



Form ADV Part 2A

Firm Brochure

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**This Brochure ("Brochure") provides information about the qualifications and business practices of Plotkin Financial Advisors, LLC ("Plotkin"). If you have any questions about the contents of this Brochure, please contact Kristi Murphy, Chief Compliance Officer, at (301) 907-9790 and/or [kmurphy@pfallc.com](mailto:kmurphy@pfallc.com). Plotkin Financial Advisors, LLC is a registered investment adviser. 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.**

**The information in this brochure has not been approved or verified by the United State Securities and Exchange Commission or by any state securities authority.**

**Additional information about Plotkin Financial Advisors, LLC is also available on the SEC's web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.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.**

## Item 2 Material Changes

This section of the Brochure describes any material changes relating to Plotkin Financial Advisors, LLC that clients should be aware of since the last annual update to this Brochure. Since the last Annual Amendment ADV filing dated March 27, 2024, we have made the following material changes to our Brochure:

- We have changed suites at our mailing address. Please see Item 1 for the updated suite number.
- We have removed the Florida office from our Form ADV 1A and updated language in Item 4 to reflect the sole office in Maryland.
- We have amended Items 4, 5, and 13 to add financial planning as a standalone service. Previously it was only offered in connection with investment management services.
- Language regarding the significant risks of using leveraged ETFs in a portfolio has been added to Items 4 and 8.
- We have modified language in Item 10 to reflect that one of our IARs is dually registered with X Advisors, LLC. He was previously dually registered with Independent Financial Group, LLC.
- Item 13 has been amended to describe not only the review of portfolios with clients, but also that portfolios are monitored on a daily basis. As noted in the first bullet, we have also added language regarding the review and update of financial plans for clients utilizing our standalone financial planning services.

We will provide a summary of any material changes to this and subsequent brochures within 120 days of the end of each fiscal year. We may provide ongoing disclosure information about material changes made during the year, as necessary.

Our Brochure may be requested free of charge by contacting Kristi Murphy, Chief Compliance Officer, at (301) 907-9790 and/or [kmurphy@pfallc.com](mailto:kmurphy@pfallc.com), or by visiting our website [www.pfallc.com](http://www.pfallc.com).

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## Item 4 Advisory Business

Plotkin Financial Advisors, LLC (PFA) is an SEC- registered investment adviser with our principal place of business located in Chevy Chase, Maryland. The firm was established in 2003 by Shimshon Plotkin. Effective January 2, 2024 Oceanview Consultants, LLC became the owner of the firm. We became registered with the SEC in 2015.

Under state laws, SEC registered advisers may be required to provide to state securities authorities a copy of the Form ADV and any amendments they file with the SEC. These are called notice filings. PFA currently has been notice filed in the following jurisdictions, which remain active: California, Colorado, District of Columbia, Florida, Maryland, New York, Pennsylvania and Virginia. The firm has one office located in Maryland.

We provide financial planning, portfolio management and wealth management services to clients. For existing clients, we offer defined contribution plan consulting services, as described below. Additionally, through separately negotiated contracts we can also offer consulting services. As used in this Brochure, the words "we," "our," and "us" refer to Plotkin Financial Advisors, LLC (PFA) and our Investment Adviser Representatives and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm.

We tailor the advisory services we offer to the individual needs of our clients. A client interested in any of our company's services will begin by having one or more meetings with one of our investment advisory representatives. We use these meetings to gather information such as: retirement and financial goals, investment objectives, risk tolerance, time horizon, financial needs, cash flow needs, estate planning objectives, and additional information to help us review a client's current financial and investment situation and expectations of a relationship with PFA. We will then evaluate a client's current investment strategy and financial situation and develop recommendations including investment strategies, asset allocation, and insurance and estate planning if applicable. The investment advisory representative will then present the recommendations to the client. The decision to implement any of the recommendations is entirely up to you as the client. You may also impose restrictions and/or limitations on investing in certain securities or types of securities.

### Financial Planning Services

We offer financial planning services which may be comprehensive or limited in scope depending on a client's particular needs. The financial plan may include, but is not limited to, review and prioritization of a client's goals and objectives, development of a net worth statement, cash flow summary and insurance analysis, review of investment holdings, and development of an investment management strategy. A financial plan may also include financial projections and analysis, in addition to education funding, tax, retirement and estate planning analyses.

Plans are based on your financial situation at the time and are based on financial information disclosed by you to PFA. Clients are advised to consult with their tax professional and attorneys for all specific tax and legal matters. Clients are also advised to notify us immediately of changes to their financial status, goals, risk tolerance, or any other items of relevance that could impact the advice provided in their financial plan.

You do not have to implement the financial plan or advice provided by PFA. However, if you do utilize our services in implementing all or a portion of the financial plan, PFA and/or its advisory representatives will receive additional compensation.

Financial planning services are offered either as part of our portfolio management services or as a standalone service.

### Portfolio Management Services

Each client's portfolio is customized to the client. For clients interested in portfolio management services an investment advisor representative (IAR) will gather information about the client's financial condition, investment objectives, risk tolerance, time frame, and other information in the PFA Client Profile Form. 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. PFA provides its IARs with model portfolios that may be utilized as guidelines. Advisors can use the models, modify them or not use them at all. PFA's objective is to establish a suitable allocation for the client across all the client's investment holdings in an attempt to reduce risk and market volatility.

PFA is the portfolio manager to and sponsor of a wrap fee program to provide portfolio management services to individuals through Charles Schwab and Co. (Schwab). Schwab executes trades, settles securities transactions and maintains custody of client assets for advisory accounts on behalf of PFA. Client's portfolio will be allocated among cash, stocks, bonds, exchange traded funds (ETFs), alternative investment products and other securities. PFA's wrap fee program is described in full detail in PFA's Form ADV Part 2A Appendix 1 Wrap Fee Brochure. PFA's compensation in a wrap account is the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted (i.e. transaction costs).

PFA offers asset management services on a discretionary and nondiscretionary basis. If discretionary authority is granted, PFA may purchase or sell investments on behalf of the client without obtaining prior consent for each transaction. Discretionary authority will be granted to PFA by execution of the Investment Advisory Agreement. If nondiscretionary service is elected, no changes will be made to the allocation of the account without prior consultation and expressed agreement. PFA will provide continuous and ongoing management of your account.

PFA evaluates and selects investments for inclusion in Client portfolios only after applying its internal due diligence process. We typically invest client assets in equity securities, fixed income securities, and ETFs. Opportunistically, we will invest in other types of securities, as appropriate to the Client's short and long-term objectives and risk tolerance. Different types of investments involve varying degrees of risk. The principal risks of the Company's portfolio management services are further disclosed in Item 8.

PFA will recommend, on occasion, redistributing investment allocations to diversify the portfolio. The Company will also recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position[s] in the portfolio, change in risk tolerance of the Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client's risk tolerance. It is important to remember that no investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment.

### **Types of Investments**

We offer advice on equity securities, municipal securities, variable life insurance, variable annuities, mutual fund shares, United States government securities, options contracts on securities, money market funds, REITs, structured products, ETFs, interests in partnerships investing in real estate and interests in partnerships investing in oil and gas interests.

Additionally, we may advise you on various types of investments based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

Since our investment strategies and advice are based on each client's specific financial situation, the investment advice we provide to you may be different or conflicting with the advice we give to other clients regarding the same security or investment.

### Wealth Management Services

Based on a client's individual needs, PFA provides the following additional services:

*Estate Planning* - Coordinate estate planning documents. Assist others in implementation of recommendations that minimize tax consequences and create a more efficient disposition of assets. PFA and its investment adviser representatives do not prepare estate planning documents or provide legal advice. Fees for this service are in addition to legal fees from third parties, all of which will be borne by the client.

*Insurance Counseling* - Identify life insurance needs, evaluate and coordinate existing insurance coverage. All insurance selections are the responsibility of the client. Investment adviser representatives may be compensated in their separate capacity as insurance agents for any policies that are sold, in addition to the fee for this service. Any other incidental insurance costs or legal fees from third parties are the responsibility of the client.

*Tax Planning* - Provide general information on tax consequences and strategies. PFA and its investment adviser representatives do not prepare tax returns or provide tax advice. Client will need to refer to their tax professional for specific advice and any incidental fees charged are in addition to the fees for this service. Clients are advised to consult with their tax professionals and attorneys for all specific tax and legal matters.

Clients with fee-based assets under management of \$1 million or more with PFA are eligible for the PFA Signature Services Program. Limits are negotiable for clients with fee-based assets under management with PFA of \$5 million or more. Upon an eligible client's request, PFA will agree to pay a portion of the preparation fees for the following:

- Preparation and/or amendment of U.S. person wills. (not to exceed \$2,000 every 5 years)
- Preparation of U.S. personal tax returns. (not to exceed \$1500 per year)

### Defined Contribution Plan Services

For existing clients with portfolios being managed by PFA, we offer defined contribution plan services to employer sponsored retirement plans. Depending on the type of plan and the specific arrangement with the plan sponsor, PFA may provide one or more of the following services:

- Non-discretionary investment advisory services to defined contribution plans (the Plan) with respect to the included assets as defined in accordance with the Plan's investment policies and objectives.
- Assist in the selection and replacement of service providers.
- Fee and cost review comparison of existing Plan compared to existing options.
- Ongoing monitoring of investment options and Plan performance without providing specific investment recommendations.
- Participant education and enrollment support

- Participant consultation and advice

Consultation Services

PFA can provide consultation services on a stand-alone basis (outside of and in addition to other services) to companies and foreign clients for a negotiated fee. These consultation services could include, among other things, asset allocation services or financial advice regarding specific personal and business situations. Clients will review and sign a Financial Consulting Services

Agreement prior to the onset of service which provides details on the type of consultation being provided, the fee for the service, and other terms and conditions of the contract. This document should be read carefully by the client.

**IRA Rollover Recommendations**

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

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

Assets Under Management

As of December 31, 2024, we have approximately \$221,845,374 of client assets under our discretionary management and no assets under non-discretionary management.

**Item 5 Fees and Compensation**

Portfolio Management Services

Plotkin Financial Advisors is compensated through an annualized asset-based fee, which will be paid quarterly in advance, as indicated in the table below.

Portfolio Value	Annual Wrap Advisory Fee
\$0 - \$2,500,000	1.10%

\$2,500,000 - \$5,000,000	1.00%
Over \$5,000,000	Negotiable

The advisory fee is debited directly from advisory accounts by the custodian (Schwab) and remitted to PFA per the client's advisory contract and provided the client has given PFA written authorization. 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. The management fee is a percentage of the market value of the assets in the account and is agreed upon with the client in the asset management contract prior to the onset of service. The account management fee will be payable quarterly in advance and will be calculated as a percentage of the market value of all assets in the account on the last business day of each calendar quarter. The initial advisory fee for accounts established during a calendar quarter will be stated and charged the first full calendar quarter unless the account is opened within the first 10 days of the quarter during which it will be charged a prorated portion of the fee for the current quarter. Fees are calculated on margin accounts by using the value of the account which includes the margin. The value will be higher than the market value of the account resulting in an increased fee.

PFA, its advisors, or the client may terminate this fee-based relationship at any time by providing written notification to the other. In such a circumstance, the quarterly fee will be pro-rated based on the number of days the account was open during the current quarter and the client will be refunded any pre-paid, unearned fees. No fee adjustments will be made for additional deposits to the account or partial withdrawals from the account or for Account appreciation or depreciation during the calendar quarter. PFA aggregates all your managed accounts together to determine your annual wrap advisory fee. PFA can change the above fee schedule upon 30-days prior written notice to you. An account statement will be provided 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. The client may reimburse the account for advisory fees paid to PFA, except for ERISA and IRA accounts.

### Financial Planning Services

Fees for financial planning services are covered by the fees charged for portfolio management services described above. For standalone financial planning services, there is an charge of \$1,000 for the initial plan and then \$800 annually for updates to the plan. Fees for the initial financial plan is 50% upfront, with the remaining 50% due upon delivery of the plan.

### Defined Contribution Plan Services

Plotkin Financial Advisors is compensated though an annualized asset-based fee, which will be paid quarterly in advance. 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. PFA doing business as Plotkin Retirement Advisors will quote the Plan a fee based on the fee range below. The fee will be determined based on several factors including size and complexity of the Plan, complexity of services, and number educational seminars per year. Fees range from .40% to .50% of plan assets annually. The management fee is a percentage of the market value of the assets in the account and is agreed upon with the client in the advisory contract prior to the onset of service. No fee adjustments will be made for additional deposits to the Plan or partial withdrawals from the Plan or for account appreciation or depreciation during a calendar quarter. The account management fee will be payable quarterly in advance and will be calculated as a percentage of the market value of all assets in the account on the last business day of each calendar quarter.



Plotkin Retirement Advisors will direct its fee invoices to the third-party administrator. Payment to Plotkin Retirement Advisors must be made payable to Plotkin Financial Advisors, LLC within 30 days of receipt of the invoice.

In addition to Plotkin Retirement Advisors' advisory fee above, the Plan and/or Plan participants will pay third party administrator fees, custodial fees, account maintenance fees and other fees associated with maintaining the Plan Account. Such fees are not charged by Plotkin Retirement Advisors and are charged by the product, broker/dealer or account custodian. Plotkin Retirement Advisors does not share in any portion of such fees. Additionally, the Plan and/or Plan participants may pay a 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 purchased. Such advisory fees are not shared with Plotkin Retirement Advisors and are compensation to the fund- manager.

Plotkin Retirement Advisors will not receive trail compensation or any other additional compensation on Plan assets other than its advisory fee invoiced to the third-party administrator on Plan.

PFA, its advisors, or the client may terminate this fee-based relationship at any time by providing written notification to the other. In such a circumstance, the quarterly fee will be pro-rated based on the number of days the account was open during the current quarter and the client will be refunded any pre-paid, unearned fees.

#### Consultation Services

Consultation fees are negotiable but are typically based on an hourly rate ranging from \$400 - \$500 per hour or a flat rate to be determined on a case-by-case basis. Regardless if the fee is assessed at an hourly rate or as a flat fee, the rate will be defined in the Financial Services Consulting Agreement that will be validated by both parties prior to the onset of service.

Otherwise, the client will be billed upon completion of the project. PFA, its investment adviser representatives, or the client may terminate this consultative relationship at any time by providing written notification to the other. Client will be responsible for any time spent by PFA in providing the consultative services, but any unearned prepaid fees (in the case of a retainer) will be refunded to client.

#### General Information

*Additional Investment Fees:* Clients will indirectly incur certain fees and expenses for investments made for the Account in mutual funds, ETFs, money market funds, and other Assets. The fees and expenses are paid by the respective fund and are borne by all fund shareholders owning the same class of share which can include, but are not limited to, mutual fund servicing fees, sub-accounting fees, management fees, custody, portfolio transaction execution costs, administration fees, distribution fees, and shareholder servicing fees. Fees and expenses charged by these securities are deducted from each fund's net asset value and as such, are an indirect expense of the client. Finally, these types of investments can be purchased directly, without being managed by PFA pursuant to this Agreement which may cost the client more or less.

*Additional Fees and Expenses:* Other administrative fees charged for wire transfers and check writing services are not included in PFA's advisory fee. By investing with certain third-party money managers and/or by making direct investments, client may incur fees, brokerage commissions, transaction fees, manager's fees, custody fees, and other related costs and expenses. Such third-party charges, fees and commissions are exclusive of and in addition to PFA's Advisory Fee.

*Commission Assets Excluded from Advisory Fees:* Advisory accounts may hold assets or products that were sold to the client by PFA representatives in their separate capacity as registered representatives and therefore charged a commission. The commissions are charged by our selected Broker-Dealer, currently Independent Financial Group ("IFG"), and a portion of these commissions gets paid to PFA representatives in their separate capacities as registered representatives. These commissions are exclusive of, and in addition to, PFA's portfolio management fees. This means assets that were charged the commission, will not be charged the ongoing asset management fee. The commissions and fees assessed by our chosen Broker- Dealer may be higher or lower than what is otherwise available through other broker-dealers.

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 representatives, receive trail commissions (i.e., 12b-1 fees) for a period of time as a result of directing securities transactions through IFG. Certain load and no-load mutual funds pay annual distribution charges, sometimes referred to as 12b-1 fees. 12b-1 fees come from fund assets, therefore, indirectly from the client's assets. 12b-1 fees are initially paid to IFG and a portion passed to the Advisory Representatives. The receipt of such fees represents 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 conflict of interest.

These practices present a conflict of interest and gives 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 that 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.

Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

*Advisory Fees in General:* Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

*Limited Prepayment of Fees:* Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client, six months or more in advance of services rendered.

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

PFA does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets), nor does the Company provide side-by-side management.

## **Item 7 Types of Clients**

PFA offers and/or provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals (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)
- Corporations or other businesses not listed above
- Pension and profit-sharing plans

PFA generally prefers clients 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 of \$500,000 is based on an aggregated portfolio value of accounts under management with PFA. Clients are advised that when investing less than the preferred minimum performance can suffer due to difficulties with diversifying smaller accounts and due to risk controls being compromised.

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

### Methods of Analysis

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.

PFA receives a variety of research and information from investment companies, in addition to information obtained from annual reports, prospectuses, filings with the SEC, financial newspapers and magazines, research providers and broker-dealers with whom we have a relationship. All of this information is used in order to develop investing strategies for each client's financial situation.

### Investment Strategies

PFA uses the generally accepted principles of asset allocation to construct diversified portfolios that have efficient characteristics of risk and return, which means evaluating the volatility of various investment options and how they behave when combined. Asset allocation requires an understanding of client specific issues and consideration of the economic and market environment. PFA utilizes a longer-term investment focus that seeks to achieve consistent, risk-adjusted returns. PFA follows a philosophy of evaluating the global landscape of information and investment opportunities. In constructing portfolios, PFA performs due diligence on a variety of offerings such as direct investments, individual securities, professional money managers, index funds, and alternative investments. While there are usually some risk-reducing advantages to combining different asset types, the primary goal of diversification is to combine assets in a way that seeks to yield the least amount of risk for a given level of expected return.

### Tax Considerations

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional regarding the investing of your assets. Custodians and broker-dealers must report the cost basis of equities acquired in client accounts. Your custodian will default to the First-In First-Out ("FIFO") accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more

advantageous, provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### Risk of Loss

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### Other Risk Considerations

When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risks, each of which may affect the probability and magnitude of any potential losses. The following risks may not be all-inclusive but should be considered carefully by a prospective client before retaining our services.

*Liquidity Risk:* The risk of being unable to sell your investment at a fair price at a given time due to high volatility or lack of active liquid markets. You may receive a lower price, or it may not be possible to sell the investment at all.

*Corporate Event Risk:* Investments in companies that are the subject of publicly disclosed mergers, takeover bids, exchange offers, tender offers, spin-offs, liquidations, corporate restructuring, and other similar transactions may not be profitable due to the risk of transaction failure.

*Credit Risk:* Credit risk typically applies to debt investments such as corporate, municipal, and sovereign fixed income or bonds. A bond issuing entity can experience a credit event that could impair or erase the value of an issuer's securities held by a client.

*Inflation and Interest Rate Risk:* Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of a client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed income investments to decline. In addition, interest rate increases generally will increase the interest carrying costs of borrowed securities and leveraged investments.

*Horizon and Longevity Risk:* The risk that your investment horizon is shortened because of an unforeseen event, for example, the loss of your job. This may force you to sell investments that you were expecting to hold for the long term. If you must sell at a time that the markets are down, you may lose money. Longevity Risk is the risk of outliving your savings. This risk is particularly relevant for people who are retired or are nearing retirement.

*Market Risk:* There are risks associated with investing in securities. Market movements are difficult to predict and are influenced by a number of factors to include: general economic conditions, government fiscal and monetary policies, changing supply and demand relationships, international political and economic events, catastrophic acts of nature, company specific factors, and the inherent volatility of the marketplace.

*Lack of Diversification:* Portfolio investments may be concentrated, and diversification may be limited. There are no limits with respect to position sizes.

**Leverage:** We may use leverage in investing. Such leverage may be obtained through various means. The use of short-term margin borrowings may result in certain additional risks to Accounts. For example, should the securities pledged to a broker to secure a margin loan decline in value, a "margin call" may be issued pursuant to which additional assets would be required to be deposited with the broker or the broker would affect a mandatory liquidation of the pledged securities to compensate for the decline in value. We might not be able to liquidate assets quickly enough to pay off the margin debt and the Accounts may therefore also suffer additional significant losses as a result of such default. The use of leverage in an investment portfolio can magnify any price movements, resulting in high volatility and significant loss of principal.

**Epidemics, Pandemics, Outbreaks of Disease and Public Health Issues:** Our business activities could be materially adversely affected by pandemics, epidemics and outbreaks of disease in Asia, Europe, North America and/or globally or regionally, such as COVID-19, Ebola, H1N1 flu, H7N9 flu, H5N1 flu, Severe Acute Respiratory Syndrome (SARS), and/or other epidemics, pandemics, outbreaks of disease, viruses and/or public health issues. Specifically, COVID-19 has spread (and is currently spreading) rapidly around the world since its initial emergence in China in December 2019 and has severely negatively affected (and may continue to adversely affect) the global economy and equity markets (including, in particular, equity markets in Asia, Europe and the United States). Although the long-term effects or consequences of COVID-19 and/or other epidemics, pandemics and outbreaks of disease cannot currently be predicted, previous occurrences of other pandemics, epidemics and other outbreaks of disease, such as H5N1 flu, H1N1 flu, SARS and the Spanish flu, had a material adverse effect on the economies and markets of those countries and regions in which they were most prevalent. Any occurrence or recurrence (or continued spread) of an outbreak of any kind of epidemic, communicable disease or virus or major public health issue could cause a slowdown in the levels of economic activity generally (or cause the global economy to enter into a recession or depression), which would adversely affect the business, financial condition and operations of the Adviser. Should these or other major public health issues, including pandemics, arise or spread farther (or continue to spread or materially impact the day to day lives of persons around the globe), the Adviser could be adversely affected by more stringent travel restrictions, additional limitations on the Adviser's operations or business and/or governmental actions limiting the movement of people between regions and other activities or operations (or to otherwise stop the spread or continued spread of any disease or outbreak).

#### Recommendation of Particular Types of Securities

Each type of security has its own unique set of risks associated with it and it would not be possible to list here all the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment.

**Cash and Cash Equivalents:** Accounts may maintain significant cash positions from time to time and the client will pay the Advisory Fee based on the net asset value of the account, including cash and cash equivalents. Furthermore, the account may forego investment opportunities to hold cash positions, if deemed in the best interests of the client.

**Equity Securities:** Investing in equities (also known as "stocks") involves 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. In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not

limited to the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. Even dividends, which many beginning investors believe are guaranteed payments by the company, can decline or be eliminated.

**Bonds:** Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

**Exchange Traded Funds (ETFs):** While ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. The returns on ETFs can be reduced by the costs to manage the funds.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of the underlying index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their underlying indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all the securities included in its underlying index, or its weighting of investment exposure to such securities may vary from that of the underlying index. Some ETFs may invest in securities or financial instruments that are not included in the underlying index, but which are expected to yield similar performance.

**Leveraged Exchange Traded Funds:** Leveraged Exchange Traded Funds ("Leveraged ETFs" or "L-ETF") seeks investment results for a single day only, not for longer periods. A "single day" is measured from the time the L-ETF calculates its net asset value ("NAV") to the time of the L-ETF's next NAV calculation. The return of the L-ETF for periods longer than a single day will be the result of each day's returns compounded over the period, which will very likely differ from multiplying the return by the stated leverage for that period. For periods longer than a single day, the L-ETF will lose money when the level of the Index is flat, and it is possible that the L-ETF will lose money even if the level of the Index rises. Longer holding periods, higher index volatility and greater leverage both exacerbate the impact of compounding on an investor's returns. During periods of higher Index volatility, the volatility of the Index may affect the L-ETF's return as much as or more than the return of the Index. Leveraged ETFs are different from most exchange-traded funds in that they seek leveraged returns relative to the applicable index and only on a daily basis. The L-ETF also is riskier than similarly benchmarked exchange-traded funds that do not use leverage. Accordingly, the L-ETF may not be suitable for all investors and should be used only by knowledgeable investors who understand the potential consequences of seeking daily leveraged investment results.

Leveraged ETF Leveraged Risk: The L-ETF obtains investment exposure in excess of its assets in seeking to achieve its investment objective — a form of leverage — and will lose more money in market environments adverse to its daily objective than a similar fund that does not employ such leverage. The use of such leverage could result in the total loss of an investor's investment. For example: a 2X fund will have a multiplier of two times (2x) the Index. A single day movement in the Index approaching 50% at any point in the day could result in the total loss of a shareholder's investment if that movement is contrary to the investment objective of the L-ETF, even if the Index subsequently moves in an opposite direction, eliminating all or a portion of the earlier movement. This would be the case with any such single day movements in the Index, even if the Index maintains a level greater than zero at all times.

**Leveraged ETF Compounding Risk:** Compounding affects all investments, but has a more significant impact on a leveraged fund. Particularly during periods of higher Index volatility, compounding will cause results for periods longer than a single day to vary from the stated multiplier of the return of the Index. This effect becomes more pronounced as volatility increases.

**Leveraged ETF Use of Derivatives:** The L-ETF obtains investment exposure through derivatives. Investing in derivatives may be considered aggressive and may expose the L-ETF to greater risks than investing directly in the reference asset(s) underlying those derivatives. These risks include counterparty risk, liquidity risk and increased correlation risk (each as discussed below). When the L-ETF uses derivatives, there may be imperfect correlation between the value of the reference asset(s) and the derivative, which may prevent the L-ETF from achieving its investment objective. Because derivatives often require only a limited initial investment, the use of derivatives also may expose the L-ETF to losses in excess of those amounts initially invested. The L-ETF may use a combination of swaps on the Index and swaps on an ETF that is designed to track the performance of the Index. The performance of an ETF may not track the performance of the Index due to embedded costs and other factors. Thus, to the extent the L-ETF invests in swaps that use an ETF as the reference asset, the L-ETF may be subject to greater correlation risk and may not achieve as high a degree of correlation with the Index as it would if the L-ETF only used swaps on the Index. Moreover, with respect to the use of swap agreements, if the Index has a dramatic intraday move that causes a material decline in the L-ETF's net assets, the terms of a swap agreement between the L-ETF and its counterparty may permit the counterparty to immediately close out the transaction with the L-ETF. In that event, the L-ETF may be unable to enter into another swap agreement or invest in other derivatives to achieve the desired exposure consistent with the L-ETF's investment objective. This, in turn, may prevent the L-ETF from achieving its investment objective, even if the Index reverses all or a portion of its intraday move by the end of the day. Any costs associated with using derivatives will also have the effect of lowering the L-ETF's return.

**Alternative Investments including Structured Products:** Alternative investment products (such as Real Estate Investment Trusts (REITs), Direct Participation Programs (DPPs) and Structured Products) involve a high degree of risk, often engage in leveraging and other speculative investment practices that may increase the risk of investment loss, can be highly illiquid, are not required to provide periodic pricing or valuation information to investors, may involve complex tax structures and delays in distributing important tax information, are not subject to the same regulatory requirements as mutual funds, often charge high fees which may offset any trading profits, and in many cases the underlying investments are not transparent and are known only to the investment manager.

## Item 9 Disciplinary Information

Investment advisers registered with the SEC are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management.

There are no reportable material legal or disciplinary events related to PFA and therefore we have no information applicable to this item.

## Item 10 Other Financial Industry Activities and Affiliations

### Broker Dealer Affiliation

As previously stated, Advisory Representatives are dually registered as investment adviser representatives of PFA and as registered representatives of Independent Financial Group, LLC ("IFG"). IFG is a broker/dealer and member of the Financial Industry Regulatory Authority (FINRA), a Registered Investment Adviser (RIA) registered with the United States Securities and Exchange Commission (SEC) and a member of the Securities Investors Protection Corporation (SIPC). As a result of this affiliation PFA's investment advisory representatives can sell certain investments to their clients on a transactional basis for commission.

Some of PFA's investment adviser representatives are also licensed as insurance agents with various insurance companies, and in such capacity, may recommend, on a fully disclosed basis, the purchase of insurance-related products.

Clients are not obligated to use any PFA's investment adviser representatives or IFG for any security transaction. If clients decide to use PFA's representatives to effect security transactions, they should be aware that IFG does have the contractual and compliance authority to place limitations on the vendors and product lines that the registered representative may use when conducting commission-based business. This creates a conflict of interest because PFA may not be able to consider all available alternatives when making a securities or insurance product recommendation. Clients should understand that this purchasing or selling of securities and/or insurance on a commission basis is conducted in these other capacities (as a registered representative for securities transactions and as a licensed insurance agent for insurance transactions) and are not part of the investment advisory services offered by PFA. This creates a conflict of interest because the receipt of additional compensation by PFA and its investment adviser representatives is a financial incentive that may impair the objectivity of our firm and these individuals when making advisory recommendations.

Under the rules and regulations of 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 pays IFG a portion of the advisory fees they receive. IFG and PFA are not affiliated entities.

### Investment Adviser Affiliation

Mr. Imphong is a dually registered as investment adviser representative ("IARs") of X Advisors, LLC. Mr. Imphong spends less than 10% of his time in his capacity as an IAR of this entity. Being a dual IAR represents a conflict of interest because it gives the Mr. Imphong an incentive to recommend products or services based on the commissions and fees received. This conflict is mitigated by disclosures, procedures, and the PFA's fiduciary obligation to place the best interest of the client first.

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

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. Further, PFA's Code of Ethics establishes PFA's expectation for business conduct. PFA



has a fiduciary duty to act in the client's best interest and always place their 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. A copy of our Code of Ethics is available to our advisory clients and prospective clients and will be provided to you upon request.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our 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. Our firm and/or individuals associated with our firm may buy or sell for their personal accounts, securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client. PFA and its associated persons will not put their interests before the client's interest. PFA and its associated persons will not trade in a manipulative manner, in a way to harm clients, and/or in a way that violates insider trading policies. Neither PFA nor its associated persons recommend to clients or buys or sells for client accounts any securities in which we have a material financial interest.

Our Code of Ethics includes policies and procedures for review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g. private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

## **Item 12 Brokerage Practices**

### Schwab

#### *The Custodian and Brokers We Use*

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 that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian.

We are independently owned and operated and are not affiliated with Schwab. Schwab 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 as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. Conflicts of interest associated with this arrangement are described below as well as in Item 14 (Client referrals and other compensation). You should consider these conflicts of interest when selecting your custodian.

If you do not wish to place your assets with Schwab, then we cannot manage your account. Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor. Even though your account is maintained at Schwab, and we anticipate that most trades will be executed through Schwab, we can still use other brokers to execute trades for your account as described below (see "Your brokerage and custody costs").

### *How We Select Brokers/Custodians*

We seek to use Schwab, a custodian/broker that will hold your assets and execute transactions. When considering whether the terms that Schwab provides are, overall, most advantageous to you when compared with other available providers and their services, we take into account a wide range of factors, including:

- Combination of transaction execution services and asset custody services
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, security and stability
- Prior service to us and our clients
- Services delivered or paid for by Schwab
- Availability of other products and services that benefit us, as discussed below (see "Products and services available to us from Schwab")

### *Your Brokerage and Custody Costs*

For client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts. In addition to transaction fees, Schwab charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. All of these fees are included in the advisory fee clients pay PFA.

We are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. Although we are not required to execute all trades through Schwab, we have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How we select brokers/custodians"). By using another broker or dealer you may pay lower transaction costs.

### *Products and services available to us from Schwab*

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through us. 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 are generally available on an unsolicited basis (we do not have to request them) and at no charge to us. 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 do not directly benefit you.*

Schwab also makes available to us other products and services that benefit us but do not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts and operating our firm. They include investment research, both Schwab's own and that of third parties. We 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 provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or pays 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 do not have to pay for Schwab's services. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The fact that we receive these benefits from Schwab is an incentive for us to recommend the use of Schwab rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that taken in the aggregate, 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 (see "How we select brokers/ custodians") and not Schwab's services that benefit only us.

## Independent Financial Group

As previously stated, Advisory Representatives are registered representatives of IFG. As a result, they are subject to FINRA Conduct Rule 3040 which restricts 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 Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"). PFA has access to Pershing through Advisory Representative's relationship with IFG but does not currently use Pershing's brokerage services.

In initially selecting IFG as a broker dealer, 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 bear on the overall evaluation of best price and execution

IFG has a wide range of approved securities products for which IFG performs due diligence prior to selection. IFG registered representatives are required to adhere to these products when implementing securities transactions through IFG. Commissions charged for these products are higher or lower than commissions you can obtain if transactions were implemented through another broker/dealer. IFG also provides Advisory Representatives, and therefore PFA, with back-office operational, technology, and other administrative support. Other services 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 makes available to PFA other products and services that benefit PFA but do 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; and assist with back-office functions; recordkeeping and client reporting. Many of these services generally are used to service all or a substantial number of PFA's accounts, including accounts not held through IFG. PFA receives a benefit because PFA does not have to produce or pay for the research, products or services. PFA has an incentive to select or recommend a broker-dealer based on PFA's interest in receiving the research or other products or services, rather than on our clients' interest in receiving most favorable execution.

## Block or Trade Aggregation

When deemed appropriate, PFA aggregates ("bunches") transactions in the same security on behalf of more than one client in an effort to strive for best execution and to possibly reduce the price per share and/or other costs to clients. However, aggregated or bunched orders will not reduce the transaction costs to participating clients. PFA conducts aggregated transactions in a manner designed to ensure that no participating client is favored over another client.

Participating clients will obtain the average price per share for the security executed that day. To the extent the aggregated order is not filled in its entirety and when possible, securities purchased or sold in an aggregated transaction will be allocated on a random basis. Under certain circumstances, the amount of securities is increased or decreased to avoid holding odd-lot or a small number of shares for particular clients.

## **Item 13 Review of Accounts**

On a daily basis, Erich Imphong, President and Advisory Representative, evaluates the outlook for the markets and make changes to client accounts, as needed.

Clients are encouraged to participate in a review with their investment adviser representative at least annually. For all investment advisory services, PFA reviews individual accounts on a periodic basis to ensure that portfolios match the client's financial and account profile on file. In addition to these reviews, a review of an individual account could also be triggered by market, political and economic events, personal variables (such as retirement, termination of employment, physical move, or inheritance), or by client request. Upon each review, as deemed appropriate, portfolios may or may not be adjusted.

Clients will be provided statements at least quarterly direct from the account custodian. Additionally, client will receive confirmations of all transactions occurring direct from the account custodian. At least annually when clients attend the annual review, PFA will provide a consolidated report of their managed accounts. Any statements or reports supplied by PFA do not replace the statements or reports issued by the corresponding custodian and should be checked against the custodian statement for accuracy.

For clients contracting with PFA for financial planning only services, we will review financial plans annually to ensure that the advice provided with the initial plan is consistent with any changes to your investment needs and objectives. Ahead of the annual update to your plan, we will contact you to determine whether any updates may be needed based on changes in your circumstances. Changed circumstances may include, but are not limited to marriage, divorce, birth, death, inheritance, lawsuit, retirement, job loss and/or disability, among others. Written updates to the financial plan will be provided in conjunction with the review. If you implement financial planning advice, you will receive trade confirmations and monthly or quarterly statements from relevant custodians. At a client's request, we will meet mid-year to address any material changes that impact the prepared financial plan.

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

### Schwab

PFA receives an economic benefit from Schwab and other financial institutions in the form of the support products and services they make 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 or other company's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

### IFG

IFG offers incentives to attend certain conferences based on achieving production thresholds. There is no requirement to sell a certain product or amount of a specific product. Qualification for trips and conferences is based on overall production and meeting the production levels determined by IFG. If the thresholds are satisfied, IFG can cover certain travel and conference costs.

### Client Referrals

PFA compensates several marketing firms for leads. The marketing firms do not send prospects to PFA directly. The prospects are provided the names of several investment firms that may fit their criteria (e.g. location, services, etc.) and the prospect decides which firm to engage. PFA compensates the marketing company on either a per-lead or a flat fee basis in accordance with the contract in place with that marketing firm. PFA's advisors may choose to pursue all leads provided, set limits on the type of leads provided, or not use these programs at all.

### Other Compensation

Product vendors such as First Trust recommended by PFA 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 that is in the client's best interest 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.

## **Item 15 Custody**

PFA is deemed to have custody under two circumstances. Under SEC regulations, PFA is deemed to have custody of clients' assets because they authorize us to instruct the account custodian (Schwab) to deduct our advisory fees directly from their account. Additionally, PFA is deemed to have custody if a client has a standing letter of authorization (SLOA) to transfer funds or securities to a third party and PFA has the ability to direct transfers, change the amount, and/or the timing of the transfer. The client's qualified custodian maintains actual custody of client assets. The client will receive account statements directly from the qualified custodian at least quarterly. Statements will be sent to the email or postal mailing address provided on the account. Clients should carefully review those statements promptly when they 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**

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

Clients may limit the discretionary authority by giving us written instructions, such as setting trading restrictions or limitations. Clients may also change/amend such limitations by once again providing us with written instructions.

A client's written consent is required to establish any mutual fund, variable annuity, or brokerage account.

## **Item 17 Voting Client Securities**

As a matter of firm policy, we do not vote proxies or class action lawsuits on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, class action lawsuits tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Securities proxies will be sent directly to the client by the account custodian or transfer agent.

## **Item 18 Financial Information**

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you.

In addition, we will not require or solicit payment of fees in excess of \$1,200 per client, six or more months in advance of receiving advisory services.

Neither PFA nor any of its Advisory Representatives has ever been the subject of a bankruptcy petition at any time during the past ten years.