

# Disclosure Brochure



March 30, 2023

This brochure provides information about the qualifications and business practices of Sutterfield Financial Group, Inc. (hereinafter "SFG" or the "Firm"). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed below. 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). SFG is an SEC registered investment adviser. Registration does not imply any level of skill or training.

## Item 2. Material Changes

Since our last annual updating amendment dated March 22, 2022, we have the following material changes to report.

- We no longer compensate solicitors for client referrals. Consequently, we have amended Item 14 Client Referrals and Other Compensation with the following disclosure:

“As disclosed under the *Fees and Compensation* section in this brochure, persons providing investment advice on behalf of our firm are licensed insurance agents, and are registered representatives with Purshe Kaplan Sterling Investments, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. For information on the conflicts of interest this presents, and how we address these conflicts, refer to the *Fees and Compensation* section.

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.”

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## Item 4. Advisory Business

SFG is an investment adviser providing financial planning, consulting, and investment management services. Prior to the rendering of any of the foregoing advisory services, clients are required to enter into one or more written agreements with SFG setting forth the relevant terms and conditions of the advisory relationship (the “Agreement”).

SFG has been an independent registered investment adviser since April 2002. Trevor S. Sutterfield and Michelle L. Sutterfield are the principal owners of SFG. As of December 31, 2022, SFG had \$174,816,099 of assets under management, of which \$165,763,906 was managed on a discretionary basis and \$9,052,193 was managed on a non-discretionary basis. SFG is the sole owner of Seraph Capital Associates, LLC (“Seraph”). As of December 31, 2022, Seraph managed \$65,075,378 on a discretionary basis on behalf of SFG clients.

To the extent that the advisory fees charged by SFG or our subsidiary Seraph exceed 2% of total assets under management, we are required to disclose that our fees are higher than that charged in the industry and that other advisors can provide the same or similar services at lower rates.

While this brochure generally describes the business of SFG, 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 SFG’s behalf and is subject to the Firm’s supervision or control.

### **Financial Planning and Consulting Services**

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SFG provides its clients with a broad range of comprehensive financial planning and consulting services. These services include the following: retirement planning; educational planning; estate planning; tax planning; captive insurance formation, consulting, and management service; and business planning. SFG also offers specialized services including business valuation, business sale and purchase strategies; qualified/non-qualified retirement plans; key employee incentives; risk management and insurance analysis; captive insurance consulting, formation and management services; education planning; retirement planning; cash flow and debt management; tax strategies; estate planning and charitable giving; optional legal document preparation; current portfolio analysis; and investment portfolio design.

In addition, SFG provides comprehensive accounting services and advice including bookkeeping, payroll services, accounting, tax preparation and tax planning services. These services may be offered in conjunction to other financial planning and consulting services, or SFG can be engaged to provide these services on a stand-alone basis.

In performing these services, SFG is not required to verify any information received from the client or from the client’s other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information.

SFG may recommend the services of itself, its *Supervised Persons* in their individual capacities as insurance agents or registered representatives of a broker-dealer and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if clients engage SFG or its supervised persons to provide additional fee-based services. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by SFG under a financial planning or consulting engagement or to engage the services of any such recommended professionals, including SFG itself. 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 SFG's previous recommendations and/or services.

### **Investment Management Services**

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SFG manages client investment portfolios on a discretionary or non-discretionary basis.

SFG primarily allocates client assets among mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities and options, as well as the securities components of variable annuities and variable life insurance contracts, in accordance with the investment objectives of its individual clients. Where appropriate, the Firm also provides advice about any type of legacy position or other investment held in client portfolios.

Clients can also engage SFG to 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, SFG directs or recommends the allocation of client assets among the various investment options available with the product. These assets are maintained at the underwriting insurance company or the custodian designated by the product's provider. A conflict of interest exists to the extent that SFG recommends the purchase of insurance products or annuity products where Supervised Persons of SFG receive a commission or other additional compensation.

SFG tailors its advisory services to meet the needs of its individual clients and continuously seeks to ensure that client portfolios are managed in a manner consistent with their specific investment profiles. SFG consults with clients on an initial and ongoing basis to determine their specific risk tolerance, time horizon, liquidity constraints and other qualitative factors relevant to the management of their portfolios. Clients are advised to promptly notify SFG 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 SFG determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

## Selection of Other Advisers

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After gathering information about your financial situation and objectives, we may recommend that you use the services of our wholly owned investment adviser, Seraph Capital Associates, LLC (“Seraph”) as a third-party money manager to manage all, or a portion of, your investment portfolio. Factors that we take into consideration when making our recommendation(s) include, but are not limited to, the following: performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We will monitor Seraph’s performance to ensure its management and investment style remains aligned with your investment goals and objectives.

In the event that you engage Seraph Capital Associates, LLC, then you will be charged an additional fee ranging from 1% to 3% annually. A conflict of interest exists to the extent that the investment management fees generated by SFG will be in addition to the fees generated by Seraph. To the extent that the advisory fees exceed 2% of total assets under management, we are required to disclose that our fees are higher than that charged in the industry and that other advisors can provide the same or similar services at lower rates. Seraph will actively manage your portfolio and will assume discretionary investment authority over your account.

Please refer to Item 10 of this brochure for additional information regarding our affiliation with Seraph.

## IRA Rollover Recommendations

Effective December 20, 2021 (or such later date as the US Department of Labor (“DOL”) Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL’s Prohibited Transaction Exemption 2020-02 (“PTE 2020-02”) where applicable, we are providing the following acknowledgment to you.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule’s provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

## Item 5. Fees and Compensation

SFG offers its services on a fee basis, which include hourly and/or fixed fees, as well as fees based upon assets under management, depending on the circumstances. Additionally, certain of SFG's *Supervised Persons*, in their individual capacities, offer securities brokerage services and insurance products under a separate commission arrangement.

### Financial Planning and Consulting Fees

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SFG charges either a negotiable hourly and/or fixed fee to provide clients with stand-alone financial planning or consulting services. These fees are determined by the scope and complexity of the agreed upon services. The average range for typical services is from \$75- \$350 on an hourly basis and \$500 to \$100,000 on an annual fixed fee basis (except for captive insurance consulting and formation services, where fees can exceed this range). This range serves as an average because each client's needs and situations vary and SFG will determine the appropriate fee on a client-by-client basis.

The specific terms and fee structure are negotiated in advance and set forth in the *Agreement* with SFG. Generally, SFG requires one-half of the financial planning or consulting fee payable upon execution of the *Agreement* and the balance due at the time the financial plan is delivered or the underlying services are rendered to completion, not to exceed six months. If the client engages SFG for additional investment advisory services, SFG 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.

In addition to providing stand-alone financial planning and consulting services, SFG provides clients with such services on an ongoing basis. In these cases, SFG generally provides the ongoing services for an annual fixed fee, which is prorated and charged quarterly in arrears.

### Investment Management Fees

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SFG provides investment management services for an annual fee based on the amount of assets under the Firm's management. The fee varies between 40 and 240 basis points (0.40% – 2.40%), depending upon the size of a client's portfolio and the type of services rendered.

The annual fee is prorated and charged quarterly, in arrears, based upon the market value of the assets being managed by SFG on the last day of the previous billing period.

If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is not adjusted or prorated. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the *Agreement* is terminated, the fee for the final

billing period is prorated through the effective date of the termination and the outstanding balance is charged to the client, as appropriate.

To the extent that the fees exceed 2% of total assets under management, we are required to disclose that our fees are higher than that charged in the industry and that other advisors can provide the same or similar services at lower rates.

### **Selection of Other Advisers**

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Advisory fees charged by our affiliate Seraph are separate and apart from our advisory fees. Assets managed by Seraph will be included in calculating our advisory fee, which is based on the fee schedule set forth in the *Investment Management Fee* section in this brochure. Advisory fees that you pay to Seraph are established and payable in accordance with their brochure. These fees may not be negotiable. You should review Seraph's brochure and take into consideration their fees along with our fees to determine the total amount of fees associated with this program.

Our recommendations to use a third-party money manager is included in our portfolio management fee. We do not charge you a separate fee for the selection of other advisers nor will we share in the advisory fee you pay directly to Seraph. Advisory fees that you pay to Seraph are established and payable in accordance with their Form ADV Part 2. These fees may or may not be negotiable. You should review their brochure for information on their fees and services.

You will be required to sign an agreement directly with our affiliate Seraph. You may terminate your advisory relationship according to the terms of your agreement with Seraph. You should review their brochure for specific information on how you may terminate your advisory relationship with them and how you may receive a refund, if applicable. You should contact the Seraph directly for questions regarding your advisory agreement with them. Please refer to Item 10 of this brochure for additional information regarding our affiliation with Seraph.

### **Fee Discretion**

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SFG, in its sole discretion, may 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 client relationship, account retention and *pro bono* activities.

### **Additional Fees and Expenses**

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In addition to the advisory fees paid to SFG, clients 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 and 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. However, SFG does not receive any portion of these commissions, fees, and costs.

### Fee Debit

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Clients generally provide SFG with the authority to directly debit their accounts for payment of the Firm's investment advisory fees. The *Financial Institutions* that act as qualified custodian for client accounts have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to SFG.

### Account Additions and Withdrawals

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Clients may make additions to and withdrawals from their account at any time, subject to SFG's 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 decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to SFG, subject to the usual and customary securities settlement procedures. However, SFG designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. SFG may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e., contingent deferred sales charge) and/or tax ramifications.

### Commissions or Sales Charges for Recommendations of Securities

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Clients can engage certain persons associated with SFG (but not SFG) 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 SFG.

Under this arrangement, certain of the Firm's *Supervised Persons*, in their individual capacities as registered representatives of Purshe Kaplan Sterling Investments, Inc. ("*PKSI*"), provide securities brokerage services and implement securities transactions under a separate commission-based arrangement. *Supervised Persons* are generally entitled to a portion of the brokerage commissions paid to *PKSI*, as well as a share of any ongoing distribution or service (trail) fees from the sale of mutual funds. Prior to effecting any transactions, clients are required to enter into a separate account agreement with *PKSI*. SFG does not receive any portion of the commissions or transactional fees charged by *PKSI*.

A conflict of interest exists to the extent that SFG recommends the purchase of securities where SFG's *Supervised Persons* receive commissions or other additional compensation as a result of SFG's recommendations. SFG has procedures in place to ensure that any recommendations made by such

*Supervised Persons* are in the best interest of clients. For certain accounts covered by the Employee Retirement Income Security Act ("ERISA") and such others that SFG, in its sole discretion, deems appropriate, SFG may provide its investment advisory services on a fee-offset basis. In this scenario, SFG may offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by SFG's *Supervised Persons* in their individual capacities as registered representatives of *PKSI*.

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

SFG does 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).

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

SFG provides its services to individuals, pension and profit-sharing plans, charitable organizations, corporations and other business entities.

#### **No Minimum Fee or Account Requirements**

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SFG does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship.

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

#### **Methods of Analysis**

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SFG's primary methods of analysis are fundamental and technical.

Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular fund or issuer. For SFG, this process typically involves an analysis of an issuer's management team, investment strategies, style drift, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact the security.

Technical analysis involves the examination of past market data rather than specific issuer information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict

such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that SFG will be able to accurately predict such a reoccurrence.

## Investment Strategies

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SFG strives to assist clients in every aspect of their financial lives. SFG provides a comprehensive menu of personal financial services to individuals, families, and businesses. SFG's investment strategy entails a diverse and comprehensive approach to asset management, which involves the use of various resources designed to produce efficient portfolios, suitable to the client's goals and objectives. Overall, SFG strives to create and manage portfolios consisting of high-quality investments that produce great returns in accordance with the client's risk profile.

SFG's portfolios are established and monitored by SFG's internal investment committee. The committee is comprised of multiple staff members representing various talents, training, and areas of expertise. The committee has established protocols for each stage of the investment management process.

### *Investment Options*

The primary investment vehicles SFG manages include stocks, bonds, mutual funds, and ETFs. In addition to primary vehicles, SFG also manages variable annuity sub-accounts, variable life insurance sub-accounts, certificates of deposit, closed-end funds, and various alternative investments. The investment committee continuously monitors the marketplace of investment options to evaluate the inclusion or exclusion of certain investment vehicles.

### *Model Portfolios*

SFG utilizes a model portfolio for a majority of its clients. Models are established for each investment option across the risk spectrum by a proprietary process of security selection which includes the following:

- *Market Segmentation* – SFG establishes internal peer groups of securities that represent each segment of the market. Investments are preliminarily selected, reviewed, and monitored; this is a key step in SFG's investment process. These securities are then made available for the investment committee as SFG constructs or reevaluates a model that requires exposure to such segments as large cap value, short term high quality bonds, or more focused exposure, such as real estate, utilities, or hard currency.
- *Portfolio Model Construction* – SFG's model portfolios are constructed by choosing from the securities that have been preliminarily selected during the market segmentation process to establish a targeted diversified allocation within the acceptable risk level of the designated portfolio. SFG utilizes a simple, number-based risk model to assign risk to each portfolio model. A portfolio risk level of one represents a low degree of risk, whereas a portfolio risk level of ten represents a higher degree of risk. SFG's models establish acceptable targets and relative variances for tracking. The goal of the portfolio construction process is to efficiently design a portfolio based on fundamental

data about each individual security and the composition of the overall model. These models may be applied in their original form or customized to achieve specific goals of the client. SFG's processes can also be tailored to construct custom portfolios as needed to suit the needs and objectives of the client.

- *Portfolio Management* – After a portfolio model has been constructed or selected, it is applied and tagged to the respective client's portfolio. SFG's investment staff and systems provide continuous monitoring to track position adjustments, allocation changes, rebalancing needs, liquidations, and recurring investments. SFG's entire process has been established to allow for tracking relative risk-based performance based on comparative market segments, alternative peer group performance, and relative market indices. SFG's objective is to seek to enhance the overall portfolio value while managing relative risk.

### Risks of Loss

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#### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear potential losses.

#### *Market Risks*

The profitability of a significant portion of SFG's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that SFG will be able to predict those price movements accurately.

#### *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 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.

### *Management Through Similarly Managed “Model” Accounts*

SFG manages certain accounts through the use of similarly managed “model” portfolios, whereby the Firm allocates all or a portion of its clients’ assets among various mutual funds and/or securities on a discretionary basis using one or more of its proprietary investment strategies. In managing assets through the use of models, the Firm remains in compliance with the safe harbor provisions of Rule 3a-4 of the Investment Company Act of 1940.

The strategy used to manage a model portfolio may involve an above average portfolio turnover that could negatively impact clients’ net after tax gains. While the Firm seeks to ensure that clients’ assets are managed in a manner consistent with their individual financial situations and investment objectives, securities transactions effected pursuant to a model investment strategy are usually done without regard to a client’s individual tax ramifications. Clients should contact SFG if they experience a change in their financial situation or if they want to impose reasonable restrictions on the management of their accounts.

## **Item 9. Disciplinary Information**

SFG has 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**

### **Registered Representatives of Broker Dealer**

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Certain of the Firm’s *Supervised Persons* are registered representatives of *PKSI* and provide clients with securities brokerage services under a separate commission-based arrangement. This arrangement is described at length in Item 5.

### **Related Adviser**

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SFG wholly owns another investment advisory firm, Seraph Capital Associates, LLC (“Seraph”). If the Firm determines that it is appropriate, the Firm will recommend Seraph’s advisory services to its clients. Seraph charges fees separate from the fees charged by the Firm for its advisory services. In the event that you engage Seraph Capital Associates, LLC, then you will be charged an additional fee ranging from 1% to 3%

annually. A conflict of interest exists to the extent that the investment management fees generated by SFG will be in addition to the fees generated by Seraph. To the extent that the advisory fees exceed 2% of total assets under management, we are required to disclose that our fees are higher than that charged in the industry and that other advisors can provide the same or similar services at lower rates. Seraph will actively manage your portfolio and will assume discretionary investment authority over your account.

### **Captive Insurance Manager and Insurance Agents**

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SFG is a licensed captive insurance manager. Additionally, certain of SFG's *Supervised Persons*, in their individual capacities, are licensed insurance agents with various insurance companies and in such capacity, recommend, on a fully-disclosed basis, the purchase of certain insurance products. A conflict of interest also exists to the extent that SFG or its *Supervised Persons* receive fees related to their management of captive insurance companies and captive risk pools. A conflict of interest also exists to the extent that SFG or its *Supervised Persons* recommend the purchase of insurance products where SFG or its *Supervised Persons* receive insurance commissions or other additional compensation. As a result, SFG has procedures in place to ensure that any recommendations made by such Supervised Persons are in the best interest of its clients.

### **Accounting Services**

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SFG provides accounting services or tax preparation services to its clients. Such services may be rendered as part of SFG's investment management services or may be provided pursuant to a separate agreement between the client and SFG.

### **Related Tax Consultant**

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SFG is seventy five percent (75%) owner of Longview Tax Solutions, LLC ("*LTS*"). Advisory services are offered to the clients of *LTS* through SFG. In addition, certain of *LTS*' employees are *Supervised Persons* of SFG. A conflict of interest exists to the extent that *Supervised Persons* of SFG recommend *LTS*' tax consulting services where they receive referral fees or additional compensation as a result of their affiliation with *LTS*.

### **Related Financial Consultant**

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SFG is a fifty percent (50%) owner of Longview Financial Solutions, LLC ("*LFS*"). Advisory services are offered to the clients of *LFS* through SFG. In addition, certain of *LFS*' employees are *Supervised Persons* of SFG. A conflict of interest exists to the extent that *Supervised Persons* of SFG recommend *LFS*' financial consulting services where they receive referral fees or additional compensation as a result of their affiliation with *LFS*.

## Related Pension Consultants

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SFG does not render pension planning services to its clients. However, SFG's Principal, Trevor S. Sutterfield, is also the Principal of Pension Advisors, Inc. ("*Pension Advisors*"), a pension consulting firm located in Bartlesville, Oklahoma. From time to time, SFG recommends certain of its clients to *Pension Advisors* for various pension consulting services. *Pension Advisors* will render these services independently of SFG. SFG does not receive any portion of the fees charged (referral or otherwise) by *Pension Advisors* for the services rendered. It is expected that Mr. Sutterfield, solely incidental to his practices as a pension consultant with *Pension Advisors*, will recommend SFG's services to certain of *Pension Advisors*' clients. Although *Pension Advisors* does not receive referral fees from SFG, Mr. Sutterfield is entitled to compensation and distributions with respect to his ownership interests in SFG. *Pension Advisors* is not involved in providing investment advice on behalf of SFG. As such, a conflict of interest exists to the extent that Supervised Persons of SFG receive additional compensation as a result of their affiliation with *Pension Advisors*.

## Related Captive Risk Pool

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SFG is the owner of Freedom Insurance, LLC ("*Freedom Insurance*"), a captive risk pool that provides reinsurance services to captive insurance companies through reinsurance contracts. SFG, in its capacity as a licensed captive manager (described above) may recommend, on a fully disclosed basis, the services of *Freedom Insurance*. *Freedom Insurance* receives compensation in the form of an administration fee for administering the captive insurance risk pool. Additionally, certain *Supervised Persons* are entitled to compensation as a result of their relationship with *Freedom Insurance*, including distributions relative to their direct or indirect ownership interest in *Freedom Insurance*. A conflict of interest exists to the extent that SFG or its *Supervised Persons* recommend the services of *Freedom Insurance* where they receive compensation as a result of their relationship with *Freedom Insurance*. A conflict of interest exists because of SFG's ownership of *Freedom Insurance* and the compensation that is earned by *Freedom Insurance* and certain *Supervised Persons* of SFG as these relationships create an incentive for SFG and its *Supervised Persons* to recommend the services of *Freedom Insurance* to SFG's captive insurance clients. As a result, SFG has procedures in place to ensure that any recommendations made by its *Supervised Persons* are in the best interest of its clients.

## Item 11. Code of Ethics

SFG has 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*. SFG's *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 SFG's personnel (called "*Access Persons*") to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, SFG *Supervised Persons* are permitted to buy or sell securities that it also recommends to clients if done in a manner 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 *Access Persons* to be completed without any appreciable impact on the markets of such securities. Therefore, under certain 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 *Access Person* may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household as the *Access Person*) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the *Access Person* is completed as part of a batch trade (as defined below in Item 12) with clients; or
- a decision has been made not to engage in the transaction for the client.

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 open-end mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more open-end mutual funds.

Clients and prospective clients may contact SFG to request a copy of its *Code of Ethics*.

## Item 12. Brokerage Practices

SFG recommends that clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services ("*Fidelity*"); Interactive Brokers, LLC ("*IB*"); and T.D. Ameritrade, Inc. ("*TD*") for investment management accounts.

Factors which SFG considers in recommending *Fidelity*, *IB*, *TD* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Fidelity*, *TD*, and/or *IB* enable SFG to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Fidelity*, *TD* and/or *IB* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by SFG's clients comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where SFG determines that the commissions are reasonable in relation to the value of the



brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates and responsiveness. SFG seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

SFG periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

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

Transactions for each client generally will be effected independently, unless SFG decides to purchase or sell the same securities for several clients at approximately the same time. SFG may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among SFG'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 SFG's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that SFG determines to aggregate client orders for the purchase or sale of securities, including securities in which SFG's *Supervised Persons* may invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. SFG does 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 such 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, SFG 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.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist SFG in its investment decision-making process. 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 SFG does not have to produce or pay for the products or services.

### **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 *PKSI*. These *Supervised Persons* are subject to FINRA Rule 3040 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless *PKSI* provides written consent. Therefore, clients are advised that certain *Supervised Persons* may be restricted to conducting securities transactions through *PKSI* if they have not secured the requisite written consent to execute securities transactions through a different broker-dealer. Absent such written consent or separation from *PKSI*, these *Supervised Persons* are prohibited from executing securities transactions through any broker-dealer other than *PKSI* under. SFG is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

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

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SFG receives from *Fidelity* and/or *IB*, without cost to SFG, computer software and related systems support, which allow SFG to better monitor client accounts maintained at *Fidelity* and/or *IB*. SFG receives the software and related support without cost because SFG renders investment management services to clients that maintain assets at *Fidelity* and/or *IB*. The software and support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The software and related systems support may benefit SFG, but not its clients directly. In fulfilling its duties to its clients, SFG endeavors at all times to put the interests of its clients first. Clients should be aware, however, that SFG's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence SFG's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support or services.

SFG may receive the following benefits from *Fidelity* and *IB* through its institutional division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively

services its institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information. Clients should be aware, however, that the receipt of economic benefits by SFG or its related persons in and of itself creates a conflict of interest and may indirectly influence SFG's recommendation of *Fidelity* and *IB* for custody and brokerage services.

### Item 13. Review of Accounts

#### Account Reviews

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For those clients to whom SFG provides investment management services, SFG monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom SFG provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis. Such reviews are conducted by one of SFG's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with SFG and to keep SFG 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. Those clients to whom SFG provides investment advisory services and who agree to receiving reports electronically, will also from SFG that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a monthly basis. Clients should compare the account statements they receive from their custodian with those they receive from SFG or an outside service provider.

Those clients to whom SFG provides financial planning and/or consulting services will receive reports from SFG summarizing its analysis and conclusions as requested by the client or as otherwise agreed to in writing by SFG.

### Item 14. Client Referrals and Other Compensation

#### Client Referrals

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As disclosed under the *Fees and Compensation* section in this brochure, persons providing investment advice on behalf of our firm are licensed insurance agents, and are registered representatives with Purshe Kaplan Sterling Investments, a securities broker-dealer, and a

member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. For information on the conflicts of interest this presents, and how we address these conflicts, refer to the *Fees and Compensation* section.

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

### **Other Economic Benefits**

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SFG is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. This type of relationship poses a conflict of interest, and any such relationship is disclosed in response to Item 12, above.

## **Item 15. Custody**

SFG's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize SFG through such *Financial Institution* to debit the client's account for the amount of SFG's fee and to directly remit that management fee to SFG in accordance with applicable custody rules.

The *Financial Institutions* that serve as qualified custodians for SFG's clients have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to SFG. In addition, as discussed in Item 13, SFG 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 SFG.

### **Surprise Independent Examination**

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As SFG is deemed to have custody over clients' cash, bank accounts or securities (for reasons other than those discussed above), the Firm is required to engage an independent accounting firm to perform a surprise annual examination of those assets and accounts over which it maintains custody. Any related opinions issued by an independent accounting firm are filed with the SEC and are publicly available on the SEC's Investment Adviser Public Disclosure website. SFG does not have direct access to client funds as they are maintained with an independent qualified custodian.

## **Item 16. Investment Discretion**

In most circumstances, SFG is given the authority to exercise discretion on behalf of clients. SFG is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. SFG is given this authority through a power-of-attorney included in the agreement between SFG and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). SFG takes discretion over the following activities:

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

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

SFG is required to disclose if it accepts authority to vote client securities. SFG does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.

### **Item 18. Financial Information**

SFG is not required to disclose any financial information pursuant to this Item 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 have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

