



**PLOTKIN FINANCIAL ADVISORS, LLC**  
Financial Guidance, Tax & Asset Management

Item 1 – Cover Page  
**FORM ADV Part 2A**

**Plotkin Financial Advisors, LLC**  
**8401 Connecticut Avenue, Suite 400**  
**Chevy Chase, MD 20815**  
**P: 301-907-9790**  
**[www.pfallc.com](http://www.pfallc.com)**

**October 2015**

**This brochure provides information about the qualifications and business practices of Plotkin Financial Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at (301) 907-9790 and/or Mary Beth Healy at [mbhealy@pfallc.com](mailto:mbhealy@pfallc.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Plotkin Financial Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Plotkin Financial Advisors, LLC is 127635.**

**Any references to Plotkin Financial Advisors, LLC as a registered investment adviser or its related persons as registered advisory representatives does not imply a certain level of skill or training.**

**Item 2 - MATERIAL CHANGES**

October 2015

Item 4, 5 and 7 - Removed the requirement for clients to have \$1,000,000 of assets under management to be eligible for signature service. Further, amended disclosure to clarify payment of a portion of US tax preparation fees is at the discretion of Plotkin Financial Advisors.

Item 14 - Under the heading, Client Referrals and Other Compensation, revised disclosure discussing incentive compensation to Advisory Representatives for selling unites of certain partnerships. The disclosure has been expanded to list the following partnerships: American Realty and KBS. Further, disclosure has been amended to state Advisory Representatives will receive incentive compensation for units of the aforementioned partnerships being sold to both US and Israeli citizens.

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At least annually, this section will discuss only specific material changes that are made to the Brochure and provide you with a summary of such changes.

The material changes discussed above are only those changes that have been made to this brochure since the firm's last annual update of the brochure. The date of the last annual update of the brochure was March 2015.

In the past, we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC 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 fiscal year, which is December 31st. We may further provide other ongoing disclosure information about material changes as necessary.

Additionally, we will further provide you with a new brochure as necessary based on change or new information, at any time, without charge.

Our brochure may be requested free of charge by contacting Mary Beth Healy at (301) 907-9790 and/or at mbhealy@pfallc.com. Additional information about Plotkin Financial Advisors, LLC is also available via the SEC's website [www.adviser.sec.gov](http://www.adviser.sec.gov). The website also provides information about any persons affiliated with Plotkin Financial Advisors, LLC who are registered, or are required to be registered, as investment adviser representatives of Plotkin Financial Advisors, LLC.

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#### **Item 4 - ADVISORY BUSINESS**

Plotkin Financial Advisors, LLC (hereinafter referred to as “PFA”) is an investment advisory firm offering a variety of advisory services customized to your individual needs.

- A. PFA was established in 2000. PFA was established in 2000. Shimshon Plotkin is full owner.
- B. PFA offers the following advisory services. Each of the services is more fully described below.
  - Asset Management Services
  - Financial Planning Services
- C. PFA tailors the advisory services it offers to your individual needs. You may impose restrictions and/or limitations on the investing in certain securities or types of securities.

PFA follows an eight step process in providing its services:

1. Listen to your goals and objectives
2. Review your current financial and investment situation.
3. Discuss issues relevant to your financial goals including retirement, cash flow needs, disposition of asset at death, expectations about return, feels about risk, expectations about the relationship with PFA
4. Evaluate your current investment strategy
5. Develop recommendations including investment selection, asset allocation, insurance (life, disability, long-term care), and estate planning
6. Present your financial plan
7. Implementation
8. Ongoing and continuous monitoring

PFA will conduct a series of meetings with you to assist PFA with obtaining information about your financial situation and history. The information gathered by PFA will assist PFA to provide you with the requested services and customize the services to your financial situation. Depending on the services you have requested, PFA will gather various financial information and history from you including, but not limited to:

- Retirement and financial goals
  - Investment objectives
  - Investment horizon
  - Financial needs
  - Cash flow analysis
  - Cost of living needs
  - Education needs
  - Savings tendencies
  - Other applicable financial information required by PFA in order to provide the investment advisory services requested.
- D. PFA offers its asset management services as a wrap program, depending on the custodian selected. PFA offers a wrap program if a client selects Charles Schwab & Co., Inc.

("Schwab") as the custodian. Client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client's particular need. Please Note: When managing a client's account on a wrap fee basis, PFA shall receive as payment for its investment advisory services, the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted.

There is no significant difference between how PFA manages wrap fee accounts and non-wrap fee accounts. However, as stated above, if a client determines to engage PFA on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody).

- E. As of December 31, 2014, we have approximately \$130,802,000 of client assets under our discretionary management and no assets under non-discretionary management.

### **Asset Management Services**

Upon PFA completing its analysis of your situation, PFA customizes your portfolio allocation taking into consideration your limitations or restrictions, the market and economy at the time and your financial situation, goals and objectives. PFA does not manage client portfolios based on a model account. Each client's managed portfolio is a customized allocation taking into consideration the client's other securities holdings if known, the goals and objectives of the client, market at the time of investment, investment time horizon and other determining factors. Therefore, it is likely no two clients' portfolios will look alike and performance of managed accounts will be different from client to client. PFA's objective is to establish a suitable allocation for the client across all of a client's investment holdings in an attempt to reduce risk and market volatility.

PFA will schedule a meeting with you and present the recommended portfolio allocation. Upon your approval, PFA will implement the portfolio allocation. PFA will provide continuous and ongoing management of your account.

Each client's portfolio is customized to the client. PFA will examine a client's entire investment portfolio, including taking into consideration the client's employer retirement accounts, if possible, and design an asset allocation specific to the client based on the client's objectives, risk tolerance, time horizon and investment goals. Client's portfolios may be similar or dissimilar depending on investment objectives and goals, timing of investment and client investment sophistication.

PFA offers asset management services on a discretionary and nondiscretionary basis. If you grant PFA discretionary authority, PFA will determine the securities to be purchased and sold in the account and will alter the securities holdings from time to time, without prior consultation with you. PFA may actively trade securities and hold such holdings for periods of 30 days or less or maintain positions for longer or shorter term periods. Discretionary authority will be granted by you to PFA by execution of the Investment Advisory Agreement. If you elect to have your accounts managed on a nondiscretionary basis, no changes will be made to the allocation of your account without prior consultation with you and your expressed agreement.

## Plotkin Financial Advisors, LLC

Client's portfolio may consist of stocks, bonds, unit investment trusts (UITs), ETFs (including leveraged, leveraged inverse and inverse), real estate investment trusts (REITs), closed end funds, no-load and/or load mutual funds, direct participation programs, and cash.

You are advised transactions in the account, account reallocations and rebalancing may trigger a taxable event, with the exception of IRA accounts, 403(b) accounts and other qualified retirement accounts.

Clients wanting to engage PFA to manage or monitor client's account will need to establish an account ("Account") through Independent Financial Group, LLC, Pershing, LLC, TD Ameritrade Institutional, or Charles Schwab & Co., Inc. ("Schwab"). PFA will not maintain custody of client's funds or securities, except for authorization from the client to deduct PFA's fees from client's account. Custodial services for the managed Account will be provided through Pershing, LLC, TD Ameritrade Institutional, or Charles Schwab & Co., Inc. ("Schwab") (hereinafter referred to as "the custodian").

If the account is opened with securities previously purchased through Independent Financial Group, LLC ("IFG") or a PFA Advisory Representative, IFG and the Advisory Representative may have already received commissions on the purchase. If the account is opened with cash proceeds from the sale of securities purchased through IFG or the Advisory Representative, IFG and/or the Advisory Representative may already have received commissions on the sale.

Please refer to Item 12 for information about custodial and brokerage services and options.

### "Signature Service"

In addition to asset management, at PFA's discretion, PFA will agree to pay a portion of the preparation fees for preparation of US personal federal tax returns if all of the client's US assets under management are managed by PFA. If the client has a portion of their assets with another representative or adviser, PFA will only pay a portion of the tax preparation fee.

### **Financial Planning Services**

PFA offers financial, estate, tax, and retirement planning services. PFA will schedule a meeting with you and present the analysis of your situation and recommendations for steps to be taken to assist you to work toward financial goals.

Plans are based on your financial situation at the time and are based on financial information disclosed by you to PFA. You are advised that certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. However, past performance is in no way an indication of future performance. PFA cannot offer any guarantees or promises that your financial goals and objectives will be met. Further, you must continue to review the plan and update the plan based upon changes in your financial situation, goals, or objectives or changes in the economy. Should your financial situation or investment goals or objectives change, you must notify PFA promptly of the changes. You are advised that the advice offered by PFA may be limited and is not meant to be comprehensive. Therefore, you may need to seek the services of other professionals such as an insurance adviser, attorney and/or accountant.

You are not obligated to implement advice through PFA or Advisory Representatives. Should you implement the plan with PFA's Advisory Representatives commissions or other compensation may be received in addition to the advisory fee paid to PFA.

**General Information**

You are advised the investment recommendations and advice offered by PFA are not legal advice or accounting advice. You should coordinate and discuss the impact of financial advice with your attorney and/or accountant. You are advised that it is necessary to inform PFA promptly with respect to any changes in your financial situation and investment goals and objectives. Failure to notify PFA of any such changes could result in investment recommendations not meeting your needs.

**Item 5 - FEES AND COMPENSATION**

Clients should refer to Item 12, Brokerage Practices, and Item 14, Client Referrals and Other Compensation.

**Asset Management Services**

- A. Fees are negotiable and are not based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds.

You may make additions to the Account or withdrawals from the Account, provided the Account continues to meet minimum account size requirements. No fee adjustments will be made for additional deposits to the account or partial withdrawals from the account or for Account appreciation or depreciation.

As stated under Item 4.D above, PFA's asset management program is offered as a wrap program (bundled program) and non-wrap program (unbundled), depending on the account custodian selected. Accounts maintained at Schwab, the advisory fee a client will pay will cover PFA's advisory services and for custody and execution services.

Account Size	Annual Wrap Annual Fee*	Non-Wrap Annual Fee**
First \$5,000,000	1.25%	1.00%
Over \$5,000,000	Negotiable	Negotiable

\*Wrap fee is only available to accounts custodied at Schwab.

\*\*In addition to PFA's fee, client will pay transaction charges and all other fees and expenses of maintaining the account.

PFA aggregates or households all of your managed accounts together to determine your quarterly fee.

PFA may change the above fee schedule upon 30-days prior written notice to you.

- B. Advisory fees will generally be collected directly from your account, provided you have given PFA written authorization. You will be provided with an account statement reflecting the deduction of the advisory fee direct from the account custodian. If the Account does not contain sufficient funds to pay advisory fees, PFA has limited authority to sell or redeem securities in sufficient amounts to pay advisory fees. You may reimburse the account for advisory fees paid to PFA, except for ERISA and IRA accounts.
- C. In addition to the advisory fees above, you may pay fees for account maintenance fees and other fees associated with maintaining the Account. Such fees are not charged by PFA and are charged by the product, broker/dealer or account custodian. PFA does not share in any portion of such fees. Additionally, you may pay your proportionate share of the fund's management and administrative fees and sales charges as well as the mutual fund adviser's fee of any mutual fund they purchase. Such advisory fees are not shared with PFA and are compensation to the fund-manager.

Additionally, accounts custodied at TD Ameritrade Institutional will pay transaction fees for securities transactions executed in your account in accordance with the custodian's transaction fee schedule and custodial fees.

At PFA's discretion, PFA may agree to cover on behalf of the client wire fees the client's bank charges for wiring funds.

- D. Advisory fees will be charged in advance of each calendar quarter based upon the value of the portfolio on the last business day of the just completed calendar quarter.

The initial advisory fee for accounts established during a calendar quarter will be charged a prorated fee upon account establishment based on the initial value of the account when all funds and assets have been transferred. Thereafter, client will be charged on a calendar quarter cycle in advance based on the value of the account on the last business day of the calendar quarter. Advisory fees for Accounts opened on a day other than the first day of the calendar quarter or closed on a day other than the last business day of the calendar quarter will be prorated based on the number of days remaining in the quarter.

#### Fees We Pay Schwab

In addition to compensating us for our portfolio management and advisory services, the wrap fees you pay us also allow us to pay Schwab for the brokerage services it provides to you, as described above, as well as additional services Schwab provides us, as described below. The fees we pay Schwab consist primarily of asset-based fees assessed on the total assets (including stocks, bonds, mutual funds, and cash) in all of our clients' accounts in our wrap fee program that are maintained at Schwab. Subject to an annual minimum fee of \$25,000, the asset-based fee is not greater than 17 basis points (0.17%) of the value of the assets in your account(s) at Schwab, along with the accounts of our other clients participating in this wrap fee program.

In addition to the asset-based fee described above, we pay Schwab certain other fees that it would otherwise charge you. These fee may include (a) flat dollar per trade fees for Schwab's



prime brokerage and trade away services (through which we can have trades for your account at Schwab executed by broker-dealers other than Schwab), (b) custody and setup fees for alternative investments (such as non-standard assets, non-publicly traded limited partnership interests, foreign securities, non-marketable securities, etc.), and (c) short-term redemption fees on mutual funds available through Schwab's Mutual Fund OneSource®.

The fees we pay Schwab may be more than what we would pay solely for Schwab's brokerage services. In addition to those brokerage services, for the fees we pay Schwab we also receive from a Schwab affiliate a software system and related support services called the "Integrated Office," which helps us manage our client relationships and client investment portfolio. More detail on this arrangement appears below under "Additional Compensation We Receive."

- E. Advisory Representatives of PFA are dually registered representatives of Independent Financial Group, LLC ("IFG"), a registered broker/dealer, member of the Financial Industry Regulatory Authority (FINRA) and SIPC. Advisory Representatives of PFA who are Registered Representative may receive trail commissions (i.e. 12b-1 fees) for a period of time as a result of directing securities transactions through IFG. Load and no-load mutual funds may pay annual distribution charges, sometimes referred to as 12b-1 fees. 12b-1 fees come from fund assets, therefore, indirectly from your assets. 12b-1 fees may be initially paid to IFG and a portion passed to the Advisory Representatives. The receipt of such fees could represent an incentive for the Advisory Representatives to recommend funds with 12b-1 fees over funds that have no fees or lower fees. As a result, there is a potential conflict of interest.

As stated above, PFA recommends mutual funds that pay 12b-1 fees and no-load funds.

You may purchase the securities recommended by PFA directly or through other brokers or agents not affiliated with PFA.

These practices present a conflict of interest and give PFA an incentive to recommend investment products based on the compensation received, rather than on a client's needs. PFA will attempt to mitigate conflicts of interest by:

- Informing you of conflict of interest in this Disclosure Brochure.
- Maintaining and abiding by our Code of Ethics which requires us to place your interest first and foremost.
- Routine review of transactions
- Advising you of the right to decline to implement our recommendations and the right to choose other financial professionals for implementation.
- Recognizing and advising you PFA is a fiduciary and has an obligation to conduct its business in the best interest of its clients and not in PFA's interest.

#### Termination Provisions

You may terminate investment advisory services obtained from PFA, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with PFA. You will be responsible for any fees and charges incurred from third parties as a result of maintaining the Account. Thereafter, you may terminate investment advisory services upon delivery of your notice to terminate to PFA. Should you terminate investment advisory services during a calendar quarter,

you will be issued a pro-rated refund of the advisory fee from the date of termination to the end of the calendar quarter.

### **Financial Planning Services**

Fees for financial planning services are covered by the fees under the asset management program described above. Therefore, PFA does not charge additional fees for financial planning services.

### **Item 6 - PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT**

This section is not applicable to PFA since PFA does not charge performance based fees.

### **Item 7 - TYPES OF CLIENTS**

PFA's services are geared toward individuals both high net worth (i.e. clients with a net worth of at least \$2,000,000, exclusive of primary residence or has at least \$1,000,000 under management with PFA) and other than high net worth individuals. Additionally, PFA provides services to pension and profit sharing plans and charitable organizations.

PFA generally requires a minimum amount of assets be deposited to an account for the purpose of obtaining asset management services. As further disclosed in Item 1D, PFA will generally require clients to deposit a minimum of \$500,000 (cash or securities) to brokerage accounts in order to participate in investment advisory services offered by PFA. The minimum accounts size requirement of \$500,000 is based on an aggregated account value of accounts under management with PFA. However, under certain circumstances, PFA may waive the minimum account size requirement and accept accounts less than \$500,000. Such circumstances may include but not be limited to additional assets will soon be deposited or client has other accounts with PFA. Clients are advised that performance may suffer due to difficulties with diversifying smaller accounts and due to risk controls potentially being compromised. Performance of smaller accounts may vary from the performance of accounts with more dollars invested due to fluctuations in the market may affect smaller accounts more and the effects of compounding may be greater in larger accounts.

### **Item 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

- A. PFA conducts a variety of analyses to determine the portfolio allocations and holdings. PFA conducts fundamental, technical and cyclical analysis. Fundamental analysis generally involves assessing a company's or security's value based on factors such as sales, assets, markets, management, products and services, earnings, and financial structure. Technical analysis generally involves studying trends and movements in a security's price, trading volume, and other market-related factors in an attempt to discern patterns. Cyclical analysis is attempting to determine the patterns of how the economy and/or the market affect a security and attempt to determine the highs and lows of the security.

- B. You are advised investing in securities involves risk of loss, including the potential loss of principal. Therefore, your participation in any of the management programs offered by PFA will require you to be prepared to bear the risk of loss and fluctuating performance.

PFA does not represent, warrant or imply that the services or methods of analysis used by PFA can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to major market corrections or crashes. Past performance is no indication of future performance. No guarantees can be offered that your goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by PFA will provide a better return than other investment strategies.

- C. As stated above in Item 4, PFA uses a combination of various securities in clients' managed portfolios including stocks, bonds, unit investment trusts (UITs), ETFs, real estate investment trusts (REITs), closed end funds, no-load and/or load mutual funds, direct participation programs, and cash.

UITs are a registered investment company that buys and holds a generally fixed income portfolio of stocks, bonds, or other securities. UITs have the following risks:

- UITs are not actively managed and do not sell securities in response to ordinary market fluctuations. Instead, securities will not usually be sold until termination, which could mean that the sale price of the trust securities may not be the highest price at which these securities traded during the life of the trust.
- One of the most significant risks of a unit investment trust is that there is no fund manager to react to changing market conditions. If the stock market begins to fall, the value of the stock securities held within the unit trust will fall as well, potentially making the investment worth less than the original purchase price.

The risks with mutual funds include

- Manager Risk: which is the risk that an actively managed mutual fund's investment adviser will fail to execute the fund's stated investment strategy.
- Market Risk: which is the risk that the Stock Market will decline, decreasing the value of the securities contained within the mutual funds we recommend to you.
- Industry Risk: which is the risk that a group of stocks in a single industry will decline in price due to adverse developments in that industry, decreasing the value of mutual funds that are significantly invested in that industry.
- Inflation Risk: which is the risk that the rate of price increases in the economy deteriorates the returns associated with the mutual fund.

ETFs (including leveraged, leveraged inverse and inverse) trade on an auctionable market. Therefore, there is more price fluctuation with ETFs than with mutual funds since ETFs trade throughout the day, whereas mutual funds are priced once a day. Also, since most ETFs only mirror a market index, such as the S&P 500, they won't outperform the index.

- Non-traditional ETFs are trading vehicles in which daily rebalancing and market volatility have a significant impact on the realized return.
- A significant amount of principal could be lost in these securities rapidly.
- Tax laws could change and affect the tax treatment of this investment.

- **Leverage:** The use of leverage in an investment portfolio can magnify any price movements, resulting in high volatility and potentially significant loss of principal.
- **Tracking Risk:** ETFs may not track the underlying Index due to imperfect correlation between the ETF's portfolio securities and those in the underlying Index, rounding prices, changes to the underlying Index and regulatory requirements. This risk may be heightened during times of increased market volatility or other unusual market conditions. Tracking error also may result because the ETF incurs fees and expenses while the underlying Index does not.
- **Volatility:** Non-traditional ETFs are volatile and not suitable for all investors. Due to their volatile nature.
- **Holding Period:** Positions in non-traditional ETFs should be monitored closely due to their volatile nature and inability to track the underlying index over an extended period of time. Non-traditional ETFs are not intended to be held long term. ETFs over a period longer than one day can differ significantly from their stated performance objectives.
- **Liquidity:** Some ETFs may be thinly traded which could impact the ability to sell shares quickly.
- **Counterparty Risk:** Non-traditional ETFs and futures-linked ETFs may enter into total return swaps with a counterparty. If the counterparty becomes unable to deliver its share of the contract, it will default on the swap, therefore negatively affecting the value of the non-traditional ETF
- **Non-traditional ETFs are not suitable for most investors.** The effects of mathematical compounding can grow significantly over time, leading to scenarios whereby performance over the long run can differ significantly from the performance (or inverse performance) of their underlying index or benchmark during the same period of time. Leveraged, inverse, and leveraged inverse ETFs may be more volatile and risky than traditional ETFs due to their exposure to leverage and derivatives, particularly total return swaps and futures. In addition, these instruments are typically designed to achieve their desired exposure on a daily (in a few cases, monthly) basis. Holding leveraged, inverse, and leveraged inverse ETFs for longer periods of time potentially increases their risk due to the effects of compounding and the inherent difficulty in market timing.
- **Traditional ETFs are generally not actively managed.** This means that securities in the portfolio will not be purchased or sold in attempt to take advantage of changing market conditions. A traditional ETF may continue to hold securities even though their market value and dividend yields may have changed. An ETF generally carries the same investment risk as the portfolio of securities within the ETF. Securities in a portfolio may depreciate, and the ETF may not achieve its intended objective. In addition, each ETF is subject to specific risks that vary depending on each ETF's investment objectives and portfolio composition. Additionally, while premiums and discounts from net asset value ("NAV") are generally small among ETFs, there is a potential for severe dislocation from NAV.

Alternative Investments risks include:

- No readily available market for liquidation, therefore generally illiquid
- If a market is available, the market is a limited secondary market
- Difficulty in ascertaining an accurate value

The risks with stocks and bonds are that their prices fluctuate throughout the day. Stocks can drop in value and become worthless. The risks with bonds are interest rate, inflation and credit risk. Credit risk is the risk that the bond issuer will be unable to make its payments on time or at all, effectively defaulting on the bonds. The risks with stocks are market risk and company specific risk. The price of a stock can decline due to company-specific reasons as well as the health of the overall stock market. Even dividends, which many beginning investors believe are guaranteed payments by the company, can decline or be totally eliminated.

Investing in fixed income securities involves special risks not typically associated with equity securities. These risks include credit risk, which is the risk of potential loss due to the inability to meet contractual debt obligations, and interest rate risk, which is the risk that an investment's value will change due to a change in the level of interest rates. Additionally, there is an inverse relationship between bond prices and interest rates specific to fixed income securities. As interest rates rise, bond prices fall and, conversely, as interest rates fall, bond prices rise.

In instances where we recommend that a third party manage your assets, please refer to the third party's Form ADV brochure and associated disclosure documents for details on their investment strategies, methods of analysis and associated risks.

These are some of the primary risks associated with the way we recommend investments to you, please do not hesitate to contact us to discuss these risks and others in more detail. Mutual fund fees are described in the fund's prospectus, which the custodian mails directly to the client following any purchase of a mutual fund that is new to the client's account. In addition, a prospectus is available online at each mutual fund company's Web site. At the client's request at any time PFA will direct the client to the appropriate Web page to access the prospectus.

No investment strategy can avoid loss. Investing in securities involves risk of loss that you need to be prepared to bear.

## **Item 9 - DISCIPLINARY INFORMATION**

There is no reportable disciplinary information required for PFA or its management persons that is material to your evaluation of PFA, its business or its management persons.

## **Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

- A. As previously stated, Advisory Representatives are dually registered as an advisory representative of PFA and as a registered representative of IFG. You are under no obligation to purchase or sell securities through your Advisory Representative. However, if you choose to implement the plan, commissions may be earned in addition to any fees paid for advisory services. Commissions may be higher or lower at IFG than at other broker/dealers. Advisory

Representatives have a conflict of interest in having you purchase securities and/or insurance related products through IFG in that the higher their production with IFG the greater potential for obtaining a higher pay-out on commissions earned.

Under the rules and regulations of the FINRA, IFG has an obligation to perform certain supervisory functions regarding certain activities engaged in by advisory representatives who are also registered representatives of IFG. For such supervisory functions, PFA may pay IFG a portion of the advisory fees they receive. IFG and PFA are not affiliated.

- B, C. PFA is not and does not have a related person who is a: futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities. Further, PFA is not and does not have a related person who is: broker/dealer or other similar type of broker or dealer; investment company or other pooled investment vehicle, other investment adviser or financial planner; futures commission merchant or commodity pool operator; banking or thrift institution; accountant or accounting firm; insurance company or agency; pension consultant; or sponsor or syndicator of a limited partnership.
- D. As stated under Item 4, *Advisory Business* above, PFA recommends other investment advisers (i.e. third party managers) and will receive a portion of the fee charged to you by the investment adviser. Since PFA has an interest in the compensation this is considered a material conflict of interest. PFA selects third party managers based on several criteria including cost, type of management, past history, ability to meet a need and provide a unique service. Since the fee charged to you is based on the value of your portfolio, all parties have an incentive to work toward performance goals and objectives. Consequently, if the third party manager does not adequately manage your account and the value of your portfolio goes down, so does the third party manager's and PFA's compensation.

The compensation paid to PFA by third party managers may vary. Thus, there may be a conflict of interest to recommend a manager who shares a larger portion of its advisory fees over another manager. Additionally, the fees charged to clients utilizing a third party manager recommended by PFA are higher than if the client obtained services directly from the third party manager.

PFA attempts to mitigate the conflicts of interest (i.e. the potential receipt of commissions if recommendations are implemented) by providing you with these disclosures. Further, you are encouraged to consult other professionals and you may implement recommendations through other financial professionals. Furthermore, as a registered representative with IFG, Advisory Representatives are subject to a supervisory structure at IFG over their securities business.

## **Item 11 - CODE OF ETHICS, PARTICIPATION OF INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code Of Ethics**

- A. PFA has a fiduciary duty to you to act in your best interest and always place your interests first and foremost. PFA takes seriously its compliance and regulatory obligations and requires all

staff to comply with such rules and regulations as well as PFA's policies and procedures. Further, PFA strives to handle your non-public information in such a way to protect information from falling into hands that have no business reason to know such information and provides you with PFA's Privacy Policy. As such, PFA maintains a code of ethics for its Advisory Representatives, supervised persons and staff. The Code of Ethics contains provisions for standards of business conduct in order to comply with federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about your transactions. Further, PFA's Code of Ethics establishes PFA's expectation for business conduct. A copy of our Code of Ethics will be provided to you upon request.

- B. Neither PFA nor its associated persons recommends to clients or buys or sells for client accounts any securities in which we have a material financial interest.
- C. PFA and its associated persons may buy or sell securities identical to those securities recommended to you. Therefore, PFA and/or its associated persons may have an interest or position in certain securities that are also recommended and bought or sold to you. PFA and its associated persons will not put their interests before your interest. PFA and its associated persons may not trade ahead of you or trade in such a way to obtain a better price for themselves than for you or other clients.
- D. PFA is required to maintain a list of all securities holdings for its associated persons and develop procedures to supervise the trading activities of associated persons who have knowledge of your transactions and their related family accounts at least quarterly. Further, associated persons are prohibited from trading on non-public information or sharing such information.

#### **Prohibition on Use of Insider Information**

PFA has adopted policies and procedures to prevent the misuse of "insider" information (i.e. material, non-public information). A copy of such policies and procedures is available to any person upon request.

#### **Item 12 - BROKERAGE PRACTICES**

As previously stated, Advisory Representatives are registered representatives of IFG. As a result they are subject to FINRA Conduct Rule 3040 which may restrict them from conducting securities transactions away from IFG unless IFG provides them with written authorization. IFG prohibits PFA from directing trades to another broker/dealer other than TD Ameritrade and Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"). Additionally, PFA has access to Pershing through Advisory Representative's relationship with IFG.

PFA does not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15 – Custody, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker- dealer or bank.

We recommend our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, or TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA (“TD Ameritrade”), an unaffiliated SEC-registered broker-dealer and FINRA member. as the qualified custodians. We are independently owned and operated and are not affiliated with Schwab or TD Ameritrade. Schwab or TD Ameritrade will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab or TD Ameritrade as custodian/broker, you will decide whether to do so and will open your account with Schwab or TD Ameritrade by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. If you do not wish to place your assets with Schwab or TD Ameritrade, then we cannot manage your account.

PFA is independently owned and operated and not affiliated with IFG, Pershing, Schwab or TD Ameritrade.

Not all investment advisers require you to maintain accounts at a specific broker/dealer. You are advised you may maintain accounts at another broker/dealer and select a discount broker/dealer. However, the services offered by PFA will not be suitable and you will not be able to receive asset management services from PFA.

In initially selecting IFG and Schwab, PFA conducted due diligence. PFA’s evaluation and criteria includes:

- Ability to service you
- Staying power as a company
- Industry reputation
- Ability to report to you and to PFA
- Availability of an efficient trading platform
- Products and services available
- Technology resources
- Educational resources
- Execution capability
- Financial responsibility and viability
- Confidentiality and security of your information
- Responsiveness
- Other factors that may bear on the overall evaluation of best price and execution

There is an incentive for PFA and the Advisory Representatives to recommend a broker/dealer over another based on the products and services that will be received rather than your best interest.

#### TD Ameritrade

TD Ameritrade offers to independent investment advisers services which include custody of securities, trade execution, clearance and settlement of transactions. PFA receives some benefits from TD Ameritrade through its participation in the Program. (Please see the disclosure under Item 14. below.)



## Schwab

### *Products and Services Available to Us From Schwab*

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Following is a more detailed description of Schwab's support services:

### *Services That Benefit You.*

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

### *Services That May Not Directly Benefit You.*

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

### *Services That Generally Benefit Only Us.*

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

*Our Interest in Schwab's Services*

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only us.

Independent Financial Group, LLC

IFG has a wide range of approved securities products for which IFG performs due diligence prior to selection. IFG's registered representatives are required to adhere to these products when implementing securities transactions through IFG. Commissions charged for these products may be higher or lower than commissions you may be able to obtain if transactions were implemented through another broker/dealer. IFG also provides Advisory Representatives, and therefore the PFA, with back-office operational, technology, and other administrative support. Other services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. Such services are intended to help Advisory Representatives and PFA manage and further develop its business enterprise.

IFG and its clearing broker/dealer, Pershing, LLC also make available to PFA other products and services that benefit PFA but may not directly benefit you. Some of these other products and services assist PFA with managing and administering your accounts. These include software and other technology that provide access to your account data (such as trade confirmation and account statements); facilitate trade execution; provide research, pricing information and other market data; facilitate payment of PFA's fees from your accounts; and assist with back-office functions; recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of PFA's accounts, including accounts not held through IFG.

Block or Trade Aggregation

Due to the individual management of client accounts, we do not aggregate the purchase or sale of securities for various client accounts.

**Item 13 - REVIEW OF ACCOUNTS**

- A. Clients will be invited to participate in at least an annual review. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. PFA will monitor for changes or shifts in the economy, changes to the management and

structure of a mutual fund or company in which your assets are invested, and market shifts and corrections.

The following individuals conduct reviews:

Ittai Dvir, Advisory Representative

Shimshon Plotkin, Asset Manager

Mary Beth Healy, Chief Compliance Officer

- B. You are advised that you must notify your Advisory Representative promptly of any changes to your financial goals, objectives or financial situation as such changes may require him review the potfolio allocation and make recommendations for changes.
- C. You will be provided statements at least quarterly direct from the account custodian. Additionally, you will receive confirmations of all transactions occuring direct from the account custodian. At least annually when you attend the annual review, PFA will provide you with a consolidated report of your managed account. You should compare the report with statements received direct from the account custodian. Should there be any discrepancy the account custodian's report will prevail.

#### **Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

A. Schwab

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

TD Ameritrade

As disclosed under Item 12 above, PFA participates in TD Ameritrade's institutional customer program and PFA may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between PFA's participation in the program and the investment advice it gives to its Clients, although PFA receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving PFA participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly 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; and discounts on compliance, marketing, research, technology, and practice management products or services provided to PFA by third party vendors. TD Ameritrade may also pay for business consulting and professional services

received by PFA's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit PFA but may not benefit its Client accounts. These products or services may assist PFA in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help PFA manage and further develop its business enterprise. The benefits received by PFA or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, PFA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by PFA or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the PFA's choice of TD Ameritrade for custody and brokerage services.

#### Other Product Vendors

Product vendors recommended by PFA may provide monetary and non-monetary assistance with client events, provide educational tools and resources. PFA does not select products as a result of any monetary or non-monetary assistance. The selection of product is first and foremost. PFA's due diligence of a product does not take into consideration any assistance it may receive. It is considered by regulators to be a conflict of interest for an investment adviser such as PFA to receive monetary and/or non-monetary assistance from product vendors even if for the direct or indirect benefit of the investment adviser's clients.

PFA has agreements with various alternative investment sponsors for exclusivity to offer alternative investment products to Israeli citizens.

**Advisory Representatives have an incentive to sell units of American Realty and KBS to US Citizens and Israeli citizens since American Realty and KBS pay the Advisory Representatives a bonus on commissions. This is a conflict of interest. PFA attempts to mitigate this conflict of interest by providing this disclosure. Further, any purchaser of units must satisfy the products suitability and all transactions conducted by Advisory Representatives go through a suitability review through the broker/dealer through which the units are sold.**

- B. Associated persons of PFA, either acting as associated persons of PFA or as registered representatives of Independent Financial Group, LLC, may from time to time interact with individuals ("Solicitors") in Israel for the purpose of referring clients. These dealings are subject to certain FINRA rules, as well as SEC rules governing investment advisers. PFA may enter into arrangements with Solicitors whereby the Solicitors will refer clients who may be a candidate for investment advisory services to PFA. In return, PFA will agree to compensate the Solicitor for the referral. Compensation to the Solicitor is dependent on the client entering into an advisory agreement with PFA for advisory services. Compensation to solicitor will be an agreed upon percentage of the total investment amount transferred or deposited to the custodian account and maintained in the account. The solicitation/referral fee is paid pursuant to a written agreement retained by both the investment adviser and the Solicitor. The Solicitor will be required to provide the client with a copy of PFA's Disclosure Brochure and a Solicitor Disclosure prior to or at the time of entering into any investment advisory contract with PFA.

Solicitor is not permitted to offer clients any investment advice on behalf of PFA. Clients' advisory fee will not be increased as a result of compensation being shared with Solicitor.

### **Item 15 - CUSTODY**

With the exception of deduction of PFA's advisory fees from your accounts, PFA does not take custody of your funds or securities.

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct your account custodian to deduct our advisory fees directly from your account or if you grant us authority to move your money to another person's account. Your account custodian maintains actual custody of your assets. You will receive account statements directly from your account custodian at least quarterly. They will be sent to the email or postal mailing address you provided. You should carefully review those statements promptly when you receive them. Furthermore, clients should compare any statements or reports received from PFA with the statements received from the qualified custodian.

### **Item 16 - INVESTMENT DISCRETION**

You may grant PFA authorization to manage your account on a discretionary basis. Discretionary authority will give PFA the authority to buy, sell, exchange, convert securities in your managed accounts. Additionally, PFA will have the authority to determine the security, the amount of the transaction and the time of execution. You will grant such authority to PFA by execution of the advisory agreement. You may terminate discretionary authorization at any time upon receipt of written notice by PFA.

Additionally, you are advised that:

- 1) You may set parameters with respect to when account should be rebalanced and set trading restrictions or limitations;
- 2) Your written consent is required to establish any mutual fund, variable annuity, or brokerage account;
- 3) PFA requires the use of the broker/dealer with which your Advisory Representative is registered for sales in commissionable mutual funds or variable annuities, if you elect to implement recommendations through your Advisory Representative;
- 4) With the exception of deduction of PFA's advisory fees from the account, if you have authorized automatic deductions, PFA will not have the ability to withdraw your funds or securities from the account.

### **Item 17 - VOTING CLIENT SECURITIES**

PFA does not vote your securities. Unless you suppress proxies, securities proxies will be sent directly to you by the account custodian or transfer agent. You may contact PFA about questions you may have an opinions on how to vote the proxies. However, the voting and how you vote the proxies is solely your decision.

**Item 18 - FINANCIAL INFORMATION**

- A. PFA will not require you to prepay more than \$1,200 and six or more months in advance of receiving the advisory service.
- B. As stated above, PFA has discretionary authority over client accounts; however that authority does not extend to the withdrawal of any client assets, with the exception of deduction of PFA's advisory fees from your accounts. We are financially stable. There is no financial condition that is likely to impair our ability to meet our contract actual commitment to you or any other client.
- C. Neither PFA nor any of its Advisory Representatives has ever been the subject of a bankruptcy petition.