

*Sather Financial Group, Inc.*  
*Private Wealth Management*

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Date: August 29, 2023

**Sather Financial Group, Inc.**

The goal of this overview is to provide information about the experience, qualifications, and business practices of Sather Financial Group, Inc. If you have questions about this information, or anything else, please don't hesitate to contact us at 361-570-1800 or stop by our office at 120 E. Constitution St., Victoria, Texas 77901. This overview has not been approved or verified by the United States Securities & Exchange Commission or any state securities authority.

Our Brochure may be requested, at any time, by contacting David Sather, Chief Compliance Officer at (361) 570-1800 or Dave@SatherFinancial.com. Our Brochure (Form ADV) is also available on our website at [www.SatherFinancial.com](http://www.SatherFinancial.com), free of charge. The SEC's website also provides information about any persons affiliated with Sather Financial Group Inc. who are registered, or are required to be registered, as investment adviser representatives of Sather Financial Group Inc.

Sather Financial Group Inc. is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training; it merely shows the ability to fill out a form.

In addition to our website ([www.SatherFinancial.com](http://www.SatherFinancial.com)), you can find information about our firm and our staff at [www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).

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**Material Changes**

The material changes in this brochure from the last annual updating amendment of Sather Financial Group, Inc. on February 8, 2023 are described below. Material changes relate to Sather Financial Group, Inc.'s policies, practices or conflicts of interests.

The firm no longer recommends TD Ameritrade as a broker or custodian for client accounts.

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### **4. Advisory Business**

#### **Firm Overview**

The Sather Financial Group, Inc. was founded by its owner, Dave Sather, in 1999 as a **fee-only investment management, financial planning and consulting firm**. We manage approximately \$1,700,650,261 in regulatory assets under management, all on a discretionary basis, for our clients as of December 31, 2022.

Although investment management is often the main attraction that brings clients to our firm, we have recognized that people who have significant assets also have a variety of financial planning needs. As such, our goal is to offer a more holistic approach to asset management.

#### **A. Our Approach**

Our investment approach has been crafted over the past twenty-five years by utilizing the strategies and philosophies that have made Warren Buffett and other well-known “value investors” successful. There are two reasons for this approach. First, Buffett has a well-documented track record for success in knowing how to think about business and valuing assets. Secondly, Buffett sets a very high bar for ethical behavior. **Without a strong conviction about ethical behavior there is no reason for our firm to exist.**

#### **B. Functioning As A Fiduciary**

In offering services, **we serve as a fiduciary**. As such, we are **legally obligated to do what is in our clients’ best interest**—and not just sell them a product. Although this brings with it tremendous responsibility, we welcome this as it clearly dictates what the goal is. The “fee-only” approach makes the most sense to us as it seems to reduce conflicts of interest and more closely aligns our goals with those of the clients.

#### **Written Acknowledgement of Fiduciary Status**

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.

#### **C. Assessing Investment Needs**

Given the diversity of our clients’ needs our investment management strategies are broad as they may require a portfolio to generate high income or cash flow while others may be fully devoted to long term growth. The most important thing in assessing asset structure is always the needs of a particular client. We rely heavily on you, the client, to provide us with a host of information and documents so we can thoroughly understand the details of your financial situation. No assessment will ever be fully comprehensive.

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In contrast, **brokers, in general, are not required to act as a fiduciary**, but rather only make decisions on behalf of clients based on a “suitability” standard. This is a lesser standard than a fiduciary standard that might allow decisions that are technically “suitable” but still not in the best interest of the client.

Much of the structure of a client portfolio will be dictated by:

- the amount of assets to invest
- employment or other external sources of cash flow
- the amount of cash flow (dividends, interest, etc.) a client may need
- the length of time the client can leave the funds alone
- anticipated client additions to or withdrawals from their assets over time
- the client’s tolerance for short, intermediate and longer term volatility
- The valuations and attractiveness of investment opportunities

In assessing the needs of our clients, we acknowledge we are all unique and therefore require individual attention. However, there are many similarities among our clients and their assets. For instance, if we determine a given security offers tremendous value, it is quite likely it will end up in many client portfolios. However, due to the uniqueness of our clients, it does not mean that a given security will be in all portfolios or in the same amounts or percentages.

Occasionally, clients request that certain securities not be purchased for their accounts while other clients may direct purchases. This is fine with us, as it is the client’s money. However, if the client restricts a security or directs their own trades it is quite likely that we offer opinions as to the wisdom of the client’s decision. Additionally, if a client restricts certain securities or places their own trades their performance will obviously be different than other clients. As such, we do not guarantee that we will be able to adequately follow or effectively manage securities added through client-directed trades. Additionally, client-directed trade requests must be made via email, in writing, or a phone call to Sather Financial. Sather Financial Group will attempt to trade the requested security on a best efforts basis.

### **D. Team Approach**

Unlike most brokerage operations, there is not one person assigned to the management of our clients’ assets or needs. Instead, we all work on every account and relationship. This gives us the ability to double check each other’s work and, if one of us is out of the office, the service to that client does not diminish. Additionally, if one of us is dead or incapacitated, there is continuity of the client’s asset management.

### **E. Designations**

The “designation game” continues to confuse the average person. Many in the financial industry know that clients look to designations as a way to identify competency and value. Unfortunately, many licenses and designations are less about skill, competency, or experience, but instead are truly designed just to sell a product.

Our approach has been quite different. Warren, Dave, and Jon have the CERTIFIED FINANCIAL PLANNER™ designation. In our opinion, this designation indicates a deeper level of knowledge and experience—and is not just a clever ploy to sell a product.

The CFP® designation is considered the gold standard in the financial services industry—and with good reason. To earn this distinction an individual must pass five 4-hour long exams in insurance, investments,

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taxation, retirement planning, estate planning and a capstone course. Once all five of these have been successfully completed a candidate is qualified to take a six-hour comprehensive exam.

Once the comprehensive exam is successfully passed, a candidate must still pass an ethics background check and have three years of industry experience.

For these reasons, we think this designation truly provides the skill set to help our clients, as opposed to just selling a product.

However, we don't think anyone should take our word for what makes a meaningful designation. Instead, all people should ask the following:

1. What designations do you hold?
2. Who is the governing body for these designations?
3. How many exams did you have to take to obtain these designations?
4. Were these exams "self-administered" or proctored by a disinterested third party?
5. What must you do to maintain your designations?
  - a. Ethics
  - b. Continuing Education
  - c. Legal background check
6. How does your particular designation help a person specifically?

### **F. Portfolio Management Services**

Our firm provides continuous asset management of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on the client's particular circumstances are established. As appropriate, we will review and discuss a client's prior investment history, as well as family composition and background.

Once the client's portfolio has been established, on an as needed basis, we review the portfolio, and if necessary, rebalance the portfolio based on the client's individual needs.

- Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. We primarily trade in the following areas below: Publicly traded entities;
- Publicly traded stocks;
- Publicly traded bonds; and
- Anything the client deems appropriate.

### **G. Retirement Plan Consulting Services**

We also provide several advisory services separately or in combination. While the primary clients for these services will be pension, profit sharing and 401(k) plans, we offer these services, where appropriate, to individuals and trusts, estates and charitable organizations. Our clients hire us to implement judgement and wisdom based upon the following:

1. What is the time frame for different blocks of your money?

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- We know that different assets have different volatility, growth and income characteristics based upon how long the asset can be held.
  - As such, money needed next month should emphasize liquidity and stability.
  - Conversely, money with a long (10 year) time frame that is to outpace taxes and inflation should emphasize growth.
2. What are your anticipated deposits and/or withdrawals?
- Depending upon where a client is in their lifecycle, they may be contributing on a regular basis to their portfolio. This may allow us to be focused and concentrated in our best ideas.
  - Conversely, if a client is living off of their portfolio we need to make sure we have communicated safe distribution rates and make sure the portfolio is in a position to deliver cash flows necessary to fund short-term needs while maintaining long term goals, as well.
3. What is your tolerance for volatility?
- Although the stock market may be an appropriate asset to deliver long-term growth, if a client cannot maintain portfolio discipline during a market downturn it has not succeeded in delivering the growth. As such, we need to have a blunt conversation about how much volatility should be expected over differing time frames.
  - If the client cannot tolerate volatility, they also need to understand that their portfolio will most likely not maintain its purchasing power over long time frames.
4. What is the valuation and associated attractiveness for different investments?

### **H. Financial Planning/Consulting Services**

We provide financial planning services on an as requested basis.

In general, financial planning can address any or all of the following areas:

- PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- TAX & CASH FLOW:** We analyze the client's income tax and spending.
- INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives. We carefully review documents supplied by the client. Should the client choose to implement any recommendations, we suggest the client

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work closely with his/her attorney, accountant, insurance agent, and/or broker. Implementation of financial planning recommendations is entirely at the client's discretion.

Clients can also receive investment advice on a more focused basis. This includes advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. We also provide specific consultation and administrative services regarding investment and financial concerns of the client.

Consulting recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company.

### **5. Fees & Compensation**

Sather Financial Group earns its compensation by providing investment advisory and financial planning services. Fees are earned for a percentage of assets under management. Investment management services fees are as follows:

<u>Assets Under Management</u>	<u>Annual Fee</u>
\$0 - \$1,000,000	1.00%
\$1,000,001 - \$3,000,000	0.80%
\$3,000,001 - \$5,000,000	0.60%
\$5,000,000 +	0.40%

This is a tiered fee schedule such that an account of \$1 million is at 1.00% or \$10,000 per year. The first \$1 million will always be charged 1%. A \$3 million account would be: (\$1 million x 1%) + (\$2 million x .8%) or \$26,000 total. An annual fee of \$26,000 divided by \$3 million = .8667% per year on average. A \$5 million account will have an average fee of .76%.

A client who hires Sather Financial Group for investment management services may also receive, on an as-requested basis, financial planning and strategy services as part of a broader wealth management program. The minimum relationship size for investment management services is generally \$1 million. Depending upon the size of the relationship, fees may be negotiable.

Obviously, Sather Financial Group, Inc. does not work for free. As such, every client or potential client, needs to evaluate the value proposition provided by our services. Any person moving assets to Sather Financial Group, Inc. may incur more in fees than if they chose other options. This is true whether the assets being transferred in are from an IRA, 401(k), taxable account, or any other account. However, this allows us to build a customized portfolio for that client and also provides a variety of financial planning and strategy services, additional to simply managing the assets. If a person moves assets to Sather Financial for management, the fee they will incur may be higher or lower than other services or by simply managing the assets themselves. Although fees are a very important aspect, all clients must determine if the overall package of services offers a reasonable opportunity to meet their goals.

Inherently, a firm that charges a fee based on assets under management has an incentive to increase assets under management. Sather Financial recognizes there is a conflict with any decision that could decrease assets under management. While it is not a perfect system, we feel it is the best way to align our interests with our clients'. Furthermore, we are still required as fiduciaries to make decisions in the best interest of our clients.



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- **Other Fees and Expenses**

On rare occasions, we offer financial planning services on an hourly basis to people who do not have an asset management relationship with Sather Financial. The typical fee for services of this nature is \$350 per hour. We prefer not to do this simply because we have no control over how the given advice is ultimately implemented, if at all.

In general, we don't charge an hourly fee to our clients that have an on-going asset management relationship with us.

On a case by case we will work on specific, limited engagement projects on a negotiated fixed fee

In addition to the management fee for services, clients are also responsible for, but not limited to, trading costs, commissions, brokerage fees, and mutual fund expenses. It is important that our clients understand and see these fees. For this reason, they are separate from any fee received by Sather Financial. Since these fees lower the total assets under management, it is in both Sather Financials' best interest, as well as the clients', to keep these costs as low as reasonably possible.

Although we have positive relationships with the institutional arms of Charles Schwab and Interactive Brokers (the brokerage firms) Nationwide (annuities), clients are free to execute trades through any brokerage firm of their choosing. Again, our goal is to make the relationship as efficient as possible for our clients. However, if a client directs trades or custody of securities through a different firm, trade execution and pricing may be more expensive, less cohesive or less advantageous.

- **Fee Payment**

Generally, we bill our clients for services, on a monthly basis, in arrears. In general, our clients are notified of what their assets under management are, as of the last trading day of the month. Based upon that figure, and our fee schedule, we send our clients a statement that shows the fee calculation. Generally, around the 10th day of the next month we submit a fee payment request to the brokerage custodian to be paid. The custodian will then deduct the fee from the client account(s) for payment to Sather Financial.

### **6. Performance Fees and Consulting/Financial Planning Services**

We do not use performance fees with any client accounts. Our experience is that the typical "performance-based pricing" encourages greater risk taking than most clients are able to tolerate.

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

Our clients do not fit any one profile. We offer broad ranging wealth management services to clients who range from newborns to retirees as well as corporations, pension/retirement plans and charitable foundations. Our stated minimum relationship size is \$1 million and our average family relationship is more than \$1.7 million.

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**8. Methods of Analysis, Investment Strategies and Risk**

- Almost without fail, almost all of our clients have shorter term “cash flow” needs while needing to provide for long-term growth. If we are not successful in marrying the two strategies, we will not have enough cash for operations to wait for the long-term growth ideas to pay off.
- If clients have short term needs, they need to be very conservative with their funds. It is generally foolish to risk a 10% or 20% loss to try and reach for an extra 0.1% return.
- If clients have long-term needs they need to have a ten-year or longer time-frame. Additionally, if they are looking to hold stock market, or other volatile type assets, they need to be prepared for significant volatility. In any given year, we anticipate that the stock market could be up as much as 50%--or lose as much as 40%. That is a substantial swing in year-to-year performance.
- The core of our philosophy focuses on what we have learned from Warren Buffett. Over the past 40+ years, Buffett’s investment performance has been some of the best in the business. While that is quite impressive, Buffett has managed to do so while maintaining high ethical standards. If you are willing to read, learn and be disciplined, there is no reason to cheat. We wish that Wall Street, and the major investment and banking houses, would adopt a bit of Buffett’s ethical standards.
- Although Buffett is well known for his “value style” of investment management, we would modify that moniker. Buffett will look for value anomalies in any asset. We attempt to do the same. That might come in the form of a long term holding like Coca-Cola, but it also is just as likely to come from writing putoptions or engaging in “cash out” arbitrage trades.
- We do not use a “one size fits all” philosophy. Although there are many similarities among our clients, there are enough differences that warrant managing each portfolio with that individual client in mind.
- We prefer to do our own research and due diligence. This leads us to managing securities in an effort to reduce risk and improve credit quality and cash flow.
- We are money managers. We are not “middlemen” or “salesman” of ideas.
- We are not Wall Street based. This affords us the ability to think independently. We do not engage in any investment banking and our operation does not have the traditional conflicts of interest presented by investment banking taking priority over quality investment management.
- Our philosophy focuses on using fundamental analysis to determine:
  - 1) Can we understand the company/investment?
  - 2) Is it predictable?
  - 3) Does the company/investment possess a sustained competitive advantage?
  - 4) Does the company/investment have well above average efficiency returns (return on capital and equity)
  - 5) Does the company/investment have very low reliance upon debt?
  - 6) Can the company/investment be purchased at a discount to its normalized earnings?
- Our philosophy generates many ideas that are boring. Typical long term hold names in our portfolios have been: Brown-Forman, Dollar General, Starbucks, Ross Stores, Johnson & Johnson, Pepsi, Nestlé’s, Philip Morris, Wal-Mart or Berkshire Hathaway.
- By utilizing “boring” ideas we succeed in providing our clients with a very healthy, and increasing, dividend. Additionally, the cash flow from these dividends allows us to wait out volatile time periods.
- We will use institutional or load waived mutual funds to access certain categories (emerging market, high yield, convertible debt, real estate, etc.). If we use a fund it is done to diversify the portfolio and exploit value anomalies in different markets and asset classes around the world.
- We may hold cash or cash equivalent positions in any percentage for extended periods of time. This is the default investment in the absence of finding acceptable values in equity, fixed income or other

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securities that meet our investment criteria while considering individual client needs. The only time cash will be limited on an ongoing basis is when a client has given a specific mandate such as all equity, all fixed income or some other variation.

- Warren Buffett, and other successful value investors, will often go long periods of time before making an investment, instead, waiting for the right opportunities. We attempt to achieve the same level of patience and prudence. As such, we would rather pursue opportunities which are in the best interest of our clients and ignore the day to day “noise” of the financial markets.

### **Research and Investment Decisions**

- We have access to a wide variety of research.
- We rely very little on Wall Street’s short-term, opinion based research due to the tremendous conflicts of interest. We have access to, and utilize, a variety of databases that provide broad historical financial data for more than 5,000 companies. We use these databases to analyze and sort based upon criteria that are similar to those utilized by Warren Buffett.
- We rely on fundamental analysis to make our decisions.
- We perform most research in-house.
- We research a multitude of ideas individually looking for investments that may fit our parameters. This may be as informal as reading an article, while it also can be as formal as running proprietary sorts of our databases.
- Once an idea shows merit, it is discussed in a group setting where we try to tear each other’s ideas down, determine why they won’t work and see if we can come up with a set of circumstances under which we can “kill an investment”. Once it is determined that we cannot, in all likelihood, “kill it” we start determining the pricing structure that we are willing to pay for a given investment.
- A cursory overview of most companies allows us to quickly determine that most do not fit our parameters.
- We run similar quantitative sorts on broader investment categories also (ie: non-hedged foreign bond funds, convertible bonds, preferred stock, utilities, real estate investment trusts etc). When we find that there is an opportunity to add value to a portfolio we will find appropriate candidates to discuss.
- These broader categories will be accessed via funds. Once an idea is identified, we then sort for appropriate managers, track record, internal fees, litigation issues, ability to perform, etc.

### **How do we think about risk in a portfolio?**

1. Typically, the investment community refers to “risk” as a one size fits all term. When they do they are usually referencing volatility of a specific asset or class of assets. However, that is a gross oversimplification. Depending upon how you think about the matter, there are at least ten commonly identified types of risk. As such, the word “risk” should always be preceded with an adjective describing the type of risk we are addressing.
2. For instance, default, or business, risk comes when one investment stumbles (think Enron or General Motors). Usually, diversification with 20 to 30 companies alleviates the vast majority of this type of risk. Market risk comes merely from being exposed to a broad class of assets—such as the stock market. Recall how correlated the world’s financial markets were in 2009. Even if you held very high quality stocks in 2009, they still fell significantly. These two types of risk are the ones most of us are referring to when we talk about “risk”. However, they are just the tip of the iceberg.
3. Without leverage risk, the downturn in 2009 would not have been nearly as serious. Although borrowing money can aid us in making investments (a house is a perfect example), there are limits. When we borrow too much (whether personal, corporate or governmental) we incur risk that an unexpected event may cause our cash flow to dry up—leaving us with no ability to service the debt. As such, leverage can quickly become a house of cards that comes tumbling down.

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4. A thoughtful investor should also consider inflation risk and interest rate risk. Inflation risk (or purchasing power risk) occurs when assets fail to keep pace with increases in the cost of goods and services. Over the past 40 years, after inflation the stock market has produced returns of more than 6% while the bond market has produced returns of negative 2.3%. With record-low interest rates, it is not hard to realize that net of taxes and inflation, fixed income investments may seem safe—but actually carry significant risk. Since property taxes, food, health care and energy are all rising rapidly, this type of risk is hitting virtually all Americans.
5. With the ten-year Treasury bond paying a modest 2.7% interest, many investors in this type of asset face **interest rate risk**. Assume you buy a ten-year treasury and one year later interest rates have increased to 6%. Obviously, your 2.7% is inferior to a 6% yield. If you go to sell your bond you will sell it at a loss to entice someone to buy it when compared to other options. Interest rate risk occurs when rates go up making existing fixed income assets inferior in comparison.
6. For Texans, land is a love affair. However, unlike 100 shares of Coca Cola stock, there is not a constant supply of willing people wanting to buy your land every day. As such, when we most need to produce cash, **liquidity risk**—from land or any other non-publicly traded assets—rears its ugly head.
7. Although this discussion exemplifies a few common types of risk, a smart investor will also evaluate the impact of **political, currency, and credit risks**, too.

Obviously, risk is not a one size fits all term. **Furthermore, you cannot avoid risk—but rather a smart invest or must be skilled at “managing” risk.** Given this, the more knowledgeable investors are, the better equipped they will be to deal with the variety of risks facing all of their assets.

### **9. Disciplinary History and Philosophy**

**Neither our firm nor any member of our staff currently has, or has ever had, any complaints or other legal or disciplinary events.**

### **10. Other Financial Industry Activities and Affiliations**

Sather Financial is not affiliated with any other financial industry firm.

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

In a nutshell, our Code of Ethics states:

- We are fiduciaries and therefore must put the needs of our clients first and foremost.
- We must avoid conflicts of interest where possible.
- We will not disclose private information without client permission or as permitted by law.
- We must satisfy standards of personal conduct.
- Transparency and disclosure must be maintained on securities we own and trade.

We are pleased to provide a full copy of our Code of Ethics to any client, or prospective client, upon request.

We believe in “eating our own cooking.” As such, it is quite typical that if we are adding a certain security in a client’s portfolio we may buy that same security for our own portfolios.

Obviously, the goal is to not shortchange our clients. We want them to get the better end of the deal.

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We attempt to reduce conflicts of interest as much as possible. Although we believe that we are successful in doing so, conflicts still arise.

## **12. Brokerage Practices**

We use certain brokerages for specific reasons. In general, the main items we consider are:

- Financial strength when assessing their Balance Sheet and Income Statement.
- Consistent commitment to technology and technology security.
- Fraud security.
- Trading efficiency
- Service team experience
- Client Communications

We have one mandate in working with brokers—get our clients the most efficient and effective service reasonably possible. This does not mean necessarily the cheapest, but rather the best overall package of services.

When Sather Financial was established, our clients held their assets with one broker. As Sather Financial has grown, we have seen the need to expand the number of brokers we work with. We now work with several brokers on a regular basis. All brokers we deal with are separate and unaffiliated from Sather Financial. In the process, we attempt to make every effort possible to hold the brokers at “arm’s length.”

Furthermore, although the main brokers we work with are Charles Schwab, Nationwide and Interactive Brokers, a client may, under certain circumstances, work with a broker or custodian of their own choosing.

By working with more brokers, it is our opinion and experience that we are able to compare them against each other in an effort to make sure our clients have a stronger opportunity for “best execution” of trades. This also allows us to negotiate what we believe are fair commission and transaction rates.

In the process of working with the brokers, some of them offer us a variety of services. The brokers offer services to Sather Financial which includes custody of securities, trade execution, trade allocation software, portfolio management tools, and clearance and settlement of transactions, among others. Obviously, there are varying levels of value associated with these services and not all services are provided by each broker.

Sather Financial utilizes the “Additional Services” programs at Charles Schwab and Interactive Brokers. There are separate agreements governing these services and programs.

These services should benefit Sather Financial in our efforts to manage client assets and are generally not available to individual (“retail”) investors. As such, we see this as a positive and another way in which Sather Financial offers value to our clients.

There is no direct link between Sather Financials participation in these programs and the investment advice given to our clients.

Furthermore, participation in these programs does not factor into our decision making on negotiating commission rates. We still want them to be as low as possible.

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Sather Financial, and our clients, benefit from these services regardless of the dollar amount or quantity of trades placed with any of the brokers, although the brokers may provide us more or less services depending on the amount of assets we have with them or the amount of profit they derive from us. Despite this, the benefits provided by the brokers to Sather Financial present a conflict of interest by creating an incentive to be more profitable to a broker in order to receive more services. However, it does not change our fiduciary duty to clients. Furthermore, Sather Financial chooses brokers that offer the best overall value for clients and will never be based solely on any benefits Sather Financial may receive.

It is also possible that Sather Financial may use a different broker or stop using the services of a particular broker. Also, a broker may decide to stop working with Sather Financial, or the broker may end or change the services it provides. Ultimately, Sather Financial is going to evaluate all relationships relative to the value they provide to our clients.

Our research indicates that Charles Schwab & Co. and Interactive Brokers are skilled at understanding the Registered Investment Advisory world and the needs of our clients. Although many of our clients work with these firms, not all do. While we routinely use Charles Schwab, ultimately, it is up to our clients as to where they satisfy brokerage needs.

If a client chooses to direct trades through other brokerages they understand they may incur additional fees, a lack of coordination, a lack of communication and a lack of efficiency, etc. Therefore, clients choosing this path must realize and expect there to be even greater variability in pricing of securities bought and sold. Best execution under these circumstances is often not attainable.

Often, if we decide to purchase a given security, we tend to do so for many of our accounts. As such, it is often typical to buy thousands of shares of a given investment which is then allocated for many client accounts. We favor this “block trading” strategy as it often can be more efficient to do so in larger quantities.

Due to the fact that not all client accounts are held at the same custodian/broker there will be variability in the prices of securities bought and sold. Sather Financial Group Inc. works diligently to keep these differences to a minimum.

### **13. Account Reviews**

We try not to put our clients into a “one size fits all” profile. As such, there are different triggers that will cause an account to be reviewed. Some of these triggers are:

- Cash being deposited/withdrawn
- Change in client goals (cash flow in/out, tolerance for volatility, need for growth, etc)
- Change in underlying investments within an account
- A client requested review

We find that the account review process is best handled as a group project. There is not just one of us responsible for reviewing the needs of an account.

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

The asset management fee is the only fee that Sather Financial receives. We do NOT receive any additional fee for investing client assets in one product versus another. As such, we do not receive any commissions, referral fees, 12b-1 fees, ski trips, golf outings, or any other soft-dollar benefit or transactional fee.

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**15. Custody**

We do not have physical custody of our clients' funds although we have custody as a result of our authority to instruct the custodian to deduct our fee from our clients' accounts. Our clients receive account statements at least quarterly from the custodian and should review those statements carefully.

**16. Investment Discretion**

Sather Financial receives discretionary authority from its clients to determine the securities to be bought or sold and the amount of the securities to be bought or sold in a client account and the type of order (ie: market order, limit order). We do so without calling our clients ahead of time.

**17. Voting Client Securities**

Sather Financial does not vote proxy material for client securities. It is up to each client to vote proxies or other corporate communications as they see fit. If clients have a question, we are happy to answer these on a case by case basis. Sather Financial will assist the client in voting proxies by relaying their wishes to their specific broker/custodian at their direction.

**18. Financial Information**

Sather Financial does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance. The firm has no financial condition that is reasonably likely to impair its ability to meet any contractual requirements relating to any aspect of its business. Sather Financial has never been the subject of a bankruptcy petition.

***Privacy Policy***

***Our Promise to You***

As a client of Sather Financial Group Inc., you share both personal and financial information with us. Your privacy is important to us, and we are dedicated to safeguarding your personal and financial information.

***Information Provided by Clients***

In the normal course of doing business, we typically obtain the following non-public personal information about our clients:

- Personal information regarding our clients' identity such as name, address and social security number;
- Information regarding securities transactions effected by us; and
- Client financial information such as net-worth, assets, income, bank account information and account balances.

***How We Manage and Protect Your Personal Information***

We do not sell information about current or former clients to third parties, nor is it our practice to disclose such information to third parties unless requested to do so by a client or client representative or, if necessary, in order to process a transaction, service an account or as permitted by law. Additionally, we may share information with outside companies that perform administrative services for us. However, our contractual arrangements with these service providers require them to treat your information as confidential.

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

***Client Notifications***

We are required by law to annually provide a notice describing our privacy policy. In addition, we will inform you promptly if there are changes to our policy.

Please do not hesitate to contact us with questions about this notice.

Although this overview covers a wide variety of information, it is obviously not “all-inclusive”. As such, if there is anything else you would like to know about our firm, please contact us.

Sincerely,

*Dave Sather*

Dave Sather, CEO And Chief Compliance Officer  
CERTIFIED FINANCIAL PLANNER™

*Warren Udd*

Warren Udd, President  
CERTIFIED FINANCIAL PLANNER™