis while regular account reviews are

conducted on at least a quarterly basis. Such reviews are conducted by the Firm's IARs. All investment advisory clients are encouraged to discuss their needs, goals and objectives with us and to keep the Firm informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

### **Account Statements and Reports**

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from us and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients have an obligation to review statements received from the Custodians to review and verify activities including contributions and distributions reported in accounts. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from us or an outside service provider. If any discrepancies are noted, clients should immediately report findings to us, their IAR or the custodian. Failure to timely report discrepancies may result in forfeiture of any corrective actions by the custodian.

## **Item 14. Client Referrals and Other Compensation**

### **Client Referrals**

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We do not have any arrangement under which we, or a related person, directly or indirectly compensate any person, who is not our supervised person, or receive compensation from another for client referrals.

### **Broker/Dealer Affiliation with Securities America**

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We and our IARs have engaged the services of SAI as its broker/dealer as of July 2015. Any additional payments to the IARs in their capacities as registered representatives of SAI may present a conflict of interest in that the IARs have a financial incentive to maintain a relationship with SAI.

UFA advisory accounts are not required to be custodied or traded with SAI.

### **Other Compensation**

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We receive an economic benefit from our custodian (TD Ameritrade) in the form of the support products and services it makes available to us. You do not pay more for assets maintained at the custodian as a result of these arrangements. However, we benefit from the arrangements because the cost of these services would otherwise be borne directly by us. You should consider these conflicts of interest when selecting a custodian. The products and services provided by our custodian, how they benefit us, and the related

conflicts of interest are described above under *Item 12 Brokerage Practices*. The availability of our custodian's products and services are not based on us giving particular investment advice, such as buying particular securities for our clients.

## Item 15. Custody

The Advisory Agreement and/or the separate agreement with any Financial Institution generally authorize us and/or the Independent Managers to debit client accounts for payment of the Firm's fees and to directly remit that those funds to the Firm in accordance with applicable custody rules. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to us.

In addition, as discussed in Item 13, we may also send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from us.

Certain client accounts, at the clients' request, have a Standing Letter of Authorization ("SLOA") arrangement with the custodian, allowing us to give instructions on direct transfer of funds between client accounts. Current SEC policy deems this to fall under the definition of custody. All such transfers are closely monitored and regulatory audited in accordance with SEC standards to assure that no funds are misdirected or misappropriated. Your custodian will inform you directly of all transfers made under this kind of arrangement. Clients should contact their custodian(s) and notify us without delay if clients do not receive regular independent statements from the custodians or suspect any unauthorized access to the accounts(s).

Under government regulations, we are deemed to have custody of a client's assets if the client authorizes us to instruct the custodians to deduct our advisory fees directly from the client's account. This is the case for accounts custodied at TD Ameritrade. The custodians maintain actual custody of clients' assets. Clients receive account statements directly from the respective custodian at least quarterly. They will be sent to the email or postal mailing address the client provides to the Custodian. Clients have an obligation to review statements received from the Custodian to review and verify activities including contributions and distributions reported in accounts. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from us or an outside service provider. If any discrepancies are noted, clients should immediately report findings to us, their IAR or the custodian. Failure to timely report discrepancies may result in forfeiture of any corrective actions by the custodian.

## Item 16. Investment Discretion

In our agreements, we are given the authority to exercise discretion on behalf of clients. We are considered



to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. We are given this authority through a power-of-attorney included in the agreement between us and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). We take discretion over the following activities:

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

For non-discretionary asset management, we provide investment recommendations but require client's approval to proceed. Clients make the ultimate decision regarding the purchase or sale of investments.

## **Item 17. Voting Client Securities**

### **Proxy Voting**

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We do not accept or have the authority to vote proxies on your behalf. Our client advisory agreements, or other client documents, provide that our advisory clients expressly retain the authority and responsibility for voting proxies of portfolio securities. We may provide advisory clients with administrative assistance regarding proxy voting or issues; however, you have the responsibility to receive and vote any proxies. Clients will receive their proxies or other solicitations directly from the custodian or have them sent to our office. Nevertheless, we have no obligation to vote on the clients' behalf. Clients should contact the custodian with questions about a particular solicitation. Clients can contact us, and we can facilitate contact with the custodian regarding proxy solicitations.

Nothing in this Disclosure Brochure may be interpreted to limit or modify our fiduciary duties to our clients and nothing in this Disclosure Brochure shall be deemed a waiver of any right or remedy that a client may have under federal or state securities laws. Federal and state securities laws impose liabilities under certain circumstances on persons who act in good faith.

### **Class Actions**

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In addition, as a general policy, we do not elect to participate in class action lawsuits on behalf of a client. Rather, such decisions shall remain with the client or with an entity the client designates. We may assist in determining whether they should pursue a particular class action lawsuit by assisting with the development of an applicable cost-benefit analysis, for example. However, the final determination of whether to participate, and the completion and tracking of any such related documentation, shall rest with the client.

**Item 18. Financial Information**

We are not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not take custody of client funds or securities
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not currently, nor have been, at any time the subject of a bankruptcy petition.

## **PRIVACY POLICY**

### **Commitment to Privacy**

Clients of UFA share both personal and financial information. Privacy is important to us, and we are dedicated to safeguarding your information.

### **Information Provided by Clients**

In the normal course of business, we typically obtain the following information about clients:

- Personal identity information such as name, address, and social security number;
- Information regarding securities transactions; and
- Financial information such as net-worth, assets, income, bank account information, and account balances.

### **How UFA Manages and Preserves Personal Information**

We do not sell information about current or former clients to 3rd parties. It is not a practice of UFA to disclose such information to third parties unless requested to do so by a client, client representative, or if necessary, in order to process a transaction, service an account, or manner permitted by law. In addition, we may share information with outside companies contracted to perform administrative services. Our contractual arrangements with service providers require them to treat your information as confidential.

In order to preserve your personal information, we maintain physical, electronic and procedural safeguards. Our Privacy Policy restricts the use of client information and requires that it be held in strict confidence.

### **Client Notifications**

We are required by law to annually provide a notice describing our privacy policy. In addition, we will inform you promptly if there are changes to our policy. Please do not hesitate to contact us with questions about this notice.