



**Part 2A of Form ADV:  
*Firm Brochure***

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**October 2023**

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This Brochure provides information about the qualifications and investment advisory business practices of Anthony A. Saccaro, ChFC, J.D., President of Providence Financial and Insurance Services, Inc. If you have any questions about the contents of this Brochure, please contact Anthony A. Saccaro at 818-887-6443. 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 Anthony A. Saccaro, President of Providence Financial and Insurance Services, Inc. is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view the information on this website by searching for the investment adviser firm name or by searching for the firm **CRD number 141988**.

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

## Item 2 – Material Changes

The Firm Brochure is used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Providence Financial and Insurance Services, Inc. has the following material changes to this Disclosure Brochure since our last annual amendment was filed in February 2023:

- In September 2023 Charles Schwab and Co. completed their purchase of TD Ameritrade. Item 12 has been updated to reflect the fact that Charles Schwab and Co. is now the qualified custodian for our client's managed accounts.
- In September 2023 the firm also updated its fee schedule and minimum account requirements. Please refer to **Item 5 – Fees and Compensation** and **Item 7 - Types of Clients** for more specific information.

Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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#### **Item 4 – Advisory Business**

Anthony A. Saccaro, ChFC, J.D., President of Providence Financial and Insurance Services, Inc. (Providence and/or the Firm) is a registered investment advisor and is an S Corporation formed under the laws of the state of California. Furthermore, Anthony A. Saccaro is an attorney licensed to practice in California.

- Providence Financial and Insurance Services, Inc. was initially approved as a registered investment advisor in March 2008.
- Anthony A. Saccaro, President and 100% owner of Providence Financial and Insurance Services, Inc.

#### **General Description of Primary Advisory Services**

Providence provides clients with a broad range of investment management and insurance services, comprehensive estate and financial planning, and consulting services (including non-investment related matters). The following briefly outlines the primary advisory services provided by the Firm. A more detailed description of our services is provided in *Item 5 – Fees and Compensation* allowing clients and prospective clients an opportunity to review our description of services and description of fees in a side-by-side manner.

**Financial Planning & Consulting Services** – Providence provides investment advisory services in the form of financial planning and consulting services. Financial planning and consulting services involves the active management of client accounts with a focus on a client's overall financial situation. For Providence, financial planning and consulting consists of guiding individuals as they determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. Furthermore, Anthony A. Saccaro, in his capacity as an attorney, offers legal advice in the area of estate planning for which he is qualified to offer such advice. The role of a financial planner is to find ways to assist the client in understanding their overall financial situation and financial objectives.

**Investment Management Services** – We provide advisory services in the form of Investment Management Services. Investment Management Services involve providing clients with continuous and on-going supervision over client accounts. This includes monitoring a client's account and directing trades, when necessary. Providence places trades on a discretionary basis without the direct consent of the client.

**Referral of Third-Party Money Managers** - Providence offers advisory services by referring clients to a third-party money manager, Sound Income Strategies, LLC, (SIS), which offers asset management and other investment advisory services. SIS is responsible for continuously monitoring client accounts and making trades in client accounts on a discretionary basis when they deem necessary.

Under this program, we assist you with identifying your risk tolerance and investment objectives. We then instruct SIS to invest according to your stated investment objectives and risk tolerance. You must authorize SIS, who provide your designated account(s) with asset management services, to have trading authority which you will do either through an agreement directly with them or through a limited power of attorney.

We are available to answer questions that you may have regarding your account and act as the communication conduit between you and SIS. SIS may take discretionary authority to determine the securities to be purchased and sold for your account. However, Providence also has full trading authority.

After reviewing the performance of various third-party investment advisory firms, including various factors such as the overall fee that they charge us or our clients, Providence has selected SIS as the single third-party money manager which we recommend to our clients. Therefore, Providence has a conflict of interest in that it will only recommend SIS as its sole third-party money manager.

Clients are advised that there may be other third-party managed programs not recommended by our firm, that may be more suitable for the client and that may be more or less costly than arrangements recommended by our firm. No guarantees can be made that a client's financial goals or objectives will be achieved by SIS. Further, no guarantees of performance can ever be offered by our firm (*Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more details.*)

**Retirement Plan Rollover Recommendations** - When Providence provides investment advice about your retirement plan account or individual retirement account ("IRA") including whether to maintain investments and/or proceeds in the retirement plan account, roll over such investment/proceeds from the retirement plan account to a IRA or make a distribution from the retirement plan account, we acknowledge that Providence is a "**fiduciary**" within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA") and/or the Internal Revenue Code ("IRC") as applicable, which are laws governing retirement accounts. The way Providence makes money creates conflicts with your interests so Providence operates under a special rule that requires Providence to act in your best interest and not put our interest ahead of you.

Under this special rule's provisions, Providence must as a fiduciary to a retirement plan account or IRA under ERISA/IRC:

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

To the extent we recommend you roll over your account from a current retirement plan account to an individual retirement account managed by Providence , please know that Providence and we have a conflict of interest.

We can earn increased investment advisory fees by recommending that you roll over your account at the retirement plan to an IRA managed by Providence . We will earn fewer investment advisory fees if you do not roll over the funds in the retirement plan to an IRA managed by Providence .

Thus, our investment adviser representatives have an economic incentive to recommend a rollover of funds from a retirement plan to an IRA which is a conflict of interest because our recommendation that you open an IRA account to be managed by our firm can be based on our economic incentive and not

based exclusively on whether or not moving the IRA to our management program is in your overall best interest.

We have taken steps to manage this conflict of interest. We have adopted an impartial conduct standard whereby our investment adviser representatives will (i) provide investment advice to a retirement plan participant regarding a rollover of funds from the retirement plan in accordance with the fiduciary status described below, (ii) not recommend investments which result in Providence receiving unreasonable compensation related to the rollover of funds from the retirement plan to an IRA, and (iii) fully disclose compensation received by Providence and our supervised persons and any material conflicts of interest related to recommending the rollover of funds from the retirement plan to an IRA and refrain from making any materially misleading statements regarding such rollover.

When providing advice to a retirement plan account or IRA, we will act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives, risk, tolerance, financial circumstances, and a client's needs, without regard to the financial or other interests of Providence or our affiliated personnel.

### **Limits Advice to Certain Types of Investments**

We provide investment advice concerning, but not limited to, the following types of investments:

- Exchange-listed securities (i.e. stocks)
- Securities traded over-the-counter
- Foreign issues
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States government securities
- Options contracts on securities
- Options contracts on commodities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests

The Firm does not provide advice on futures contracts on tangibles or intangibles.

When providing Investment Management Services, Providence typically constructs each client's account holdings using income producing investments (individual bonds, unit investment trusts, real estate investment trusts, etc.), along with exchange traded funds (ETFs), mutual funds, and equities, to build diversified portfolios. It is not the Firm's typical investment strategy to attempt to time the market, but Providence may increase cash holdings modestly as deemed appropriate, based on a client's risk tolerance and the Firm's analysis and expectations regarding market behavior. Providence may modify our investment strategy to accommodate special situations such as low basis stock, stock options, and legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations. *(Please*

*refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)*

### **Tailor Advisory Services to Individual Needs of Clients**

Our services are always provided based on the individual needs of each client. For example, a client is given the ability to impose restrictions on the accounts we manage on behalf of the client, including specific investment selections and sectors. Providence works with each client on a one-on-one basis through interviews and questionnaires to determine the client's investment objectives and suitability information.

### **Client Assets Managed by Providence**

As of January 28, 2023 the amount of client assets managed by Providence totaled; \$131,079,977. All accounts are managed on a discretionary basis.

## **Item 5 – Fees and Compensation**

In addition to the information provided in Item 4 – Advisory Business, this section provides details regarding our advisory services, fees and compensation arrangements.

### ***Investment Management Services***

The client may engage Providence to design an investment portfolio and provide ongoing corresponding investment management services on a fee-only basis. Unless the client directs otherwise, we will generally recommend investment management accounts be established with Charles Schwab and Co. Member FINRA/SIPC/NFA.

We provide an additional service for accounts not directly held with Schwab, but where we do have discretion, and may leverage an Order Management System to implement tax-efficient asset location and opportunistic rebalancing strategies on behalf of the client. These are primarily employer sponsored retirement accounts (i.e. 401(k), 403B etc.), HSA's, and other assets we do not custody. We regularly review the available investment options in these accounts, monitor them, and rebalance and implement our strategies in the same way we do other accounts, though using different tools as necessary.

Advisory recommendations are based on the client's financial situation at the time the services are provided and are based on financial information disclosed by the client to us. You are advised that certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. As the client's financial situation, goals, objectives, or needs change, the client must notify us promptly.

Our fees for investment management services generally range between 1.25% and 1.50% of the invested assets and are charged as follows:

<b>Assets Under Management</b>	<b>Maximum Annual Advisory Fee</b>
\$0-\$250,000	\$2500 flat fee
\$250,000-\$1,000,000	1.50%
\$1,000,001+	1.25%



Our fees are subject to negotiation and charged on a pro-rata (annual) basis monthly in arrears based on the average daily market value of the account during the most recent calendar month. Our fees are negotiable based on factors such as the client's financial situation and circumstances, the amount of assets under management, and the overall complexity of the services provided.

Clients may receive the same or comparable services from other financial advisors at a lower fee.

Prior to Providence providing investment management services, the client will be required to enter into a formal Investment Advisory Agreement with us setting forth the terms and conditions under which the Firm will manage the client's assets, and a separate custodial/clearing/management agreement with the account custodian. Our Investment Advisory Agreement and the custodial/clearing/ management agreement may authorize the account custodian to debit the client account in the amount of the Providence investment advisory fee and to directly remit the management fee to the Firm in accordance with applicable state and/or regulatory procedures. The applicable procedures require that Providence to provide clients with a fee notification contemporaneously with any fees being deducted from the account. The fee notification expressly states the amount of fees for the month, the manner in which the fees are deducted, any adjustments to the fees, as well as an explanation regarding any adjustments. The account custodian provides client statements, at least quarterly, showing all disbursements for the account including the amount of the advisory fee deducted directly from the account. The exception for this is directly-managed held-away accounts, such as 401(k)'s and other employer sponsored retirement plans. As it is impossible to directly debit the fees from these accounts, those fees will be assigned to the client's other pre-tax or taxable accounts on a pro-rata basis. If the client does not have a pre-tax or taxable account, they will be required to establish one in order to use this service. If we only manage your held-away assets for part of a quarter, the charge will be prorated. Furthermore, although the fee for this service will be charged according to the fee schedule above, the fee for directly-managed held-away accounts will be based on the value of the account on the last day of the quarter and will be deducted quarterly in arrears.

Advice offered by Providence may involve investments in mutual and/or money market funds, unit investment trusts, real estate investment trusts, variable annuities, and/or the use of third party money managers who also charge a separate fee. Clients are hereby advised that all fees paid to the Firm for investment advisory services are separate and distinct from the fees and expenses charged by these funds (described in each fund's prospectus) to their shareholders. These fees may include, but are not limited to, a management fee, upfront sales charges, and other fund expenses. In addition, transaction charges may apply when purchasing or selling securities. Providence does not share in any portion of the brokerage fees/transaction charges imposed by the custodian holding the client funds or securities. You should review all fees charged by mutual and/or money market funds, Providence and others to fully understand the total amount of fees to be paid by the client.

In performing its services, Providence is not required to verify any information received from the client or from the client's other professionals and may rely on the information provided in servicing the client account. The client is free to accept or reject any recommendation made by us. Moreover, each client is advised that it is the client's responsibility to promptly notify Providence regarding any change in the client's financial situation or investment objectives for the purpose of reviewing/evaluating/revising the Firm's previous recommendations and/or services. Our clients are advised to promptly notify us if there are ever any changes in their financial situation or investment objectives, or if they wish to impose any reasonable restrictions upon Providence's management services.

The Providence written disclosure statement is provided to each client prior to, or contemporaneously

with, the execution of the Investment Advisory Agreement. Any client who has not received a copy of our written disclosure statement at least forty-eight (48) hours prior to executing the initial Investment Advisory Agreement is allowed five (5) business days subsequent to executing the agreement to terminate the Firm's services without penalty.

The Investment Advisory Agreement may be cancelled at any time, by either party, for any reason upon receipt of written notice. Upon termination of any account, any prepaid, unearned fees are promptly be refunded, and any earned, unpaid fees are due and payable.

Neither the Firm nor the client may assign the Investment Advisory Agreement without the prior written consent of the other party. Transactions that do not result in a change of actual control or management of Providence will not be considered an assignment.

### **Financial Planning/Consulting Services**

We provide investment and financial planning advice to clients through consultations. We provide an initial consultation with no fee and no obligation. If it is determined that we can assist a prospective client in a particular area, the Firm will then develop a proposal for the prospective client. If the proposal involves the utilization of products in which there is a commission payable, then, in most circumstances, we are willing to accept the commissions as full compensation for our consultation services but only with regards to the products that pay the commission.

Providence provides financial planning advice to clients that often involves the use of fixed and/or indexed products and/or life insurance. We also attempt to identify estate-planning deficiencies and either recommend solutions or refer clients to an appropriate professional (e.g. elder law attorney, CPA) who can further discuss the details of these deficiencies along with possible solutions.

As a customary part of the Firm's financial planning/consulting process, Providence sometimes recommends clients purchase one or more fixed and/or indexed products including, but not limited to annuities and/or life insurance.

### **Third-Party Money Managers**

A complete description of the third-party money manager's services, fee schedules and account minimums will be disclosed in the third-party money manager's disclosure brochure which will be provided to you prior to or at the time an agreement for services is executed and the account is established.

The asset management fees charged under the Third-Party Money Manager program may vary and may be negotiable based upon the type of client, the services requested, the complexity of the client's situation, the composition of the client's account, other advisory services provided and the relationship of the client. The exact fees and other terms will be outlined in the agreement between you and Providence.

All fees are calculated, billed to the custodian and collected by Providence. We will be responsible for delivering the third-party manager their portion of the asset management fees collected.

Third-party managers generally have account minimum requirements that will vary among third-party money managers. Account minimums are generally higher on fixed income accounts than for equity based accounts.

Under this program, you may incur additional charges including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges and IRA and qualified retirement plan fees.

We have a conflict of interest by only offering SIS as the sole third-party money managers as they have agreed to charge us lower fees or pay a portion of their advisory fee to us and have met the conditions of our due diligence review. There may be other third-party money managers that may be more suitable for you or that may be more or less costly. No guarantees can be made that your financial goals or objectives will be achieved. Further, no guarantees of performance can be offered.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

Providence does not charge or accept performance-based fees. Performance-based fees are fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

## **Item 7 – Types of Clients**

We generally provide investment advice to the following types of clients:

- Individuals
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

### **Minimum Investment Amounts Required**

Although we reserve the right make an exception, there is a minimum investment amount of \$250,000 required for establishing an account managed by Providence. Prior to engaging us to provide investment advisory services, the client is required to enter into an Investment Advisory Agreement with the Firm setting forth the terms and conditions of the engagement, describing the scope of the services to be provided, and the portion of any fee that is due from the client prior to us commencing services.

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

### ***Methods of Analysis***

Providence uses the following methods of analysis in formulating investment advice:

**Charting** – This is a set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

**Fundamental** – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to

produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

***Technical*** – This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

***Cyclical*** – This is a method of analyzing the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

### **Investment Strategies**

Providence uses the following investment strategies when managing client assets and/or providing investment advice:

- Long term purchases. Investments held at least a year.
- Short term purchases. Investments sold within a year.
- Trading. Investments sold within thirty (30) days.

### **Use of Primary Method of Analysis or Strategy**

Our primary method of analysis or strategy is buy and hold. Some of the risks involved with using this method include the potential fluctuation of a security's value even if it is a fixed income security or non-equity.

Our primary strategy involves infrequent trading of securities. The infrequent trading of securities may have a positive or negative impact on investment performance.

### **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, Providence is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or

declines. There are certain additional risks associated when investing in securities through the Firm's investment management program.

***Market Risk:*** Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.

***Equity (Stock): Market Risk*** Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

***Company Risk:*** When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

***Fixed Income Risk:*** When investing in bonds, there is the risk an issuer will default on the bond and be unable to make payments. In addition, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments susceptible to the similar inflation risk.

***ETF and Mutual Fund Risk:*** When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.

***Management Risk:*** Your investment with my firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If the Firm's investment strategies do not produce the expected returns, the value of the investment will decrease.

## **Item 9 – Disciplinary Information**

Providence is required to disclose any legal or disciplinary events material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. The Firm and its employees have not been involved in legal or disciplinary events related to past investment clients.

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

Providence is not an affiliated entity to any of the following institutions (1) broker/dealer, municipal securities dealer, government securities dealer or broker, (2) futures commission merchant, commodity pool operator or commodity trading adviser, (3) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or hedge fund, and offshore fund), (4) other investment adviser (5) financial planning firm, (6) banking or thrift institution, (7) accounting firm, (8) insurance company or agency, (9) pension consultant,

(10) real estate broker or dealer, or (11) sponsor or syndicator of limited partnerships. However, Providence is an affiliated entity with Anthony Saccaro Law, A Professional Legal Corporation.

### **Insurance Activities**

While our primary business involves providing investment and financial planning advice, Providence employs staff who are licensed as independent insurance agents through various insurance companies. You are never obligated or required to purchase insurance products through agents affiliated with the Firm. However, based on your financial review staff may recommend a product through a third party to assist in achieving your financial goals and objectives.

### **Third-Party Money Managers**

Providence has developed a program, previously described in *Item 5* of this disclosure brochure, designed to allow us to recommend and select third-party money managers for you. We have selected Sound Income Strategies, LLC as the sole third-party manager. We may pay the third-party money manager on your behalf or the third-party money manager may pay us a portion of the fees you are charged. Please refer to *Items 4 and 5* for full details regarding the programs, fees, conflicts of interest and materials arrangements when Providence selects other investment advisers.

### **Legal Services**

Anthony A. Saccaro, the President of Providence, is an attorney and founder/president of Anthony Saccaro Law, A Professional Legal Corporation, and is duly licensed in the State of California. On occasion, he may provide legal advice or services to clients on matters both related and unrelated to advisory services. When acting in this capacity, he will be compensated on an hourly or fee basis for legal services.

## **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

### **Code of Ethics Summary**

All investment advisers are required to establish, maintain and enforce a Code of Ethics. Providence has established a Code of Ethics which applies to all of the Firm's associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Providence has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for the Firm's Code of Ethics which also covers our Insider Trading and Personal Securities Transactions Policies and Procedures. Providence requires all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times.

Upon employment, affiliation or when policy changes occur, all supervised persons sign an acknowledgement that they have read, understand and agree to comply with the Firm's Code of Ethics. Providence has the responsibility to affirm your interests are placed ahead of the interests of the Firm's supervised persons' own investment interests. Full disclosure of all material facts and potential conflicts of interest are provided to you prior to any services being conducted. Providence and our supervised persons must conduct business in an honest, ethical and fair manner, avoiding all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is

provided to give you a summary of our Code of Ethics. However, if you wish to review the Firm's Code of Ethics in its entirety, contact Anthony Saccaro at [www.providencefinancialinc.com](http://www.providencefinancialinc.com) or call 800-256-3513.

Providence has established the following restrictions in order to ensure its fiduciary responsibilities:

- We emphasize the unrestricted right of the client to specify investment objectives, guidelines, and/or conditions on the overall management of their account
- Associated persons or their immediate family members will not buy or sell securities for their personal portfolio(s) where their decision is derived in whole or in part, by reason of the associated person's employment, unless the information is also available to the investing public on reasonable inquiry. Providence associated persons shall not place their personal investment interest(s) ahead of the Firm's clients.
- In general, the Firm and its associated persons may not purchase and sell securities being considered for, or held by client accounts without pre-clearance approval by the Providence Chief Compliance Officer (CCO). Moreover, if the security is a thinly traded security (with average daily volume below 100,000 shares per day) investment personnel may be subject to a blackout period from trading in such securities.
- Providence or individuals associated with the Firm may buy or sell for their personal accounts investment products identical to those recommended to clients. It is our express policy that no person employed by Providence may enter an order to purchase or sell any security prior to a transaction(s) being implemented for an advisory account (in accordance with standard front running guidelines), and therefore, preventing such associated persons from benefiting through transactions placed on behalf of advisory accounts.
- Providence or individuals associated with the Firm may not participate in private placements or initial public offerings (IPOs) without pre-clearance from the CCO.
- The Firm and its associated persons shall act in accordance with all applicable federal and state regulations governing registered investment advisory practices. Failure to observe the restrictions may lead to disciplinary actions and/or termination.
- Records will be maintained regarding all securities bought or sold by the Firm, associated persons and if applicable, related entities. The CCO shall periodically review these records in accordance with the Firm's policy and procedures.
- Associated persons failing to observe the noted restrictions may be subject to disciplinary actions and/or termination.

#### **Affiliated Person Insurance/Annuity Activity Conflict**

As referenced in **Item 10 – Other Financial Industry Activities and Affiliations** associated person of Providence are independent licensed as insurance agents. When acting in this capacity our associated persons are able to receive a fixed up front commission of up to 10% on the sale of annuity products. Clients are never obligated or required to purchase insurance products through agents affiliated with the Providence.

#### **Affiliate and Employee Personal Securities Transactions Disclosure**

Providence and/or associated persons with the Firm may buy or sell for their personal account(s)

investment products identical to those recommended to clients. It is the expressed policy of Providence that no person employed by the Firm may purchase or sell any security prior to a transaction(s) being implemented for an advisory account (in accordance with standard front running guidelines), and therefore, preventing such associated persons from benefiting through transactions placed on behalf of advisory accounts. Providence may utilize batched orders to carry out this policy.

## **Item 12 – Brokerage Practices**

You are under no obligation to act on our financial planning recommendations. If Providence assists with the implementation of any recommendations, we are responsible to ensure you receive the best execution pricing available at the time. The Firm acknowledges that we may utilize various non-affiliated financial institutions for the execution of securities transactions and to custody assets. In certain cases, we may recommend that clients execute transactions through non-affiliated broker-dealers. Providence does not earn any commissions from unaffiliated broker-dealers. In any event, clients are under no obligation to act upon our recommendations and if a client elects to act on any of our recommendations, the client is under no obligation to effect the transaction through the Firm, or any of the recommended unaffiliated broker-dealers.

Providence actively recommends, and in some cases requires, that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Company, Inc. ("Schwab"), a FINRA-registered broker-dealer, Member SIPC, to maintain custody of clients' assets and to effect trades for their accounts.

Although Providence recommends clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Providence is independently owned and operated and not affiliated with Schwab. Providence can recommend additional unaffiliated broker-dealers to affect fixed income transactions.

Schwab provides Providence with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained at Schwab Institutional. These services are not contingent upon Providence committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require significantly higher minimum initial investment.

Schwab Institutional also makes available to Providence other products and services that benefit Providence but may not directly benefit clients' accounts. Many of these products and services can be used to service all or some substantial number of Providence' accounts, including accounts not maintained Schwab.

Schwab's products and services that assist Providence in managing and administering clients' accounts include software and other technology that (i) provides access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of Providence' fees from some of its accounts; and (v) assist with back-office functions, recordkeeping and client reporting.



Schwab Institutional also offers other services intended to help Providence manage and further develop its business enterprise. These services include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab Institutional will discount or waive fees it would otherwise charge for some of these services or pay all or part of the fees of a third-party providing these services to Providence. Schwab Institutional will also provide other benefits such as educational events or occasional business entertainment of Providence personnel. While as a fiduciary, Providence endeavors to act in its clients' best interests, Providence' recommendation that clients maintain their assets in accounts at Schwab will take into account availability of some of the foregoing products and services and other arrangements not solely on the nature of cost or quality of custody and brokerage services provided by Schwab, which creates a conflict of interest.

### **Trade Errors**

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client is responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and any loss resulting from the trade error is absorbed by us if it is determined the error was caused by the Firm. If the error is caused by the broker-dealer, the broker-dealer will be responsible for handling the trade error. If an investment gain results from the correcting trade, the gain will remain in the client's account unless the same error involved other client account(s) which should also receive the gains and it is not permissible for all clients to retain the gain. We may also confer with a client to determine if the client should forego the gain (e.g., due to tax reasons).

Providence will never benefit or profit from trade errors.

### **Aggregation of Client Orders-Block Trading Policy**

We may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading, or block trading and may be used by the Firm when we believe such action may prove advantageous to clients. If and when we aggregate client orders, the allocation of securities among client accounts is conducted on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and are allocated among our clients in proportion to the purchase and sale orders placed for each client account on any given day. If and when Providence initiates an aggregate regarding client orders for the purchase or sale of securities, including securities in which we may invest, the Firm will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* Neither Providence nor our associated persons receive any additional compensation or remuneration as a result of aggregating trades.

## **Item 13 – Review of Accounts**

### ***Investment Supervisory Services***

#### **Review Process**

Client accounts are continually monitored. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by a properly licensed Investment Advisor Representative affiliated with Providence.

#### **Report Process**

Clients receive transaction confirmations and statements at least quarterly from their account custodians. Collectively, these reports list client's account holdings, transactions and fees paid to Providence.

Upon the client's request, the Firm provides applicable reports summarizing performance.

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

### **Additional Compensation**

Providence is independently owned and operated and not affiliated with Schwab. Schwab and other firms may also make available to us other products and services that may benefit the Firm, but which may not benefit clients. These types of services will help us in managing and administering your accounts. These include software and other technology that provide access to client account data (i.e. trade confirmations and account statements); facilitate trade executions; provide research, pricing information, and other market data. In addition, back office functions including but not limited to facilitating fee payments from the Firm's client accounts; and assisting with record-keeping, and client reporting. Many of these services may be used to service all or a substantial number of our accounts.

Providence does not directly or indirectly compensate any person for client referrals.

The only form of other compensation received from advisory services is the fees charged for providing investment advisory services as described in *Item 5 Fees and Compensation* of this Brochure. The Firm receives no other form of compensation in connection with providing investment advice.

## **Item 15 – Custody**

Custody, as it applies to investment advisors, is defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.

Providence is deemed to have custody of client funds and securities because the Firm is given the authority to deduct fees directly from client accounts. However, this is the only form of custody the Firm maintains. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which Providence is deemed to have custody, the Firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under the specific client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are encouraged to compare the statements against reports received from Providence. When clients have questions concerning their account statements, they should contact us or the qualified custodian preparing the statement.

### **Item 16 – Investment Discretion**

When providing investment management services, Providence maintains trading authorization over your Account and can provide management services on a **discretionary** basis. When discretionary authority is granted, we will have the authority to determine the type of securities, the amount of securities that can be bought or sold, the broker or dealer to be used and the commission rates paid for your portfolio without obtaining your consent for each transaction. However, it is the Firm policy to consult with you prior to making significant changes in the account even when discretionary trading authority is granted.

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if we are not able to reach you or you are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

You will have the ability to place reasonable restrictions on the types of investments that may be purchased in your account. You may also place reasonable limitations on the discretionary power granted to the Firm as an attachment to Investment Adviser Agreement. The attachment must be signed by all parties and specifically set forth the requested limitations.

### **Item 17 – Voting Client Securities**

Providence does not vote proxies on behalf of your account. It is the client's responsibility to vote all proxies for securities held in client accounts that are managed by the Firm. You will receive proxies directly from your account custodian or transfer agent and such documents are not delivered by Providence.

We do not offer any consulting assistance regarding proxy issues to clients.

## **Item 18 – Financial Information**

Under no circumstances does Providence require or solicit payment of fees in excess of \$500 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement as part of this Brochure. The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

## **Item 19 – Privacy Policy**

In November of 1999, Congress enacted the Gramm-Leach-Bliley Act (GLBA). The GLBA requires certain financial institutions, such as investment advisor firms, to protect the privacy of customer information. In situations where a financial institution does disclose customer information to non-affiliated third parties, other than permitted or required by law, customers must be given the opportunity to opt out or prevent such disclosure. Providence does not share or disclose customer information to non-affiliated third parties except as permitted or required by law.

Providence is committed to safeguarding the confidential information of its clients. Providence holds all personal information provided by clients in the strictest confidence and it is the objective of Providence to protect the privacy of all clients. Except as permitted or required by law, Providence does not share confidential information about clients with non-affiliated parties. In the event that there were to be a change in this policy, Providence will provide clients with written notice and clients will be provided an opportunity to direct Providence as to whether such disclosure is permissible.

To conduct regular business, Providence may collect personal information from sources such as:

- Information reported by the client on applications or other forms the client provides to Providence
- Information about the client's transactions implemented by Providence or others
- Information developed as part of financial plans, analyses or investment advisory services

To administer, manage, service and provide related services for client accounts, it is necessary for Providence to provide access to customer information within the firm and to non-affiliated companies, with whom Providence has entered into agreements. To provide the utmost service, Providence may disclose the information below regarding customers and former customers, as necessary, to companies to perform certain services on Providence's behalf.

- Information Providence receives from the client on applications (name, Social Security number, address, assets, etc.)
- Information about the client's transactions with Providence or others (account information, payment history, parties to transactions, etc.)
- Information concerning investment advisory account transactions
- Information about a client's financial products and services transaction with Providence

Since Providence shares non-public information solely to service client accounts, Providence does not disclose any non-public personal information about Providence's customers or former customers to anyone, except as permitted by law. However, Providence may also provide customer information outside of the firm as required by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas. In the event that Providence has a change to its customer

privacy policy that would allow it to disclose non-public information not covered under applicable law, Providence will allow its clients the opportunity to opt out of such disclosure.