



The Goff Financial Group

Form ADV 2A: Firm Brochure

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Item 1 – Material Changes

Since the last annual update filing of this brochure in March 2024, there have been no material changes.

Item 2 – Table of Contents

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Item 4 – Advisory Business

Matthew Goff Investment Advisor, LLC (the "company" or "advisor"), which primarily conducts business under the name The Goff Financial Group, is an investment advisor providing investment management and financial planning services (the "Services") to individuals, small business, and retirement plans. The company was founded in 1994 by Matthew Goff, Chief Investment Officer ("CIO"). To this day, Matthew Goff remains the sole owner and principal, owning 100% of the company and remaining committed to providing the highest standard of Service to clients. The company spends 100% of its time engaged in providing Investment Advisory Services to clients.

As of December 31, 2024, the company managed approximately \$567,825,462 on a discretionary basis and \$4,765,714 on a non-discretionary basis for total assets under management of approximately \$572,591,176.

The company offers its Services on a fee-only basis which is charged based upon assets under management. Prior to engaging the company to provide any of the foregoing Services, the client will be required to enter into one or more written agreements setting forth the terms and conditions under which the company shall render its Services (collectively the "Agreement").

Because of the company's fee-only model, the company has the autonomy to act in the best interest of the client. The company takes the time to analyze the situation of each client and develop solutions tailored to each client's needs. The company bases its portfolio strategy on the objectives, income needs and other special circumstances of each client. The company seeks to create the optimal balance between reducing risk, asset growth, income, and preservation of capital.

The company provides discretionary and/or non-discretionary investment advisory services on a *fee* basis as discussed at Item 5 below. Before engaging the company to provide investment advisory services, clients are generally required to enter into an *Investment Advisory Agreement* with the company setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client. To commence the investment advisory process, the company will ascertain each client's investment objective(s) and then allocate the client's assets consistent with the client's designated investment objective(s). Once allocated, the company provides ongoing supervision of the account(s). The specifics of each client's portfolio are described in the Agreement executed between the client and the company. In all cases the company utilizes its expertise to build customized portfolios using securities including, but not limited to, the following:

- Exchange Listed Stocks and Funds
- Securities Traded Over the Counter
- Mutual Fund Shares
- Corporate Bonds
- US Government Bonds
- Commercial Paper
- Certificate of Deposits
- Options on Securities

The company's main strategy is providing optimal investment advisory service to clients, including rigorously addressing each individual's specific needs. Because these needs evolve over time, clients are advised to promptly notify the company if there are any changes in their financial situation that could materially impact the management of their portfolio.

Please Note: Non-Discretionary Service Limitations. Clients that determine to engage the company on a non-discretionary investment advisory basis must be willing to accept that the company cannot effect any account transactions without obtaining prior consent to any such transaction(s) from the client. Thus, in the event that the company would like to make a transaction for a client's account, and client is unavailable, the company will be unable to effect the account transaction (as it would for its discretionary clients) without first obtaining the client's consent.

Limitations of Financial Planning and Non-Investment Consulting/Implementation Services. To the extent requested and engaged by the client to do so, The company will generally provide financial planning and related consulting services regarding matters such as tax and estate planning, insurance, etc. per the terms and conditions of a separate agreement and a separate fee as discussed at Item 5 below, the fee for which shall generally be based upon the individual providing the service and the scope of the services to be provided. Prior to engaging the company to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with The company setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to The company commencing services.

Retirement Rollovers – Potential for Conflict of Interest: A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If the company recommends that a client roll over their retirement plan assets into an account to be managed by the company, such a recommendation creates a conflict of interest if the company will earn new (or increase its current) compensation as a result of the rollover. If the company provides a recommendation as to whether a client should engage in a rollover or not (whether it is from an employer's plan or an existing IRA), the company is acting as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. No client is under any obligation to roll over retirement plan assets to an account managed by the company, whether it is from an employer's plan or an existing IRA.

Custodian Charges-Additional Fees. As discussed below at Item 12 below, when requested to recommend a broker-dealer/custodian for client accounts, The company generally recommends that *Fidelity or Schwab* serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Fidelity and Schwab* charge brokerage commissions, transaction, and/or other type fees for effecting certain types of securities transactions (i.e., including transaction fees for certain mutual funds, and mark-ups and mark-downs charged for fixed income transactions, etc.). The types of securities for which transaction fees, commissions, and/or other type fees (as well as the amount of those fees) shall differ depending upon the broker-dealer/custodian. While certain custodians, including *Fidelity and Schwab*, generally (with exceptions) do not currently charge fees on individual equity transactions (including ETFs), others do. **Please Note:** there can be no assurance that *Fidelity or Schwab* will not change its transaction fee pricing in the future. **Please Also Note:** *Fidelity and Schwab* may also assess

fees to clients who elect to receive trade confirmations and account statements by regular mail rather than electronically.

Cash Positions: The company continues to treat cash as an asset class. As such, unless determined to the contrary by the company, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating the company's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), the company may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, the company's advisory fee could exceed the interest paid by the client's money market fund.

Cybersecurity Risk: The information technology systems and networks that the company and its third-party service providers use to provide services to the company's clients employ various controls, which are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in the company's operations and result in the unauthorized acquisition or use of clients' confidential or non-public personal information. Clients and the company are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost, and reputational damage to respond to regulatory obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although the company has established its systems to reduce the risk of cybersecurity incidents from coming to fruition, there is no guarantee that these efforts will always be successful, especially considering that the company does not directly control the cybersecurity measures and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions.

Portfolio Activity. The company has a fiduciary duty to provide services consistent with the client's best interest. The company will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, market conditions, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when the company determines that changes to a client's portfolio are unnecessary. Clients remain subject to the fees described in Item 5 below during periods of portfolio inactivity. Of course, as indicated below, there can be no assurance that investment decisions made by the company will be profitable or equal any specific performance level(s).

Other Assets. A client may:

- hold securities that were purchased at the request of the client or acquired prior to the client's engagement of the company. Generally, with potential exceptions, the company does not/would not recommend nor follow such securities, and absent mitigating tax consequences or client direction to the contrary, would prefer to liquidate such securities. **Please Note:** If/when liquidated, it should not be assumed that the replacement securities purchased by the company will outperform the liquidated positions. To the contrary, different types of investments involve varying degrees of risk, and there can be no assurance that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the company) will be profitable or equal any specific performance level(s). In addition, there may be other securities and/or accounts

- owned by the client for which the company does not maintain custodian access and/or trading authority; and,
- hold other securities and/or own accounts for which the company does not maintain custodian access and/or trading authority.

Corresponding Services/Fees: When agreed to by the company, the company shall: (1) remain available to discuss these securities/accounts on an ongoing basis at the request of the client; (2) monitor these securities/accounts on a regular basis, including, where applicable, rebalancing with client consent; (3) shall generally consider these securities as part of the client's overall asset allocation; and, (4) report on such securities/accounts as part of regular reports that may be provided by the company; and, (5) include the market value of all such securities for purposes of calculating advisory fee.

ESG: We don't have or recommend a strategy:

Please Note: Socially Responsible (ESG) Investing Limitations. *Socially Responsible Investing* involves the incorporation of Environmental, Social and Governance ("ESG") considerations into the investment due diligence process. ESG investing incorporates a set of criteria/factors used in evaluating potential investments: Environmental (i.e., considers how a company safeguards the environment); Social (i.e., the manner in which a company manages relationships with its employees, customers, and the communities in which it operates); and Governance (i.e., company management considerations). The number of companies that meet an acceptable ESG mandate can be limited when compared to those that do not, and could underperform broad market indices. Investors must accept these limitations, including potential for underperformance. As with any type of investment (including any investment and/or investment strategies recommended and/or undertaken by the company), there can be no assurance that investment in ESG securities or funds will be profitable, or prove successful. The company does not maintain or advocate an ESG investment strategy, but will seek to employ ESG if directed by a client to do so. If implemented, the company shall rely upon the assessments undertaken by the unaffiliated mutual fund, exchange traded fund or separate account manager to determine that the fund's or portfolio's underlying company securities meet a socially responsible mandate.

WE DON'T RECOMMEND Cryptocurrency: For clients who want exposure to cryptocurrencies, including Bitcoin, the company, will advise the client to consider a potential investment in corresponding exchange traded securities, or an allocation to separate account managers and/or private funds that provide cryptocurrency exposure. Crypto is a digital currency that can be used to buy goods and services, but uses an online ledger with strong cryptography (i.e., a method of protecting information and communications through the use of codes) to secure online transactions. Unlike conventional currencies issued by a monetary authority, cryptocurrencies are generally not controlled or regulated and their price is determined by the supply and demand of their market. Because cryptocurrency is currently considered to be a speculative investment, the company will not exercise discretionary authority to purchase a cryptocurrency investment for client accounts. Rather, a client must expressly authorize the purchase of the cryptocurrency investment. **Please Note:** The company **does not** recommend or advocate the purchase of, or investment in, cryptocurrencies. The company considers such an investment to be **speculative. Please Also Note:** Clients who authorize the purchase of a cryptocurrency investment must be prepared for the potential for **liquidity constraints, extreme price volatility and complete loss of principal.**

Reporting Services: The company can also provide account reporting services, which can incorporate client investment assets that are not part of the assets that the company manages (the “Excluded Assets”). Unless agreed to otherwise, the client and/or his/her/its other advisors that maintain trading authority, and not the company, shall be exclusively responsible for the investment performance of the Excluded Assets. Unless also agreed to otherwise, the company does not provide investment management, monitoring or implementation services for the Excluded Assets. If the company is asked to make a recommendation as to any Excluded Assets, the client is under absolutely no obligation to accept the recommendation, and the company shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. The client can engage the company to provide investment management services for the Excluded Assets pursuant to the terms and conditions of the Investment Advisory Agreement between the company and the client.

eMoney & RightCapital: In the event that the company provides the client with access to an unaffiliated vendor’s website such as *eMoney* or *RightCapital*, and the site provides access to information and/or concepts, including financial planning, the client, should not, in any manner whatsoever, infer that such access is a substitute for services provided by the company. Rather, if the client utilizes any such content, the client does so separate and independent of the company.

Client Obligations. In performing our services, the company shall not be required to verify any information received from the client or from the client’s other professionals, and is expressly authorized to rely thereon. Moreover, it remains each client’s responsibility to promptly notify the company if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

Please Note: Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the company) will be profitable or equal any specific performance level(s).

Disclosure Brochure. A copy of the company’s written Brochure as set forth on Part 2A of Form ADV and Form CRS (Client Relationship Summary) shall be provided to each client prior to, or contemporaneously with, the execution of an agreement between the client and the company.

Item 5 – Fees and Compensation

Clients execute an agreement granting the company a limited power of attorney with full discretion to select investments and dollar amounts to be allocated to each investment, and to direct these investments through a third-party broker and/or custodian. Investments which are reasonably expected to achieve a client’s investment objectives, as established during the initial interview with the client, are then selected by the advisor.

Fee schedule: Fees are based on the net asset value of the portfolio at the end of each quarter. The fees are payable at the end of each quarter. The company offers a tiered fee schedule. The maximum annual fee charged to clients is 1.25% for the first \$2 million tier, 1.00% for the next \$3 million tier and 0.90% for the remaining balance. The company, in its sole discretion, may charge a lower management fee based upon client circumstances. The fee is based on the assets under management as reported by the client’s custodian. The fee calculation is based on the total value of the account, including cash, cash sweep vehicles and any accrued interest that is reported by the custodian in the client’s accounts.

The specific manner in which fees are charged by the company is established in the company’s Investment

Management Agreement. This agreement may be terminated at any time with written notification by either party, or in 30 days for ERISA accounts as prescribed by law. The company generally bills management fees on a quarterly basis. Clients are billed in arrears - at the end of each quarter. Clients must authorize for such fees to be debited directly from the client's account at the end of the quarter. Management fees are prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any earned, unpaid fees will be due and payable.

Fee Dispersion. The company, in its discretion, may charge a lesser or higher investment advisory fee, charge a flat fee, waive applicable minimum asset or minimum fee levels, waive its fee entirely, or charge fee on a different interval, based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, anticipated services to be rendered, grandfathered fee schedules, employees and family members, courtesy accounts, competition, negotiations with client, etc.). **Please Note:** As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

The company is compensated solely by its clients and does not receive any third-party fees or commissions. The company's management fees listed in this document are separate from fees and commissions charges imposed by custodians, brokers, third party investments including but not limited to fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to the advisor's fees.

Account and Portfolio Minimum Requirement ("Minimum Requirement"): Investment management services may be subject to a minimum account or portfolio requirement depending upon the scope of services provided to the Client. A portfolio consists of the sum total of accounts under the Company's management. The Company may, at its discretion, waive any such requirements for its services based on the Client's specific circumstances and needs.

The following are examples of two types of advisor relationships the company offers with possible portfolio and account minimum requirements depending upon the company's expected role in making investment decisions for the Client:

Primary Advisor relationship: If the Client is relying on the company to make investment decisions based on the Client's total personal liquid net-worth including the Client's total exposure to different asset classes such as stocks and bonds, the minimum requirement may be up to 90% of the Client's liquid net-worth. The company defines this type of relationship as a Primary Advisor relationship.

Sub-Advisor relationship: If the Client or other parties are responsible for making investment asset allocation decisions based on the Client's total personal liquid net-worth or total net-worth at the estate level (e.g., Client's total exposure to the stock and bond markets at the estate level), the company would consider itself to be serving as a Sub-advisor rather than the Primary Advisor. The minimum requirement for a Sub-Advisor relationship is either \$25 million for retail investors or \$50 million for institutional investors and family offices.

The company may charge a minimum fixed fee of \$5,000, or \$1,250 quarterly, regardless of account size as agreed upon in the investment management agreement with the client. This minimum fixed fee is billed in arrears. We do not charge fees that exceed \$1,200 for six months or more in advance.

Financial Planning Fees

The Company does not have an account or portfolio minimum requirement for financial planning services. All services can be cancelled by either party without penalty.

The Company charges for the preparation of your financial plan on a fixed fee or hourly basis as agreed upon in writing. For hourly charges, we estimate the total time to complete the plan. This estimate depends upon the complexity of your financial situation and your requirements of a plan. We then multiply the estimated time by the appropriate hourly rate (\$250 to \$350) and set a minimum and maximum estimated fee. One-half of the minimum fee is due upon signing of the financial planning agreement. We bill the remaining actual fee upon delivery of the final plan to you. The total fee we charge will never exceed our estimated maximum fee. We complete all plans within six months, assuming you provide us with the required information on a timely basis.

If you should choose to terminate the financial planning agreement prior to completion of the plan, you may do so immediately in writing. You would owe us for all time expended to date on the plan, not to exceed the maximum plan fee shown on the financial planning agreement. If we owe you funds, we would issue you a check within 15 days of the termination. If you owe us, we would invoice you for work completed as of the termination date and would expect payment within 15 days of receipt of the invoice.

Once the plan has been completed, we charge renewal financial planning fees based on actual time we spend to review and update your financial plan and/or to provide other services you might request. Again, this work is charged at the appropriate hourly rate of \$250 to \$350.

Custodian Charges – Additional Fees: As discussed below at Item 12 below, when requested to recommend a broker-dealer/custodian for client accounts, the company may recommend a custodian to serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as charge brokerage commissions, transaction, and/or other type fees for effecting certain types of securities transactions (i.e., including transaction fees for certain mutual funds, and mark-ups and mark-downs charged for fixed income transactions, etc.). The types of securities for which transaction fees, commissions, and/or other type fees (as well as the amount of those fees) shall differ depending upon the broker-dealer/custodian. While certain custodians generally (with the potential exception for large orders) do not currently charge fees on individual equity transactions (including ETFs), others do. There can be no assurance that the broker-dealer or custodian will not change their transaction fee pricing in the future. The broker-dealer or custodian may also assess fees to clients who elect to receive trade confirmations and account statements by regular mail rather than electronically.

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

The company does not charge any performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client).

Item 7 – Types of Clients

The company offers portfolio management services to individuals, high net worth individuals, corporations, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, and trusts. In addition, the company provides services to entrepreneurs and professionals, including doctors, corporate executives, attorneys, and CPAs. Depending upon the scope of services agreed upon with the Client, there may be an account minimum requirement as per Section 5 of this document.

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

The company develops solutions tailored to each client's needs including risk tolerance, income requirements and other special circumstances. The company seeks to create the optimal balance between maximizing returns, reducing risk and preserving capital. The company utilizes a fundamental approach to selecting investments. Investment decisions are based on independent analysis by the company. In deciding to purchase or sell investments, the company weighs the potential gains against the potential risk of loss.

Investing in marketable securities such as stocks, bonds and exchange traded funds involves risk of loss that clients should be prepared to bear. The company seeks to reduce risk through diversification and by monitoring the client's portfolio valuations, income potential as well as the general business outlook and industry and corporate conditions. Regardless of the security, there is always the possibility of permanent loss for any investment held in the Client's portfolio and under the company's management. Past performance should never be considered as indicative of any future results.

When investing in individual securities such as stocks, the company prefers a fundamental analysis approach which concentrates on factors that help determine the stock's current and future value such as expected future earnings. This strategy would normally encourage equity purchases in stocks that are considered by the company to be undervalued or priced below their perceived values. The risk of this approach includes that the market fails to reach expectations of perceived value. Other risks include the company's expectations regarding a stock's return potential do not materialize and/or for other reasons declines in value below the original cost basis for the investment, thus resulting in a loss.

When making specific buy, sell and hold decisions for the Client, a number of investment-related factors may be considered depending upon the type of security under consideration. For example:

Individual stock investing: The investment criteria may include historical and projected financial results, the business's competitive advantages, the sector(s) the business operates within and public communications provided by the business. This information may be evaluated with a value-oriented approach based primarily on fundamental analysis.

Investing in individual bonds and other fixed-income related securities: Investment criteria may include current and expected changes in interest rates, average durations and maturities, default risks, type of fixed income investment, historical and expected yields and expected investment costs (e.g., trading commissions, internal fund fees).

Investing in equity-oriented exchanged traded funds (ETFs) and other types of funds: Key investment criteria may include the fund's investment objectives and strategy (e.g., active vs. passive, growth, income), market sectors, internal fees, historical portfolio turnover, and level of diversification within the fund.

In addition to fundamental analysis, other investment criteria and investment methodologies can be used

as deemed appropriate by the company for any potential investment under consideration or currently under the company's management.

Options Strategies.

In limited situations, generally upon client direction and/or consent, the company may engage in options transactions (or engage an independent investment manager to do so) for the purpose of hedging risk and/or generating portfolio income. The use of options transactions as an investment strategy can involve a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security, depending upon the nature of the option contract. Generally, the purchase or sale of an option contract shall be with the intent of "hedging" a potential market risk in a client's portfolio and/or generating income for a client's portfolio. Certain options-related strategies (i.e., straddles, short positions, etc.), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct the company, in writing, not to employ any or all such strategies for his/her/their/its accounts.

Covered Call Writing.

Covered call writing is the sale of in-, at-, or out-of-the-money call options against a long security position held in a client portfolio. This type of transaction is intended to generate income. It also serves to create partial downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced or lost to the extent it is determined to buy back the option position before its expiration. There can be no assurance that the security will not be called away by the option buyer, which will result in the client (option writer) to lose ownership in the security and incur potential unintended tax consequences. Covered call strategies are generally better suited for positions with lower price volatility.

Item 9 – Disciplinary Information

The company has no disciplinary information to report.

Item 10 – Other Financial Industry Activities and Affiliations

The company may participate in various marketing services in which a one-time fee may be incurred for each client referred to the company. The company reserves the right to decline such referrals at the company's discretion. The company may also subscribe to marketing companies that provide names of prospective clients that want to be contacted regarding the services offered by the company. These companies are typically paid a fixed monthly subscription fee and/or a fixed fee per lead generated. These fees are paid regardless of whether the prospective client becomes an actual client.

Item 11 – Code of Ethics

The company has adopted a *Code of Ethics* for all supervised persons of the company which describes its high standard of business conduct, and fiduciary duty to its clients. The *Code of Ethics* includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of or giving of significant gifts and the reporting of certain gifts and business entertainment items, personal securities' trading procedures, among other things. All supervised persons at the company must acknowledge the terms of the *Code of Ethics* annually, or as amended by the company. The company's clients or prospective clients may request a copy of the company's *Code of Ethics* by contacting Matt Goff at 713-850-8900.

All employees associated with the company are required to follow its *Code of Ethics*. Subject to satisfying this policy and applicable laws, officers, directors and employees of the company and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for the company's clients. The *Code of Ethics* is designed to ensure that the personal securities transactions, activities, and interests of the employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the *Code of Ethics* certain classes of securities have been designated as exempt transactions, i.e., mutual funds, Government and or Treasury securities, based upon a determination that these would not materially interfere with the best interest of the company's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the *Code of Ethics* in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the *Code of Ethics*, and to reasonably prevent conflicts of interest between the company and its clients.

Item 12 – Brokerage Practices

The company uses its discretion in choosing the broker for a particular trade on the basis of commission rate, financial responsibility, quality of execution, and other factors. Brokers utilized by the company charge varying discounted commission rates to clients which the advisor considers reasonable relative to market rates. Brokers utilized by the company charge commission rates which are generally lower than most full-service brokerage firms. Clients can designate a broker or leave selection of broker to the advisor.

The company often recommends discount brokers which provide certain services to the advisor including receipt of duplicate client confirmations; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then to allocate the appropriate shares to client accounts); the ability to have advisory fees deducted from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; access to third-party research and discounts on compliance, marketing, technology, and practice management products or services provided to the company by third party vendors. These services received by the advisor do not depend on the amount of brokerage transactions directed to the broker. Other than the services outlined herein, the company receives no additional benefits directly or indirectly.

The client is responsible for all custodial fees charged by the client's broker or custodian. From time-to-time brokerage transactions are placed with brokers who provide services which could be defined as non-research, e.g., stock and bond quotation services. The client is under no obligation to select a specific broker-dealer in order to retain the services of the advisor.

Certain broker-dealers and custodians, including Fidelity, Schwab and InteractiveBrokers, may require the company to maintain a certain amount of assets on the custodian's platform in order to waive certain fees associated with maintaining assets with the custodian. Therefore, the company may select custodians in certain circumstances to ensure that the company maintains the minimum required to waive the custodial fee. This practice creates the potential for a conflict of interest as the company may be incentivized to select a custodian based on this criteria.

Block trading, option trading and fixed income trading desks ("trading desks or trade desk"): The company may use a custodian's block trading desk, option trading desk or its fixed income trading desk to executive

certain trades in client accounts. The decision to use a custodian's trading desk can occur for a number of reasons including:

- 1) Seeking more favorable prices for large trades, especially for securities that are thinly traded (i.e., minimal trading volume);
- 2) There is a large spread between the bid and ask price;
- 3) The Company seeks to get the same average price for all of its Clients' for which the trades are being placed; and/or
- 4) Other factors which in the company's judgement warrant the use of a custodian's trading desk.

One primary reason the company may use a custodian's trading desk is when in the company's judgement, market conditions for large trades increases the risk of paying a materially higher average price when buying a security or receiving a materially lower average price when selling a security in the secondary market. To help mitigate this risk, a custodian's trading desks can submit orders for the company in an effort to get more competitive pricing from market participants such as market makers and dealers. Under certain conditions in which the total trade quantity represents a large percentage of the day's current trading volume for a security, or there is not sufficient trading volume on the secondary market to execute trades at prices the company deems favorable to its clients, the company may seek price quotes from a custodian's trading desk. Such prices may fall outside of the most recent bid and ask price for a security in the secondary market. The company will take this into consideration when deciding on whether or not to use a custodian's trading desk to complete a trade. However, the company has a fiduciary obligation to seek best execution for the transactions of all clients. Best execution does not always mean the least expensive execution, when considering all aspects of the proposed trade order.

For example, the purchase price for a security may exceed the most recent asking price, or the sell price may be below the most recent bid price at the time of the trade placed through the trading desk. Under these circumstances, the purchase or sell prices obtained for orders executed through a trading desk may fall outside of the most recent bid-ask spread in the secondary market at the time of the transaction. Depending upon the security traded, the custodian may also charge the company's clients transaction fees or commissions to execute such trades through its trading desk for certain types of securities. These transaction costs may be higher than what the custodian would charge for trades not placed with its trading desk. The company will take into consideration any additional transaction costs when deciding on whether or not to use a custodian's trading desk.

Item 13 – Review of Accounts

Depending upon the Client's objectives, the portfolio's holdings, and other factors such as current market conditions, accounts under the Company's management are monitored as frequently as daily. The company reviews the overall asset allocation and individual holdings for each client's portfolio as frequently as daily. Specific client request for funds, client requests to review their portfolios with the Company and certain market conditions can also trigger additional reviews.

Clients will receive copies of trade confirmations from their broker and activity reports which are sent out at least quarterly by the Company. In addition, the Company conducts periodic reviews of different holdings under its management, including individual stocks, exchange traded funds (ETFs), bonds and mutual funds, not all of which will be held within every account.

The company urges clients to carefully review their brokerage statements and the company's quarterly reports for changes and new holdings in their account. In addition, all clients should maintain their brokerage statements in a safe place and contact the company if there are any changes or updates in the client's financial situation which would materially affect the overall asset allocation.

Item 14 – Client Referrals and Other Compensation

The company recommends discount brokers which provide special services designed to help and enhance the operations of investment advisory firms. Such services range from providing duplicate trade confirmations to block trading capability to research.

The company engages promoters to introduce new prospective clients to the company consistent with Rule 206(4)-1 and the Investment Advisers Act of 1940, its corresponding rules, and applicable state regulatory requirements. If the prospect subsequently engages the company, the promoter shall generally be compensated by the company for the introduction. Because the promoter has an economic incentive to introduce the prospect to the company, a conflict of interest is presented. The promoter's introduction shall not result in the prospect's payment of a higher investment advisory fee to the company (i.e., if the prospect was to engage the company independent of the promoter's introduction).

Item 15 – Custody

The company does NOT maintain custody of client assets. All assets are held at qualified custodians, other broker dealers, or mutual fund companies directly.

Clients should receive at least quarterly statements from the broker-dealer, or other qualified custodian that holds and maintains client's investment assets. The company urges clients to carefully review such statements and compare such official custodial records to the account statements which the company provides. Our quarterly reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

The company accepts discretionary authority to manage accounts on behalf of clients with execution of a limited power of attorney for this authority. Clients may revoke this authority at their discretion. Discretionary authority from the client at the outset of an advisory relationship gives the company the ability to select the identity and amount of securities to be bought or sold as well as the broker to be used for such transactions. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for each client account and executed Agreement.

Clients who engage the company on a discretionary basis may, at any time, impose restrictions, **in writing**, on the company'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 the company's use of margin, etc.).

Item 17 – Voting Client Securities

- A. The company does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted; and (2) making all elections, decisions, and filings relative to any mergers, acquisitions, tender offers, bankruptcy proceedings, class actions, or other type actions or events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the company to discuss any questions they may have with a particular solicitation.

Item 18 – Financial Information

The company has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding. In addition, we do not charge or solicit pre-payment of any advisory fees that exceed \$1,200 for six months or more in advance.