

ITEM 1  
COVER PAGE

PART 2A OF FORM ADV: FIRM BROCHURE



# THE TILSON FINANCIAL GROUP, INC.

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This brochure provides information about the qualifications and business practices of Tilson Financial Group, Inc., (“TFG”) (together, with its relying adviser affiliates, the “**Adviser**,” “**we**,” “**us**,” or “**our**”). If you have any questions about the contents of this brochure, please contact us at 908-561-6203 or by email at: [info@tilsonfinancial.com](mailto:info@tilsonfinancial.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

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

We are a registered investment adviser under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). Our registration under the Advisers Act does not imply any level of skill or training.

## **ITEM 2**

### **MATERIAL CHANGES**

Pursuant to SEC requirements and rules, you will receive a summary of any material changes to this brochure and subsequent brochures within 120 days of the close of our fiscal year.

Our brochure may be requested, free of charge, by contacting us by telephone at: (908) 561-6203 or by email at: [info@tilsonfinancial.com](mailto:info@tilsonfinancial.com).

**ITEM 3  
TABLE OF CONTENTS**

	<u>Page</u>
ITEM 1 COVER PAGE.....	1
ITEM 2 MATERIAL CHANGES .....	2
ITEM 3 TABLE OF CONTENTS.....	3
ITEM 4 ADVISORY BUSINESS .....	6
A.    General Description of Advisory Firm.....	6
B.    Description of Advisory Services.....	6
C.    Availability of Customized Services for Individual Clients.....	7
D.    Wrap Fee Programs .....	8
E.    Assets Under Management.....	8
ITEM 5 FEES AND COMPENSATION .....	8
A.    Advisory Services and Fees.....	8
B.    Payment of Fees .....	9
C.    Additional Expenses and Fees.....	9
ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT....	12
ITEM 7 TYPES OF CLIENTS.....	12
ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	12
A.    Methods of Analysis and Investment Strategies .....	12
B.    Risk of Loss.....	12
C.    Recommendation of a Particular Type of Security .....	13
ITEM 9 DISCIPLINARY INFORMATION.....	13
ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	13
A.    Broker-Dealer Registration.....	13

B.	Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor Registration .....	13
C.	Material Relationships and Conflicts of Interests with Industry Participants .....	13
D.	Material Conflicts of Interest Relating to Other Investment Advisers .....	14
ITEM 11	CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	14
A.	Code of Ethics .....	14
B.	Recommending, Buying, or Selling Securities in which We or a Related Person Have a Material Financial Interest, Invest, or Buy or Sell at the Same Time; Conflict of Interests.....	14
ITEM 12	BROKERAGE PRACTICES.....	15
A.	Selection of Broker-Dealers and Reasonableness of Compensation.....	15
B.	Aggregating Orders for Various Client Accounts .....	16
C.	Trade Errors.....	17
ITEM 13	REVIEW OF ACCOUNTS.....	17
A.	Periodic Review of Client Accounts .....	17
B.	Additional Review of Client Accounts.....	17
C.	Contents and Frequency of Account Reports to Clients.....	17
ITEM 14	CLIENT REFERRALS AND OTHER COMPENSATION.....	18
A.	Economic Benefits for Providing Services to Clients .....	18
B.	Compensation to Non-Supervised Persons for Client Referrals.....	18
ITEM 15	CUSTODY .....	18
ITEM 16	INVESTMENT DISCRETION.....	19
ITEM 17	VOTING CLIENT SECURITIES.....	19

ITEM 18 FINANCIAL INFORMATION .....	19
A.    Balance Sheet .....	19
B.    Contractual Commitments to Our Clients .....	19
C.    Bankruptcy Petitions.....	19

## **ITEM 4**

### **ADVISORY BUSINESS**

#### **A. General Description of Advisory Firm**

Tilson Financial Group, Inc. ("TFG") is incorporated in the state of New Jersey. TFG became registered as an Investment Adviser Firm on January 7, 2000. TFG is solely owned by Robert Tilson who is also TFG's CCO.

As discussed below, TFG offers to its clients (individuals, pension and profit sharing plans, trusts, and business entities) discretionary and non-discretionary investment management services, financial planning and consulting.

#### **B. Description of Advisory Services**

##### **INVESTMENT MANAGEMENT/FINANCIAL PLANNING SERVICES**

TFG provides both initial and ongoing financial planning and investment management services.

Financial Planning services include, but are not limited to, Retirement Planning, Tax Planning, Education Funding, Estate Planning and Death and Disability Planning.

TFG may allocate investment management assets of its client accounts among various investments on a discretionary or non-discretionary basis, in accordance with the investment objective of the client. The terms and conditions under which the client shall engage TFG shall be set forth in separate written agreements between the client and TFG. TFG maintains ongoing responsibility to select or make recommendations, based upon the needs of the client, as to the specific securities or other investments the account may purchase or sell.

**Please Note:** It remains the client's responsibility to promptly notify TFG if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising TFG's previous recommendations and/or services.

Prior to engaging TFG for services, the client will be required to enter into a formal *Financial Planning Agreement* or *Investment Advisory Agreement* with TFG setting forth the terms and conditions under which TFG shall manage the client's assets.

##### **SUB-ADVISORY/CUSTODIAL ARRANGEMENTS.**

All investment management accounts shall be maintained at TD Ameritrade, SEI Investments, AXOS Advisor Services or other qualified custodians.

Currently, TFG recommends that certain clients allocate investment assets among: (1) the various products and investment programs offered through SEI and/or (2) among various mutual funds, exchange traded funds and/or general securities offered by and/or obtained through TD Ameritrade and AXOS Advisor Services.

SEI provides each client with reporting services, including consolidated monthly statements and year-end tax reports. SEI enables investment advisers such as TFG to offer its clients access to specialized asset managers, mutual fund asset allocation models, underlying individual mutual funds, and investment management programs (i.e., tax managed investment programs) that are not otherwise available to the general public.

As part of its overall investment management program, SEI offers quarterly rebalancing of each client's investment assets for the purpose of maintaining the assets in accordance with the client's previously designated percentage (%) asset allocations for the SEI account. If a client desires automatic account rebalancing such authorization must first be provided directly to TFG, who will then advise SEI accordingly.

The *Investment Advisory Agreement* between TFG and the client will continue in effect until terminated by either party by written notice to the other. Termination will not affect (I) the validity of any action previously taken by TFG under the Agreement; (II) liabilities or obligations of the parties from transactions initiated before termination of this Agreement; or (III) Client's obligation to pay advisory fees (prorated through the date of termination). Upon termination of this Agreement, TFG will have no obligation to recommend or take any action with regard to the securities, cash or other investments in the Account.

TFG's Chief Compliance Officer, Robert Tilson, remains available to address any questions concerning TFG's sub-advisory arrangements.

## **INDEPENDENT MANAGERS**

While not a separate service, TFG may select certain Independent Managers to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an Independent Manager may be set forth in a separate written agreement with the designated Independent Manager. In addition to this brochure, clients may also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets. TFG evaluates a variety of information about Independent Managers, which may include the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, TFG seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. TFG also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors. TFG continues to provide services relative to the discretionary selection of the Independent Managers. On an ongoing basis, TFG monitors the performance of those accounts being managed by Independent Managers. TFG seeks to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

## **RETIREMENT PLAN CONSULTING**

TFG provides retirement sponsor clients with assistance in choosing and monitoring the plan participant options. This can help ensure participants are receiving the most they can from this important benefit.

## DISCLOSURE STATEMENT

A copy of TFG's written Brochure as set forth in this Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement* or *Financial Planning Agreement*. Any client who has not received a copy of TFG's written Brochure at least 48 hours prior to executing the *Investment Management Agreement* or *Financial Planning Agreement* shall have five (5) business days subsequent to executing the agreement to terminate TFG's services without penalty.

Neither TFG nor the client may assign the *Financial Planning Agreement* or *Investment Advisory Agreement* without the prior consent of the other party. Transactions that do not result in a change of actual control or management of TFG shall not be considered an assignment.

### C. Availability of Customized Services for Individual Clients

TFG shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, TFG shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on TFG's services.

### D. Wrap Fee Programs

We do not participate in a wrap fee program.

### E. Assets Under Management

As of December 31, 2022, TFG had \$ 310,537,220 in assets under management on a discretionary basis and \$ 193,141,780 in assets under management on a non-discretionary basis for a total of \$503,679,000 in assets under management.

## ITEM 5 FEES AND COMPENSATION

### A. Advisory Services and Fees

## INVESTMENT MANAGEMENT

In the event the client desires, the client can engage TFG to design an investment portfolio and provide ongoing corresponding investment management services on a *fee-only* basis. In the event the client determines to implement investment recommendations through TFG on a *fee-only* basis, TFG shall charge an annual investment management fee based upon a percentage of the market value of the assets being managed by TFG. The investment management fee charged shall vary (between 0.50% and 1.00%) depending upon the market value of assets under management and the type of assets under management:



<b>Market Value of Portfolio</b>	<b>% of Assets</b>
Up to \$999,000	1.00%
\$1,000,00- \$2,999,999	0.75%
More than \$3,000,000	0.50%

TFG will generally require a minimum account size of \$500,000 for investment management services. However, TFG in its sole discretion, will charge a lesser management fee or accept lesser account sizes, based upon certain criteria (i.e. existing financial planning client, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, etc.). TFG includes cash in the calculation of the fee unless separately negotiated between TFG and the client. Fees for third-party managers are in addition to the fees charged by TFG.

TFG's advisory fee rate will result in a blended rate based on the client's total portfolio value. As the portfolio value reaches the various thresholds, the assets will be charged successively lower fees. The asset management fee level will be based on the total aggregate value of all of the client's accounts under TFG's management. TFG's annual investment fee shall be pro-rated and payable either in advance or arrears based upon the entity with which the assets are custodied and based upon the market value of the assets on the last business day of the quarter. However, if assets are custodied at AXOS Advisor Services, the fee will be computed based on the average daily balance for the preceding quarter and billed in arrears.

#### **B. Payment of Fees**

TFG's agreement shall authorize the custodian of the client's account to debit the account for the amount of TFG's investment management fee and to directly remit that management fee to TFG in accordance with required SEC procedures. To implement that procedure, the client will provide written authorization permitting the advisory fees be deducted from their account held at the custodian. The custodian will send, at least quarterly, to client a statement reflecting the fee paid to TFG. On an exception basis, client may prefer to pay TFG directly. Fees shall be prorated and payable either in advance or arrears; and shall be based upon the market value of the assets on the last business day of the quarter or the Average Daily Balance depending upon the entity with which the client's assets are custodied.

For the initial quarter of investment management services, fees shall be calculated on a *pro rata* basis. The *Investment Advisory Agreement* between TFG and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. TFG's quarterly fee shall be prorated through the date of termination and any remaining balance shall be charged or refunded to the client, as appropriate, in a timely manner.

#### **C. Additional Expenses and Fees**

The fees, if any, charged by *TD Ameritrade, SEI, and AXOS Advisor Services* are exclusive of, and in addition to, TFG's investment management fee. In addition to TFG's investment management fee, the client, relative to all mutual fund purchases, shall also incur charges imposed

at the mutual fund level (e.g., management fees and other fund expenses).

Factors that TFG considers in recommending a particular custodian to clients include financial strength, reputation, reporting, operations, pricing, research, and service. *TD Ameritrade, SEI, and AXOS Advisor Services* may charge transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain mutual funds, commissions are charged for individual equity/debt securities transactions). The transaction fees charged by *TD Ameritrade, SEI, and AXOS Advisor Services* may be higher or lower than those charged by other custodians. In return for effecting securities transactions through a particular custodian, TFG may receive certain investment research products and/or services which assist TFG in its investment decision-making process for the client, all of which transactions shall be in compliance with Section 28(e) of the Securities Exchange Act of 1934.

Although the investment research products and/or services that may be obtained by TFG will generally be used to service all of TFG's clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

### **FINANCIAL PLANNING**

TFG charges a fixed fee for financial planning. The fixed fee for financial planning is based upon a \$300 hourly rate for the lead advisor and a \$200 hourly rate for the para-planner. The actual rate will be quoted in the *Financial Planning Agreement* prior to either party signing the document. The client is free at all times to accept or reject any financial planning or investment recommendation from TFG.

Prior to engaging TFG to provide financial planning services, the client will be required to enter into a written agreement with TFG setting forth the terms and conditions of the engagement and describing the scope of the services to be provided and the portion of the fee that is due from the client prior to TFG commencing services. Generally, TFG requires one-half of the financial planning fee payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services. Either party may terminate the agreement by written notice to the other. In the event the client terminates TFG's financial planning services, the balance of TFG's unearned fees (if any) shall be refunded to the client. If termination occurs within five business days of entering into an agreement for such services, the client shall be entitled to a full refund.

However, the client will incur a pro-rata charge or receive a prorated refund for bona fide services actually rendered prior to such termination after the fifth business day. Once plan is delivered to the client, the client then has 3 business days to review the plan and request any modifications. The Agreement is completed on the 10th day after delivery of final plan.

### **MUTUAL FUND FEES**

Advice offered by investment adviser representatives of TFG ("IARs") may involve investments in mutual funds. Mutual funds may carry loads (i.e. sales charges) that may be up-front or on a contingent deferred basis or be no-loads with no initial or contingent deferred sales charges. Fees paid to TFG or any IAR for advisory services are separate from the fees and expenses charged to shareholders of mutual fund shares by the mutual fund companies. When selecting mutual funds that have multiple share classes for recommendation to clients, TFG will take into

account the internal fees and expenses associated with each share class, as it is TFG policy to choose the lowest-cost share class available, absent circumstances that dictate otherwise. A complete explanation of fees and expenses charged by mutual funds is contained in each mutual fund's prospectus.

A conflict of interest may exist between the interests of TFG and/or its IARs and the interests of client in that TFG and IARs offer financial planning and investment advisory services for a fee and also offer various securities products for which they may be paid a commission in their capacity of a registered representative of the broker/dealer. The securities products available through TFG may be limited to certain products that have been reviewed and made available for offering through TFG with which IARs may be RRs.

Accordingly, lower fees for comparable services may be available from other sources. Material conflicts of interest have been disclosed to the client in writing via this Form ADV, Part 2A that could cause TFG or IARs to not render unbiased and objective advice. Clients are advised that the investment recommendations and advice offered by TFG are not legal advice or accounting advice. Clients should coordinate and discuss the impact of financial advice with their attorney and/or accountant.

Clients are advised that it is necessary to inform TFG promptly with respect to any changes in client's financial situation and investment goals and objectives. Failure to notify TFG of any such changes could result in investment recommendations not meeting the needs of client.

At all times clients have the option to purchase investment products recommended by TFG through unaffiliated brokers or agents.

Less than 5% of TFG's revenue from advisory clients results from commissions and other compensation for the sale of investment products TFG recommends to its clients, including asset-based distribution fees from the sale of mutual funds.

TFG does not charge its advisory clients commissions and/or markups.

## **ITEM 6**

### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Neither TFG nor any supervised person of TFG charges performance-based fees, nor does TFG engage in side-by-side management.

## **ITEM 7**

### **TYPES OF CLIENTS**

TFG's clients shall generally include individuals, pension and profit-sharing plans, trusts, and business entities. TFG generally requires an annual minimum account size of \$500,000 for investment advisory services.

## **ITEM 8**

### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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

TFG tailors its investment recommendations to each client's situation. TFG's investment philosophy is generally based upon the principles of Modern Portfolio Theory, which suggests that you can limit the volatility in your portfolio while improving its performance by spreading the risk among different types of securities that don't always behave the same way. According to Modern Portfolio Theory, a portfolio exhibits risk and return characteristics based on its composition and the way those components correlate with each other. Asset allocation, diversification, and rebalancing are all part of a sound investment strategy built upon the economic concepts of Modern Portfolio Theory.

The asset classes that make up a portfolio, along with the risk levels and correlations of those asset classes, are responsible for most of the variability of portfolio returns. An asset class is a grouping of securities that are similar in terms of pricing change patterns. Asset classes for stocks are typically composed of security groups based upon size, valuation or geographic region (e.g., large capitalization stocks, growth stocks, small capitalization stocks, international stocks). Asset classes for bonds are typically composed of security groups based upon maturity length, credit quality and issuer type (e.g., short-term bonds, high yield corporate bonds, high quality corporate bonds).

To reduce risk, TFG recommends globally diversified, multi-asset class portfolios using primarily mutual funds and exchange traded funds. In TFG's view, market timing does not add value over the long term.

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss. Diversification does not ensure a profit or guarantee against a loss. The investment return and principal value of an investment will fluctuate such that an investor's shares, when redeemed, can be worth more or less than their original cost.

Following is a more detailed description of the specific risks inherent in the strategies and securities TFG recommends.

**Market Risk:** Market risk involves the possibility that an investment's current market value will fall because of a general market decline.

**Issuer Risk:** The value of a security may fall in response to developments affecting the specific issuer of the security, even if the overall industry is unaffected.

**Small Company Risk:** Securities of companies with smaller market capitalizations may be more volatile than securities of companies with larger market capitalizations.

**Foreign Investment Risk:** Investments in securities of foreign issuers may involve risks due to currency exchange rates, political instability and taxes, among others.

**Credit Risk:** An issuer's inability to pay principal and interest when due.

**Interest Rate Risk:** The prices of fixed income securities generally decline when interest rates rise. Generally, fixed income securities with longer maturities are more sensitive to interest rate

movements.

**Inflation Risk:** Inflation may erode the buying-power of an investment portfolio.

**Strategy Risk/Management Risk:** The risk that the selection of investment strategies by the investment adviser does not work as intended.

**Exchange Traded Funds:** Prices may vary significantly from the Net Asset Value due to market condition. Certain Exchange Traded Funds may not track underlying benchmarks as expected. ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. The Adviser has no control over the risks taken by the underlying funds in which the clients invest.

**Mutual Funds:** When a client invests in open-end mutual funds or ETFs, the client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives).

**Equity Securities:** Equity securities tend to be more volatile than other investment choices. The value of an individual mutual fund or ETF can be more volatile than the market as a whole. This volatility affects the value of the client's overall portfolio. Small and mid-cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product lines, financial resources, and less management experience than larger companies. Smaller companies may also have a lower trading volume, which may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.

**Fixed Income:** The issuer of a fixed income security may not be able to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation. If a rating agency gives a debt security a lower rating, the value of the debt security will decline because investors will demand a higher rate of return. As nominal interest rates rise, the value of fixed income securities held by the Fund is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate.

**Margin Borrowings:** The use of short-term margin borrowings may result in certain additional risks to a Client. For example, if securities pledged to brokers to secure a Client's margin accounts decline in value, the Client could be subject to a "margin call", pursuant to which it must either deposit additional funds with the broker or be the subject of mandatory liquidation of the pledged securities to compensate for the decline in value.

## **ITEM 9 DISCIPLINARY INFORMATION**

Neither TFG, nor any of its management persons, have been the subject of any regulatory

disciplinary actions.

## **ITEM 10**

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

#### **A. Broker-Dealer Registration**

This item is not applicable.

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

Neither TFG, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

#### **C. Material Relationships and Conflicts of Interests with Industry Participants**

### **LICENSED INSURANCE AGENCY/AGENT**

TFG has arrangements that are material to its advisory business or its clients with a related person who is an insurance agent. In this regard, Robert Tilson, Judy Lutzy, Michael McGrady and Leo Tropeano are licensed insurance agents, and in such capacity, may introduce clients to insurance agencies to obtain certain insurance-related products. Accordingly, TFG does not exercise any discretionary authority with respect to a client's decision to obtain such insurance-related products; but may receive fees in connection therewith.

The recommendation by TFG's principal that a client purchase an insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend insurance products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from TFG or its principal. Clients are reminded that they may purchase insurance products recommended by TFG through other, non-affiliated insurance agents.

#### **D. Material Conflicts of Interest Relating to Other Investment Advisers**

TFG does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

## **ITEM 11**

### **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

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

TFG has adopted a Code of Ethics (the "Code of Ethics") pursuant to Rule 204A-1 under the Advisers Act. The Code of Ethics is designed to ensure that TFG employees comply with applicable federal securities laws and place the interests of clients first in conducting personal securities transactions. The Code of Ethics imposes certain restrictions on securities transactions in the

personal accounts of covered persons to help avoid conflicts of interest, as described more fully below. A copy of the Code of Ethics is available free of charge to any client upon request.

Additionally, all TFG employees are subject to the firm's policies and procedures. In addition, the Code of Ethics sets forth restrictions regarding confidential and proprietary information, information barriers, private investments, outside business activities and personal trading. All TFG employees are required to comply with the Code of Ethics terms as a condition of continued employment.

**B. Recommending, Buying, or Selling Securities in which We or a Related Person Have a Material Financial Interest, Invest, or Buy or Sell at the Same Time; Conflict of Interests**

Neither TFG nor any related person of TFG recommends, buys, or sells for client accounts, securities in which TFG or any related person of TFG has a material financial interest.

TFG and/or representatives of TFG *may* buy or sell mutual fund shares that are also recommended to clients.

TFG has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of TFG's "Access Persons". TFG's securities transaction policy requires that Access Person of TFG must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date TFG selects; provided, however that at any time that TFG has only one Access Person, he or she shall not be required to submit any securities report described above.

TFG and/or representatives of TFG *may* buy or sell securities, at or around the same time as those securities are recommended to clients. Therefore, this situation creates a potential conflict of interest. As indicated above, TFG has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of TFG's Access Persons.

Although commissions generated by the purchase of securities and insurance products through TFG or its members may or may not cause its recommendations to be free from self-interest, or a conflict of interest, the client is under no obligation to accept or implement TFG's recommendations.

**ITEM 12  
BROKERAGE PRACTICES**

**A. Selection of Broker-Dealers and Reasonableness of Compensation**

Factors that TFG considers in recommending any broker/dealer-custodian to clients include historical relationship with TFG, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by TFG's clients shall

comply with TFG's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where TFG determines, in good faith, that the commission/transaction fee is 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 broker/dealer services, including the value of research provided, execution capability, commission rates, and responsiveness.

Accordingly, although TFG will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, TFG's investment management fee. TFG's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

## **RESEARCH AND ADDITIONAL BENEFITS**

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, TFG may receive from TD Ameritrade, SEI, and AXOS Advisor Services (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist TFG to better monitor and service client accounts maintained at such institutions.

Included within the support services that may be obtained by TFG may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by TFG in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist TFG in managing and administering client accounts. Others do not directly provide such assistance, but rather assist TFG to manage and further develop its business enterprise. TFG's clients do not pay more for investment transactions effected and/or assets maintained at any broker/dealer – custodian as a result of this arrangement. There is no corresponding commitment made by TFG to TD Ameritrade, SEI, and AXOS Advisor Services or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

TFG's Chief Compliance Officer, Robert Tilson, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

TFG does not generally accept directed brokerage arrangements (when a client requires that account transactions be affected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and TFG will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for



other accounts managed by TFG. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs TFG to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through TFG.

TFG's Chief Compliance Officer, Robert Tilson, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

**B. Aggregating Orders for Various Client Accounts**

If applicable, and when executing a trade in various accounts we aggregate the trade by purchasing the security during the day and averaging the price paid. Each client pays the average price.

**C. Trade Errors**

Trade and other clerical errors resulting in gains will be for the benefit of the client and will not be retained by TFG. TFG is under no obligation, however, to reimburse the client for trade and other clerical errors made by TFG, its agents and affiliates, as such errors are considered by TFG to be a cost of doing business.

While TFG is under no obligation to reimburse the client for trade and other clerical errors made by TFG, its agents and affiliates, any correction of a trade or other clerical error will only be made to the extent required so that the client does not incur a loss related to such error.

Notwithstanding the foregoing, TFG will be obligated to reimburse the client for any trade or other clerical error resulting from TFG's willful misconduct, gross negligence or material breach under the exculpation of liability and indemnification provisions of the *Investment Advisory Agreements* maintained with the client. TFG, subject to its fiduciary obligations, will determine whether or not any trade or other clerical error is required to be reimbursed in accordance with such liability and exculpation provisions. TFG, in its sole discretion, reserves the right to reimburse the client for any trade or other clerical error. TFG's reimbursement of the client for any particular error will not constitute a waiver of any policy to cause the client to bear the losses from other trade or other clerical errors.

## **ITEM 13 REVIEW OF ACCOUNTS**

**A. Periodic Review of Client Accounts**

For those clients to whom TFG provides investment management services, account reviews are conducted on an ongoing basis by TFG's principal. All investment advisory clients are advised that it remains their responsibility to advise TFG of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial

planning issues (to the extent applicable), investment objectives and account performance with TFG at a minimum on an annual basis.

**B. Additional Review of Client Accounts**

TFG may conduct account reviews on other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

**C. Contents and Frequency of Account Reports to Clients**

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the custodian. TFG may also provide a written periodic report summarizing account activity and performance.

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

**ITEM 14  
CLIENT REFERRALS AND OTHER COMPENSATION**

**A. Economic Benefits for Providing Services to Clients**

As referenced above, TFG may receive an indirect economic benefit from TD Ameritrade, SEI, or AXOS Advisor Services. TFG, without cost (and/or at a discount), may receive support services and/or products from TD Ameritrade, SEI, or AXOS Advisor Services. TFG's clients do not pay more for investment transactions effected and/or assets maintained at TD Ameritrade, SEI, or AXOS Advisor Services as a result of this arrangement. There is no corresponding commitment made by TFG to TD Ameritrade, SEI, or AXOS Advisor Services or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

TFG's Chief Compliance Officer, Robert Tilson remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

**B. Compensation to Non-Supervised Persons for Client Referrals**

TFG does not compensate non-supervised persons for client referrals.

**ITEM 15  
CUSTODY**

TFG shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. TFG may also provide a written periodic report summarizing account activity and performance.

**Please Note:** To the extent that TFG provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by TFG with the account statements received from the account custodian.

**Please Also Note:** The account custodian does not verify the accuracy of TFG's advisory fee calculation.

## **ITEM 16 INVESTMENT DISCRETION**

The client can determine to engage TFG to provide investment advisory services on a discretionary or non-discretionary basis. Prior to TFG assuming discretionary authority over a client's account, client shall be required to execute an *Investment Advisory Agreement*, naming TFG as client's attorney and agent in fact, granting TFG full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage TFG on a discretionary basis may, at any time, impose restrictions, in writing, on TFG's discretionary authority. (*i.e.* limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe TFG's use of margin, etc.)

## **ITEM 17 VOTING CLIENT SECURITIES**

TFG does not vote client proxies. Therefore, although TFG may provide investment advisory services relative to client investment assets, TFG's clients maintain responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. TFG and/or the client shall correspondingly instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

Clients may contact TFG to discuss any questions they may have with a particular solicitation.

## **ITEM 18 FINANCIAL INFORMATION**

### **A. Balance Sheet**

TFG does not solicit fees of more than \$1,200 per client, six months or more in advance.

### **B. Contractual Commitments to Our Clients**

TFG is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.

**C. Bankruptcy Petitions**

TFG has not been the subject of a bankruptcy petition.

**ANY QUESTIONS:** TFG's Chief Compliance Officer, Robert Tilson, remains available to address any questions that a client may have regarding the above disclosures and arrangements.