

# Scherer Financial Advisory Services, LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Scherer Financial Advisory Services, LLC. If you have any questions about the contents of this brochure, please contact us at (972) 267-9655 or by email at: [scott.scherer@schererfinancial.net](mailto:scott.scherer@schererfinancial.net). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Scherer Financial Advisory Services, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Scherer Financial Advisory Services, LLC's CRD number is: 317435.*

16250 Knoll Trail Drive Suite 207  
Dallas, TX 75248 (972) 267-9655  
[Scott.scherer@schererfinancial.net](mailto:Scott.scherer@schererfinancial.net)

*Registration as an investment adviser does not imply a certain level of skill or training.*

Version Date: 03/15/2023

## Item 2: Material Changes

This Form ADV Part 2A brochure ("Brochure") is a document which the Advisor provides to clients as mandated by the SEC. The material changes in this brochure from the last annual updating amendment of Scherer Financial Advisory Services, LLC on September 6, 2022 are described below.

- Item 4 - Updated disclosures with respect to Advisory Services.
- Item 5 - Updated disclosures with respect to the Adviser's Fees and Compensation
- Item 4 & 5 - Updated to remove financial planning services.

—

## Item 3: Table of Contents

Item 1: Cover Page	
Item 2: Material Changes.....	2
Item 3: Table of Contents.....	3
Item 4: Advisory Business .....	4
Item 5: Fees and Compensation .....	6
Item 6: Performance-Based Fees and Side-by-Side Management .....	7
Item 7: Types of Clients .....	8
Item 8: Methods of Analysis, Investment Strategies, & Risk of Loss .....	8
Item 9: Disciplinary Information .....	12
Item 10: Other Financial Industry Activities and Affiliations .....	13
Item 11: Code of Ethics .....	14
Item 12: Brokerage Practices .....	15
Item 13: Review of Accounts .....	16
Item 14: Client Referrals and Other Compensation .....	16
Item 15: Custody .....	17
Item 16: Investment Discretion .....	17
Item 17: Voting Client Securities (Proxy Voting) .....	18
Item 18: Financial Information .....	18

## Item 4: Advisory Business

### A. Description of the Advisory Firm

Scherer Financial Advisory Services, LLC (hereinafter “SFAS”) is a Limited Liability Company organized in the state of Texas. The firm was formed in November 2018, and the principal owner is Scott Stephen Scherer.

### B. Advisory Services

#### *General Information*

The Adviser was formed in 2018 to provide portfolio management and general consulting services to its clients. At the beginning of the client relationship, the Adviser works with the client to gather pertinent information regarding the client’s assets, investment experience, risk tolerance, and overall financial condition. Once the Adviser and the client have made this (“Client Profile”) determination, then they are able to set goals and investment objectives (“Investment plan”) suited to the client.

Each Client Profile is a current snapshot of the financial condition and future goals of the client. The Investment Plan outlines the investments the Adviser will make on behalf of the client to reach those goals. This process is repeated at a minimum of once a year and discussed with the client but may not necessarily be in written form.

If the Adviser provides general consulting services, the Adviser will work to ensure that the client’s objective or project is summarized and clarified.

#### *Portfolio Management Services*

SFAS offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. SFAS creates an Investment Profile for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels). Portfolio management services include, but are not limited to, the following:

- Investment strategy
- Personal investment policy
- Asset allocation
- Asset selection
- Risk tolerance
- Regular portfolio monitoring

SFAS evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Risk tolerance levels are documented in the Investment Profile which is given to each client. SFAS seeks to provide investment decisions that are made in accordance with the fiduciary duties owed to its clients and without consideration of SFAS’s economic, investment or other financial interests. To meet its fiduciary obligations, SFAS attempts to avoid, among other things, investment or trading practices that systemically advantage or disadvantage certain client portfolios, and accordingly, SFAS’s policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another client.

When implementing the client's Investment Plan, the Adviser will manage the client's investment portfolio on a discretionary or non-discretionary basis pursuant to an investment advisory agreement with the client. As a discretionary investment adviser, the Adviser will have the authority to supervise and direct the portfolio without prior approval or consultation with the client. Clients who choose a non-discretionary agreement must be contacted prior to the execution of any trade in the portfolio under management. This could result in a delay executing trades which could adversely affect the performance of the portfolio. This delay also means the affected portfolio will not be able to participate in block trades, a practice designed to enhance the execution quality and cost for all accounts included in the block trade. In a non-discretionary account, the client retains the responsibility for the final decision on all actions taken with respect to the portfolio.

### ***Raymond James AMS Account Program Services***

When appropriate and in accordance with the Investment Plan for the client, SFAS may utilize Raymond James asset-based fee account programs offered through Asset Management Services ("AMS"), an operating division of Raymond James & Associates, Inc. Having access to the AMS program provides SFAS access to various Mutual Funds in different asset allocation models to meet various investment needs and objectives of the client.

SFAS is compensated by AMS, the subadvisor to which it directs those clients. The fees charged to the client use the same tiered schedule as the SFAS Wrap Fee Program. SFAS absorbs the cost of the Raymond James AMS program fee. The Raymond James Wrap Fee program brochure, Form ADV Part 2A is provided to the client annually and upon request. Raymond James & Associates will provide discretionary investment management services acting as a Subadvisor. SFAS is responsible for the selection and termination of an RJA Account Program and the selection of the AMS Managed Program, investment discipline, and/or strategy.

### ***General Consulting***

The Adviser may provide general consulting services to clients in conjunction with Portfolio Management Services. For clients who are individuals, these services are generally provided on a project basis, and may include, without limitation, cash flow projections, income tax projections or analysis, and insurance analysis such as Long-term Care or life insurance. The scope and fees for consulting services will be negotiated with each client at the time of engagement for the project.

### ***Services Limited to Specific Types of Investments***

SFAS generally limits its investment advice to mutual funds, fixed income securities, real estate funds (including REITs), insurance products including annuities, equities, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds, commodities, and non-U.S. securities. SFAS may use other securities as well to help diversify a portfolio when applicable.

## C. Client Tailored Services and Client Imposed Restrictions

SFAS offers the same suite of services to all its clients. However, specific client investment strategies and their implementation are dependent upon the Client Investment Profile statement which outlines each client's current situation (income, tax levels and risk tolerance levels.) Clients may impose restrictions in investing in certain securities in accordance with their levels or beliefs. However, if the restrictions would require SFAS to deviate from its standard suite of services, SFAS reserves the right to end the relationship.

## D. Wrap Fee Programs

SFAS acts as portfolio manager for and sponsor of a wrap fee program, which is an investment program where the client pays one stated fee that includes management fees, transaction costs, and certain other administrative fees. Please see the separate SFAS Wrap Fee Program Brochure. SFAS manages the investments in the wrap fee program but does not manage those wrap fee accounts any differently than it would manage non-wrap fee accounts. SFAS receives the advisory fee set forth in the Wrap Fee Program Brochure under the wrap fee program.

## E. Assets Under Management

SFAS has the following under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$88,306,829.79	\$18,898,924	December 2022

## Item 5: Fees and Compensation

### *Portfolio Management Services Fees*

Total Assets	Annual Fee
Assets under \$1M	Max 1.50%
Assets from \$1M-\$1.99M	Max 1.25%
Assets from \$2M-\$3.99M	Max 1.00%
Assets from \$4M or more	Max 0.80%

These fees are negotiable, and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Lower fees for comparable services may be available from other sources.

The balance in the client's account on the last day of the prior billing period is used to determine the market value of the assets upon which the advisory fee is based.

Clients may terminate the agreement without penalty, for a full refund of SFAS's fees, within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract with thirty days' written notice.

### *Raymond James AMS Account Program Services Fees*

SFAS may utilize Raymond James asset-based fee account programs offered through Asset Management Services ("AMS"), an operating division of Raymond James & Associates, Inc. SFAS is compensated by AMS, the subadvisor to which it directs those clients. The fees charged to the client use the same tiered schedule as the SFAS Wrap Fee Program. These fees are negotiable, and the final fee schedule is attached as an exhibit of the AMS Investment Agreement. Lower fees for comparable services may be available from other sources.

SFAS absorbs the cost of the Raymond James AMS program fee. The Raymond James Wrap Fee program brochure, Form ADV Part 2A is provided to the client annually and upon request.

## **B. Payment of Fees**

### ***Payment of Portfolio Management Fees***

Portfolio management fees are withdrawn directly from the client's accounts with the client's written authorization. Fees are paid quarterly in advance.

### ***Payment of Raymond James AMS Account Program Services Fees***

Fees are paid quarterly in advance. Fees for Raymond James AMS Account Program are withdrawn directly from the client's accounts by SFAS with client's written authorization.

## **C. Client Responsibility For Third Party Fees**

Clients are responsible for the payment of all third-party fees (i.e., custodian fees, brokerage fees, etc.) Those fees are separate and distinct from the fees and expenses charged by SFAS. Please see item 12 of this brochure regarding broker-dealer/custodian.

## **D. Prepayment of Fees**

SFAS collects fees in advance. Refunds for fees paid in advance but not yet earned will be refunded on a prorated basis and returned within fourteen days to the client via check or return deposit back into the client's account.

For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee by 365.)

For hourly fees that are collected in advance, the fee refunded will be the balance of the fees collected in advance minus the hourly rate times the number of hours of work that has been completed up to and including the day of termination.

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

Neither SFAS nor its supervised persons accept any compensation for the sale of investment products, including asset-based sales charges or service fees from the sale of mutual funds.



## **Item 6: Performance-Based Fees Side-by-Side Management**

SFAS does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

SFAS generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals

There is no account minimum for any of SFAS's services.

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

### **A. Methods of Analysis and Investment Strategies**

SFAS's methods of analysis include Modern portfolio theory. Modern portfolio theory is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

#### ***Investment Strategies***

SFAS uses selection of other advisers, long term trading and options trading (including covered options, uncovered options, or spreading strategies).

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

## B. Material Risks Involved

### *Methods of Analysis*

**Modern portfolio theory** assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

### *Investment Strategies*

SFAS's use of options trading generally holds greater risk, and clients should be aware that there is a material risk of loss using any of those strategies.

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

**Options transactions** involve a contract to purchase a security at a given price, not necessarily at market value, depending on the market. This strategy includes the risk that an option may expire out of the money resulting in minimal or no value, as well as the possibility of leveraged loss of trading capital due to the leveraged nature of stock options.

**Selection of Other Advisers:** Although SFAS will seek to select only money managers who will invest clients' assets with the highest level of integrity, SFAS's selection process cannot ensure that money managers will perform as desired and SFAS will have no control over the day-to-day operations of any of its selected money managers. SFAS would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift" or even regulator breach or fraud. In monitoring and analyzing the third-party advisers, SFAS uses benchmarking analysis, assessing whether the adviser's performance has met, exceeded, or fallen short of comparable benchmarks (e.g., Russell 2000, S&P 500, etc.), together with comparison against any stated benchmarks the adviser has set for itself.

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

## C. Risks of Specific Securities Utilized

SFAS's use of options trading generally holds a greater risk of capital loss. Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature.

**Equity investment** generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best-known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Risks in investing in ETFs include trading risks, liquidity and shutdown risks, risks associated with a change in authorized participants and non-participation of authorized participants, risks that trading price differs from indicative net asset value (NAV), or price fluctuation and disassociation from the index being tracked. With regard to trading risks, regular trading adds cost to your portfolio thus counteracting the low fees that are one of the typical benefits of ETFs. Additionally, regular trading to beneficially "time the market" is difficult to achieve. Even paid fund managers struggle to do this every year, with the majority failing to beat the relevant indexes. With regard to liquidity and shutdown risks, not all ETFs have the same level of liquidity. Since ETFs are at least as liquid as their underlying assets, trading conditions are more accurately reflected in implied liquidity rather than the average daily volume of the ETF itself. Implied liquidity is a measure of what can potentially be traded in ETFs based on its underlying assets. ETFs are subject to market volatility and the risks of their underlying securities, which may include the risks associated with investing in

smaller companies, foreign securities, commodities, and fixed income investments (as applicable). Foreign securities in particular are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets. ETFs that target a small universe of securities, such as a specific region or market sector, are generally subject to greater market volatility, as well as to the specific risks associated with that sector, region, or other focus. ETFs that use derivatives, leverage, or complex investment strategies are subject to additional risks. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors. The return of an index ETF is usually different from that of the index it tracks because of fees, expenses, and tracking error. An ETF may trade at a premium or discount to its net asset value (NAV) (or indicative value in the case of exchange-traded notes). The degree of liquidity can vary significantly from one ETF to another, and losses may be magnified if no liquid market exists for the ETF’s shares when attempting to sell them. Each ETF has a unique risk profile, detailed in its prospectus, offering circular, or similar material, which should be considered carefully when making investment decisions.

**Real estate funds** (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Commodities** are tangible assets used to manufacture and produce goods or services. Commodity prices are affected by different risk factors, such as disease, storage capacity, supply, demand, delivery constraints and weather. Because of those risk factors, even a well-diversified investment in commodities can be uncertain.

**Options** are contracts to purchase a security at a given price, risking that an option may expire out of the money resulting in minimal or no value. An uncovered option is a type of options contract that is not backed by an offsetting position that would help mitigate risk. The risk for a “naked” or uncovered put is not unlimited, whereas the potential loss for an uncovered call option is limitless. Spread option positions entail buying and selling multiple options on the same underlying security, but with different strike prices or expiration dates, which helps limit the risk of other option trading strategies. Option transactions also involve risks including but not limited to economic risk, market risk, sector risk, idiosyncratic risk, political/regulatory risk, inflation (purchasing power) risk and interest rate risk.

**Non-U.S.** securities present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

**Initial Public Offering (“IPO”)** shares have no trading history, are speculative and are not suitable for all investors. Although IPOs and new-to-market securities have the potential to deliver returns, they also carry serious risks for any investor, including the broader risks associated with equities. Founders may try to drum up interest in the offering in order to drive up the IPO valuation. As a result, share prices at the time of an IPO can be artificially high, meaning that shares can lose value rapidly and soon after the time of the IPO. New to market securities do not have the historical performance, pricing history, or other important details that publicly traded securities are required to provide. Additionally, even when a private company discloses all relevant information, it is still more difficult for an investor to predict how the company will perform post-IPO, as the public offering often necessitates a shift in the company’s strategy.

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

## Item 9: Disciplinary Information

### A. Criminal or Civil Actions

There are no criminal or civil actions to report.

### B. Administrative Proceedings

There are no administrative proceedings to report.

### C. Self-regulatory Organization (SRO) Proceedings

There are no self-regulatory organization proceedings to report.

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

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

Neither SFAS nor its representatives are registered as or have pending applications to become a broker/dealer or as representatives of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither SFAS nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

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

Scott Stephen Scherer is an accountant with Scherer CPA, LLC. From time to time, he may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. SFAS always acts in the best interest of the client and clients are in no way required to utilize the services of any representative of SFAS in connection with such individual's activities outside of SFAS.

Scott Stephen Scherer is an independent licensed insurance agent, and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. SFAS always acts in the best interest of the client, including the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services of any representative of SFAS in connection with such individual's activities outside of SFAS.

Howard William Montfort is an independent licensed insurance agent, and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. SFAS always acts in the best interest of the client, including the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services of any representative of SFAS in connection with such individual's activities outside of SFAS.

## **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

SFAS may direct clients to third-party investment advisers. SFAS will be compensated via a fee share from the advisers to which it directs those clients. The fees shared will not exceed any limit imposed by any regulatory agency. This creates a conflict of interest in that SFAS has an incentive to direct clients to the third-party investment advisers that provide SFAS with a larger fee split. SFAS will always act in the best interests of the client, including when determining which third party investment adviser to recommend to clients. SFAS will verify that all recommended advisers are properly licensed, notice filed, or exempt in the states where SFAS is recommending the adviser to clients.

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

### **A. Code of Ethics**

SFAS has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. SFAS's Code of Ethics is available free upon request to any client or prospective client.

### **B. Recommendations Involving Material Financial Interests**

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

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of SFAS may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of SFAS to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. SFAS will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

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

From time to time, representatives of SFAS may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of SFAS to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, SFAS will never engage in trading that operates to the client's disadvantage if representatives of SFAS buy or sell securities at or around the same time as clients.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on SFAS's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and SFAS may also consider the market expertise and research access provided by the broker dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in SFAS's research efforts. SFAS will never charge a premium or commission on transactions beyond the actual cost imposed by the broker dealer/custodian.

SFAS currently uses Raymond James & Associates, Inc. but may use other custodians in the future.

### ***Research and Other Soft-Dollar Benefits***

While SFAS has no formal soft dollar's program in which soft dollars are used to pay for third party services, SFAS may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). SFAS may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28€ of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and SFAS does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. SFAS benefits by not having to produce or pay for the research, products, or services, and SFAS will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that SFAS's acceptance of soft dollar benefits may result in higher commissions charged to the client.



## ***Brokerage for Client Referrals***

SFAS receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

## ***Clients Directing Which Broker/Dealer/Custodian to Use***

SFAS will require clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer.

### **B. Aggregating (Block) Trading for Multiple Client Accounts**

If SFAS buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, SFAS would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. SFAS would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek the best execution, except for those accounts with specific brokerage direction (if any).

## **Item 13: Review of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All Managed portfolios are reviewed at least annually but may be reviewed more often if requested by the client or deemed advisable by The Adviser. The Investment Advisor Representative (IAR) in charge of the accounts will complete the review.

Account custodians are responsible for providing monthly or quarterly account statements which reflect the positions in each account as well as any activity for the period. Account custodians also provide prompt confirmation of all trading activity, and year-end tax statements, such as 1099 forms. In addition, the Adviser provides at least an annual report for each managed portfolio. This written report includes a summary of the portfolio holdings and performance results. Additional reports are available upon request by the client.

After the presentation of the plan, there are no further reports. Clients may request additional plans in the future.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

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

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive the financial plan upon completion.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

SFAS receives compensation from third-party advisers to which it directs clients.

### **B. Compensation to Non-Advisory Personnel for Client Referrals**

SFAS does not directly or indirectly compensate any person who is not an Investment Advisor Representative for client referrals.

## **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, SFAS will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

Custody is also disclosed in Form ADV because SFAS has authority to transfer money from client account(s), which constitutes a standing letter of authorization (SLOA). Accordingly, SFAS will follow the safeguards specified by the SEC rather than undergo an annual audit.

## **Item 16: Investment Discretion**

SFAS provides discretionary and non-discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, SFAS generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share.

## **Item 17: Voting Client Securities (Proxy Voting)**

SFAS will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from

the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

SFAS neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither SFAS nor its management has any financial condition that is likely to reasonably impair SFAS's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

SFAS has not been the subject of a bankruptcy petition in the last ten years.