

Advisor:  
**Norris Financial Group, LLC**  
605 N. Main Street  
Greenville, SC 29601  
864-235-6408  
[www.norrisfinancialgroup.com](http://www.norrisfinancialgroup.com)

Date:  
**March 27, 2020**

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**This brochure provides information about the qualifications and business practices of Norris Financial Group, LLC. If you have any questions about the contents of this Brochure, please contact us at (864) 235-6408 and/or your advisory representative or Justin Norris at [jwnorris@norrisfinancialgroup.com](mailto:jwnorris@norrisfinancialgroup.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 Norris Financial Group, 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 Norris Financial Group, LLC is 129422.**

**Any references to Norris Financial Group, LLC as a Registered Investment Advisor or its related persons as registered advisory representatives does not imply a certain level of skill or training.**

## Item 2 Material Changes

At least annually, this section will discuss only specific material changes that are made to the Norris Financial Group, LLC brochure and provide you with a summary of such changes. Additionally, reference to the date of the last annual update to this brochure will be provided.

The date of the last annual update of the brochure was March 2019. Since that date, we made the following change:

- In Item 4, we revised the amount of client assets under our asset management services.

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 Justin Norris at 864-235-6408 or [jwnorris@norrisfinancialgroup.com](mailto:jwnorris@norrisfinancialgroup.com). Additional information about Norris Financial Group, LLC is also available via the SEC's website [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). The website also provides information about any persons affiliated with Norris Financial Group, LLC who are registered, or are required to be registered, as investment advisor representatives of Norris Financial Group, LLC.

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## Item 4 ADVISORY BUSINESS

A. Norris Financial Group, LLC is an independent Registered Investment Advisor a (registration does not imply a certain level of skill or training). We classify ourselves as a small financial services boutique with large firm capabilities and experience. We are focused on strong relationships and service, not product sales. We specialize in Investment Advisory Services and Financial Planning. The firm has been in business since 1999. Terry L. Norris, CLU, ChFC, CFP is President and owner of the firm.

B. Norris Financial Group, LLC is referred to herein as "Applicant" or "Advisor." Associated persons of Norris Financial Group, LLC are referred to herein as "Advisory Representatives" or "associated persons."

Advisor offers various investment advisory services to clients depending on the client's needs. The advisory services are more fully explained below.

- **Vision2020 Wealth Management Platform - Advisor Managed Portfolios Program**

We offer Advisor Managed Portfolios as an account where no separate transactions charges apply and a single fee is paid for all advisory services and transactions ("Wrap Account").

The Program provides investment management of client assets. In addition, execution, clearing, and custodial services are provided through a relationship with the broker-dealer firm Royal Alliance Associates, Inc. ("Royal Alliance"). With respect to risk modeling, the Program utilizes Ibbotson and Associates to provide clients access to risk tolerance assessment.

The Program is offered by Advisor on a discretionary or discretion limited to maintenance of the initial agreed upon asset allocation. In a discretionary account, the Independent Advisory Representative can purchase or sell load waived, no-load mutual funds and other equity and debt securities for Accounts, without obtaining specific client approval for each transaction. In an account with discretion limited to maintenance of the initial agreed upon asset allocation, the Independent Advisory Representative will only purchase or sell securities which have been approved by clients in advance. The Independent Advisory Representative will initiate an initial asset allocation with the client's prior review and approval. However, the Independent Advisory Representative will from time to time rebalance the account to maintain the initial agreed upon asset allocation, without prior client consent.

One of the methods of trading and rebalancing includes Block Trading. The Advisor utilizes block trading to trade across multiple discretionary accounts at the same time. This is accomplished by utilizing the broker dealer's house account, also known as an average price account. By trading through this account, the Advisor attempts to trade the entire group of targeted accounts at the same time using the aggregate number of shares. After the order is executed, the system (Net-Exchange Pro) issues an average purchase/sell price and allocates the shares and purchase/sell price to the accounts on a Pro-Rata basis.

The Program is sponsored by Royal Alliance Associates, Inc. As Program sponsor, Royal Alliance has created a Program Brochure, which will be distributed to clients prior to or concurrent with their engagement in the Program. Clients should read it thoroughly before investing.

- **Financial Planning, Investment Advisory, and Asset Allocation Services**

Advisor offers financial planning, investment advisory and asset allocations services. Depending on the needs of the client, financial planning and advisory services can include: retirement planning, insurance analysis, estate plan analysis, investment analysis, and education planning.

Advisor will gather financial information and history from client 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, and other applicable financial information required by Advisor to provide the investment advisory services requested. Based upon client's needs, Advisor will prepare a written financial plan, asset allocation and/or investment policy statement addressing client's needs, depending on the services requested by the client.

Investment advisory services are based on the client's financial situation at the time and are based on financial information disclosed by the client to Advisor. Clients are advised that certain assumptions are 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 results. Advisor cannot offer any guarantees or promises that client's financial goals and objectives will be met. Further, client must continue to review any plan and update the plan based upon changes in the client's financial situation, goals, or objectives or changes in the economy. Should client's financial situation or investment goals or objectives change, clients must notify Advisor promptly of the changes. Clients are advised that advice or guidance on a client's insurance needs are limited to those products and services that advisory representatives are licensed to offer and with carriers they are appointed.

Client is advised that fees for investment advisory services are strictly for investment advisory services. Therefore, client will pay fees and/or commissions for additional services obtained such as asset management or products purchased such as securities or insurance.

Advisor and its advisory representatives do not hold out to be experts in property and casualty insurance, taxes, tax planning or tax planning strategies. Clients need to seek the services of experienced insurance professionals to opine and advice on property and casualty needs and a certified public accountant to opine on tax planning and strategies. Additionally, Advisor and its advisory representatives are not attorneys. It is important for clients to discuss any planning strategies with their attorney for estate planning purposes.

**Clients who have not cancelled the agreement and have not provided the Advisor the necessary and agreed upon information within (31) days of the initial engagement will forfeit the deposit and the Advisor will have no additional responsibility to provide further services unless a new agreement is reached with the client.**

- **Participant Retirement Plan Advice**

**Individuals**

Advisor offers financial planning advice to individuals related to the proper allocation of their employer sponsored retirement plans. This service is not offered on all such plans and the individual should check with the Advisor for availability. Such advice includes suggestions as to the amount to be contributed, the types of asset classes to be chosen, specific strategies related to timing of holdings, and recommendations as to the specific investment options. Advisor will not have custody of the client's assets nor will Advisor place any buy or sell orders on behalf of the client. Prior to advising the client, Advisor will conduct a risk tolerance assessment specific to the client and assist the client in formulating an investment policy statement (IPS). The client will also be required to sign a Financial Planning Agreement detailing specific services to be delivered.

**Businesses**

As an agreement between the Advisor and the Employer who is providing the retirement plan, Advisor offers financial planning advice to individual participants of a retirement plan related to the proper allocation of their employer sponsored retirement plan. Such advice can include suggestions as to the

amount to be contributed, the types of asset classes to be chosen, specific strategies related to timing of holdings, and recommendations as to the specific investment options. Advisor will not have custody of the client's assets nor will Advisor place any buy or sell orders on behalf of the client.

- **Financial Plan Support**

Advisor offers qualifying non-financial planning client/customer access to specific web-based wealth management tools licensed to Advisor according to the licensing agreement with the software provider. The purpose of the tool is to assist the client/customer with aggregating their accounts/investments and provide an introductory view of additional services available. Advisor can terminate access to the software at any time.

- **Working with other Professionals**

Advisor recognizes the importance of coordinating actions with other professional advisors of the client. As a way of encouraging this exchange, Advisor will agree to meet once annually at Advisor's office with other professional advisors that the client engages. This meeting can include any and all professional advisors employed by the client.

## **GENERAL DISCLOSURES**

Advice offered by Advisory Representatives can involve investment in mutual funds. Certain mutual funds carry loads (i.e. sales charges) that are up-front or on a contingent deferred basis or be no-loads with no initial or contingent deferred sales charges. Clients are advised that Advisory Representatives are registered representatives of Royal Alliance, a registered broker/dealer, member of the Financial Industry Regulatory Authority ("FINRA") and SIPC. Therefore, Advisory Representatives have a conflict of interest in recommending mutual funds that carry a load since such mutual funds will pay Advisory Representatives a commission should the purchase be made through Advisory Representatives.

Registered investment company securities such as mutual fund offer the securities in various share classes. Different share classes are priced differently and have varying levels of internal costs and share classes other than institutional share classes will involve higher internal costs that over time will cost you more. Institutional share classes often have higher trading costs, however, the internal costs of the fund are lower. Over a period of time, share classes other than institutional shares will become more expensive if held in the account for a long period time. A client needs to consider the amount being invested and the length of anticipated holding to make a decision as to the share class in the best interest of the client. Please read the disclosures under Item 10 below for important information about the advice and recommendations offered by advisory representatives and registered representatives. Representatives will select the lowest share class funds available and appropriate to the situation. However, in selecting the lowest share class, trading costs are sometimes higher. Selecting the lowest share class appropriate to the situation does not imply the lowest cost share class but means what the Representative deems lowest cost for the situation. Representatives consider the anticipated holding period, cost structure, and administrative and transaction costs associated with selecting a share class. However, there is no way to predict the future and there could be occasions where a holding is liquidated sooner or held longer resulting in higher costs to the client. Additional information about share classes can be found in an Investor Alert issued by the Securities and Exchange Commission at <https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-bulletin-mutual-fund-classes> and <https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-bulletin-mutual-fund-classes>. Additionally, the SEC and FINRA provides investor information at [www.sec.gov](http://www.sec.gov) and [www.finra.org](http://www.finra.org).

A conflict of interest exists between the interests of Advisor and/or its Advisory Representatives and the interests of the client in that Advisor and Advisory Representatives offer financial planning and investment advisory services for a fee and also offer various securities products for which they are paid a commission. The securities products available through Advisor are limited to certain products that have been reviewed and made available for offering through the broker/dealer with which Advisory Representatives are registered representatives.

Lower fees for comparable services are be available from other sources. Material conflicts of interest have been disclosed to the client in writing via this Brochure that could cause Advisor or Advisory Representatives to not render unbiased and objective advice. Advisor does not maintain custody of client funds or securities apart from deduction of Advisor's fee from clients' accounts with the clients' authorization or in those situations where a client has a third party standing letter of authorization and authorizes us to administer or facilitate transfers upon their request.

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

## **WARRANTEES/REPRESENTATIONS**

Advisor does not represent, warrantee or imply that the services or methods of analysis used by Advisor can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to major market corrections or crashes.

## **IRA ROLLOVER CONSIDERATIONS**

As part of our consulting and advisory services, we can offer you recommendations and advice concerning your employer retirement plan or other qualified retirement account. Our recommendations include you consider withdrawing the assets from your employer's retirement plan or other qualified retirement account and roll the assets over to an individual retirement account ("IRA"). Further, we offer our management services be applied to those funds and securities rolled into an IRA or other account for which we will receive compensation. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as described above under Item 5. This practice presents a conflict of interest because persons providing investment advice on your behalf have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Furthermore, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by us.

It is important for you to understand many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of each.

An employee will typically have four options:

1. Leave the funds in your employer's (former employer's) plan.
2. Move the funds to a new employer's retirement plan.
3. Cash out and taking a taxable distribution from the plan.
4. Roll the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage it is important you understand the following:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services you might take advantage of at an IRA provider and the costs of those products and services.
  - c. It is likely you will not be charged a management fee and will not receive ongoing asset management services unless you elect to have such services. In the event your plan offers asset management or model management, there may be a fee associated with the services that is more or less than our asset management fee.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may offer financial advice, guidance, and/or model management or portfolio options at no additional cost.
5. If you keep your assets titled in a 401k or retirement account, you could delay your required minimum distribution beyond age 72.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment advisor representative, or call our main number as listed on the cover page of this brochure.

## **PRIVACY NOTICE**

Advisor gathers various non-public information from clients in order to provide advisory products and services. Advisor does not share nonpublic information with nonaffiliated third parties except as permitted by law. Clients will be provided with a copy of Advisor's privacy policy upon establishment of a client relationship with Advisor and annually thereafter as long as client remains an active client.

C. Advisory Services are tailored to the individual needs of clients with regard to the client's risk tolerance, goals & objectives, and investment time horizon. Utilizing these criteria and the program the funds are managed under, the client's assets are either placed into the appropriate asset allocation or managed on a risk adjusted basis congruent with the Investment Policy Statement the client signs prior to engaging in discretionary asset management.

Clients may impose restrictions on investing in certain securities or types of securities if notification is provided to the advisor in writing.

D. Advisor offers asset management services in a wrap program referred to as the Vision2020 Wealth Management Platform - Advisor Managed Portfolios Program. The 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, Advisor 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. Wrap programs are more suitable for clients who will have active management in their account and transactions will not generally involve transactions where transaction fees are not charged. Asset management services that involve the use of no transaction fee funds and/or a more static management strategy, therefore, infrequent trading, will be more suitable for a non-wrap or unbundled program.

E. Client Assets managed on a Discretionary basis are \$138,149,333 as of January 31, 2020.

There are no non-discretionary assets under management.

## **Item 5 FEES AND COMPENSATION**

- **Vision2020 Wealth Management Platform - Advisor Managed Portfolios Program**

The Program is offered as a "Wrap Account" which bundles Advisory, Administrative, and Transaction Charges into one asset-based fee. Alternatively, the Transaction Charges can be unbundled from the Advisory and Administrative fees.

Total Account Fees can range to a maximum of 2.50% in the Program (whether bundled or unbundled). However, in the unbundled Program clients will pay separate transaction charges in addition to the fee. Advisor's portion of the wrap program fee will be based on the following and is negotiable with the client.

You will pay a quarterly account fee, in advance, based upon the market value of the assets held in your account as of the last business day of the preceding calendar quarter. Your account fees are negotiable and will be debited from your account by our custodian. You will receive a full account fee refund in the event that you terminate your client agreement with us within five business days of signing. If you terminate after the first five days, the account fee will be credited back to you on a pro-rata basis for the unused portion of the quarter.

Additional, ancillary fees will apply. Please see the Advisor Managed Portfolios Wrap Fee Program Brochure for further details.

## Fee Schedule

Bundled - Advisory, Administrative and Transaction charges included:

<u>Account Size</u>	<u>Inclusive Fee Charged</u>
\$50,000 to \$74,999	1.50%
\$ 75,000 to 99,999	1.50%
\$100,000 to \$249,999	1.45%
\$250,000 to \$499,999	1.39%
\$500,000 to \$749,999	1.35%
\$750,000 to \$1,249,999	1.30%
\$1,250,000 to 1,999,999	1.25%
\$2,000,000 to 4,999,999	1.15%*
\$5,000,000 to 24,999,999	1.10%*
\$25,000,000 and above	1.00%*

\*Fees in the upper half of the fee schedule are negotiable.

The complete schedule of Program fees is set forth in the Program Brochure created by Royal Alliance and provided by the Advisor to its clients prior to or concurrent with their engagement in the Program. Some services are only available when account values exceed \$100,000. Should accounts fall below the minimum account size, Royal Alliance or Advisor may require additional monies and/or securities to be deposited to bring the account value up to the required minimum or the Account to be closed.

Advisory Fees are deducted directly from client's assets. Clients are billed quarterly in advance of each quarter.

Other types of fees or expenses clients may incur are Custodial Fees. SunAmerica Trust Co or Pershing, as custodian for all qualified accounts, charges an annual fee of \$35 for each account

Clients agree to pay quarterly fees in advance upon signature of the Advisory Agreement. Client may terminate this agreement without penalty within five (5) business days of its signing. This Agreement may also be terminated by either party effective upon receipt of written notice to the other party ("Termination Date"). If the agreement is terminated after five business days of its signing, Client will be entitled to a pro rata refund, payable to the Account where debit occurred, of any prepaid quarterly fees based upon the number of days remaining in the quarter after the date upon which notice of termination is received.

### • **Financial Planning, Investment Advisory, and Asset Allocation Services**

Advisor offers advisory services on a fixed fee and/or hourly fee basis. Fees and fee structure depend on the services requested by the client and are negotiable with the client. Additionally, fees will be based on the complexity of the services requested by the client, and the amount of research required of Advisor to provide the requested analysis. Fees for advisory services are in accordance with the following fee schedules:

Note: Suggest inserting a fee schedule for the initial planning fee and the annual planning fee. Additionally, verify whether the highlighted payment structure below is accurate or will be changed.

The initial and annual planning fee will be offset by advisory fees paid by the client for assets under management with Norris Financial Group. Any access annual planning fee will be billed to the client at the end of the eleventh (11<sup>th</sup>) month after the planning agreement was executed.

Planning fees and fees for an investment policy statements are payable one-half (1/2) upon execution of the advisory agreement with Advisor and the balance due at the time of completion of the services, unless otherwise negotiated with the client. Client may terminate advisory services within five (5) business days after entering into the advisory agreement without penalty. After five (5) business days of entering into the advisory agreement, client may terminate upon Advisor's receipt of client's written notice to terminate. Client will be responsible for any time spent by Advisor in providing the client advisory services or analyzing the client's situation based on the hourly rate of \$200 per hour not to exceed the deposit paid by client. Any refund due to client will be calculated based on Advisor's hourly rate multiplied by the time spent by Advisor minus the deposit paid by client.

Consulting Services - Advisor will consult with client on various financial issues at the rate of \$200 per hour. Fees are payable as invoiced by Advisor. Generally, Advisor will invoice client for all time spent each month. Client may terminate hourly advisory services within five (5) business days after entering into the advisory agreement without penalty. After five (5) business days of entering into the advisory agreement, client may terminate upon Advisor's receipt of client's written notice to terminate. Client will be responsible for any time spent by Advisor in providing the client advisory services or analyzing the client's situation. Fees not paid within 35 days will be assessed a \$15.00 late fee for each additional billing cycle. The client agrees to reimburse Advisor for any expenses related to collecting the outstanding fees. If the client feels the fees charged are in error, they are required to notify Advisor within 15 days of receipt of their bill.

Preparation of an Investment Policy Statement and Asset Allocation Recommendation - minimum fee of \$ 350\*. This fee includes one hour of planner time to complete the Investment Policy Statement. Additional time, if required, will be billed at an hourly rate of up to \$200.00 per hour. Fees may be reduced or waived for clients obtaining financial, retirement and or investment management services. The fee reduction will be based on the overall fee being paid by the client for other services.

Components or less comprehensive version of the plan offered above can be negotiated at lower rates.

Financial planning services may also be offered through employer groups at a discount. The fees for such services will be negotiated with the employer and the appropriate fee schedule will be provided to the employee prior to engaging Advisor.

**Clients who have not cancelled the agreement and have not provided the Advisor the necessary and agreed upon information within (31) days of the initial engagement will forfeit the deposit and the Advisor will have no additional responsibility to provide further services unless a new agreement is reached with the client.**

## **Participant Retirement Plan Advice**

### **Individuals**

Advisor charges an initial fee of \$350.00 for the investment policy statement (IPS) and a per report fee associated with the frequency of advice. Reports and/or advice are offered monthly (\$100/report), quarterly (\$200/report), semi-annually (\$300/report), and annually (\$500/report). The maximum annualized fee for Participant Retirement Plan Advice is \$1,200. Advisor or the client may terminate this service at any time with five day written notice to the other party prior to the end of any quarter. Advisor will provide other planning and consultation services at an hourly rate as described below. Fees not paid within 35 days will be assessed a \$15.00 late fee, and for each additional 30 days past due. The client agrees to reimburse Advisor for any expenses related to collecting the outstanding fees. If the client feels the fees charged are in error, they are required to notify Advisor within 15 days of receipt of their bill.

### **Businesses**

The Advisor and Employer may agree to an unbundled fee arrangement where the Advisor receives an administrative fee from the plan assets and the Employer pays an additional fee for Investment Advice OR the Advisor and Employer may agree to a Bundled fee arrangement where the Advisor receives fees completely from plan assets.

Clients can terminate services without penalty upon written notice within five (5) business days of entering into the financial planning agreement with Advisor. Thereafter, clients can terminate planning services at any time upon written notice. Any planning fees not offset by asset management fees will be due and payable to Advisor for planning services provided. Fees due to Norris Financial Group will be calculated based on time and services provided multiplied by the hourly rate of \$150 per hour.

- **Working with other Professionals**

Advisor recognizes the importance of coordinating actions with other professional advisors of the client. As a way of encouraging this exchange, Advisor will agree to meet once annually at Advisor's office with other professional advisors that the client engages. This meeting may include any and all professional advisors employed by the client. Advisor will participate in such a meeting (or preparation for the meeting) for up to two hours at no charge to the client. Time spent beyond the two hours provided at no cost is billed at Advisor's stated hourly fee of up to \$200.00 per hour. Advisor will not be responsible for any charges or fees assessed by other professionals for participation in this meeting or any other interaction between Advisor and the client's other professionals.

### **Additional Disclosures**

Advisory Representatives are dually registered representatives of Royal Alliance Associates, Inc., a registered broker/dealer, member of the Financial Industry Regulatory Authority (FINRA) and SIPC.

If you elect to implement investment advice received from Advisor through Advisor or its Advisory Representatives, such advice can be implemented on a fee basis through Advisor or on a commission basis through Royal Alliance Associates, Inc. Your Advisory Representative will receive a portion of the fee and/or commission. This practice presents a conflict of interest and gives Advisor and its Advisory Representatives an incentive to recommend investment products based on the compensation received rather than on a client's needs.

Advisory Representatives receive trail commissions (i.e. 12b-1 fees) so long as the client holds those funds and the Advisory Representative remains registered with a broker/dealer. 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 are initially paid to Royal Alliance Associates, Inc. and a portion passed to the Advisory Representatives. The receipt of such fees 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 conflict of interest.

Clients purchasing securities transactions on a commission basis through Royal Alliance will result in Advisory Representatives receiving trail commissions (i.e. 12b-1 fees) so long as the client holds those funds and the Advisory Representative remains registered with a broker/dealer. 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 your assets. It is important to understand different share classes of mutual funds and in the long term, funds paying a 12b-1 fee will cost the client more. Please refer to the disclosure above about share classes in Item 4. 12b-1 fees are initially paid to Royal Alliance Associates, Inc. and a portion passed to the Advisory Representatives. The receipt of such fees 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 conflict of interest.

These practices present a conflict of interest and give Advisor an incentive to recommend investment products based on the compensation received, rather than on a client's needs. Advisor 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 Advisor is a fiduciary and has an obligation to conduct its business in the best interest of its clients and not in Advisor's interest.

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

Advisor **DOES NOT** accept performance-based fees.

## **Item 7 TYPES OF CLIENTS**

The applicant generally provides investment advice to:

- Individuals
- Pension and Profit Sharing Plans
- Trusts, Estates, or Charitable organizations
- Corporations or business entities other than those listed above

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

**\*\*Any investment in securities involves risk of loss that clients should be prepared to bear.**

A. The applicant's security analysis methods include:

- Fundamental Analysis
  - Misrepresentations by companies or analysts are possible and represent a material risk.
- Technical Analysis
  - Delays or errors by exchanges are possible and represent a material risk.
- Charting
  - Delays or errors by exchanges are possible and represent a material risk.
- Cyclical Trends

The main sources of information the applicant uses include:

- Financial newspapers and magazines
- Research materials provided by others
- Corporate Rating Services
- Annual reports, prospectuses, filings with the Securities and Exchange Commission
- Company press releases

The Investment Strategies used to implement any investment advice given to clients include:

- Long Term purchases (securities held at least 1 year)
- Short Term purchases (securities held less than 1 year)
- Trading (securities sold within 30 days)
- Short sales - Very rarely used

- Margin transactions - Very rarely used

B. There is systemic risk involved in the long term purchase of securities. Short term purchases and Trading of securities both involve risk of loss. These investment strategies will only take place under a WRAP fee program, subsequently; there will not be increased brokerage or transaction costs. Short term purchases are exposed to short term capital gains which are taxed at ordinary income tax rates.

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

Advisor does not represent, warrant or imply that the services or methods of analysis used by Advisor 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 Advisor will provide a better return than other investment strategies.

C. ETFs 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. 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 and bonds are that their prices fluctuate throughout the day. Stocks can drop in value and become worthless. 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.

Bonds - Investing in bonds involves the assumption of risk including:

- Interest Rate Risk: which is the risk that the value of the bond investments we recommend to you will fall if interest rates rise.
- Call Risk: which is the risk that your bond investment will be called or purchased back from you when conditions are favorable to the bond issuer and unfavorable to you.
- Default Risk: which is the risk that the bond issuer is be unable to pay you the contractual interest or principal on the bond in a timely manner or at all.

The risks with mutual funds include:

- Manager Risk: which is the risk that an actively managed mutual fund's investment advisor 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.

## **Item 9 DISCIPLINARY INFORMATION**

Advisor has no legal or disciplinary events.

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

A. Advisor **IS NOT** registered (nor has an application pending) as a securities broker-dealer.

B. Advisor **IS NOT** registered (nor has an application pending) as a futures commission merchant, commodity pool operator, or commodity trading Advisor.

C. As previously stated, Advisory Representatives are dually registered as advisory representatives of Advisor and as registered representatives of Royal Alliance. You are under no obligation to purchase or sell securities through your Advisory Representative. However, if you choose to implement the plan, commissions will be earned in addition to any fees paid for advisory services. Commissions are higher or lower at Royal Alliance than at other broker/dealers. Advisory Representatives have a conflict of interest in having you purchase securities and/or insurance related products through Royal Alliance in that the higher their production with Royal Alliance the greater opportunity for obtaining a higher pay-out on commissions earned.

It is important to understand investment advisers have a fiduciary obligation to provide advice and services through the investment adviser that are in the best interest of the client. However, when advisory representatives act in the capacity of a registered representative, their obligation is to make recommendation and conduct transactions that are suitable to you but are not necessarily in your best interest.

Advisory Representatives are insurance licensed and offer insurance products and services for a commission. Clients are under no obligation to purchase insurance products and services through Advisory Representatives. Additionally, the insurance products and services could cost more than other equally suitable products available through other insurance professionals.

Advisor attempts to mitigate the conflicts of interest with the receipt of commissions if recommendations are implemented by providing you with these disclosures. Further, you are encouraged to consult other professionals and implement recommendations through other financial professionals. Furthermore, as registered representatives with Royal Alliance, Advisory Representatives are subject to a supervisory structure at Royal Alliance for their securities business.

D. Advisor **DOES NOT** recommend or select other investment advisors for clients.

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

### **A. CODE OF ETHICS**

Advisor has a fiduciary duty to clients to act in the best interest of the client and always place the client's interests first and foremost. Advisor takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as Advisor's policies and procedures. Further, Advisor strives to handle clients' 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 clients with Advisor's Privacy Policy. As such, Advisor 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 applicable securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about client transactions. Further, Advisor's Code of Ethics establishes Advisor's expectation for business conduct. A copy of our Code of Ethics will be provided to any client or prospective client upon request.

B. Advisor and Advisory Representatives **DO NOT** recommend to clients, or buy or sell for clients' accounts, securities in which the Advisor or a related person has a material financial interest **AND** (1) The Advisor or a related person, as principal, buys securities from (or sells securities to) clients; (2) Advisor or a related person acts as a general partner in a partnership in which they solicit client investments; (3) Advisor or a related person acts as an investment advisor to an investment company that it recommends to clients.

C. Advisor and Advisory Representatives, on occasion, buy or sell securities identical to those securities recommended to clients. Therefore, Advisory Representatives have an interest or position in certain securities that are also recommended and bought or sold to clients. Advisory Representatives will not put their interests before a client's interest. Advisory Representatives may not trade in such a way to obtain a better price for themselves than for their clients. Advisor is required to maintain a list of all securities holdings for its associated persons. Further, associated persons are prohibited from trading on non-public information or sharing such information. Clients have the right to decline any investment recommendation. Advisor and its associated persons are required to conduct their securities and investment advisory business in accordance with all applicable Federal and State securities regulations. If, by coincidence, this activity takes place, the Advisor or Advisory Representative will take corrective action immediately upon notice from the broker-dealer.

## **Item 12 BROKERAGE PRACTICES**

A. Advisor does not maintain custody of your assets, although we are deemed to have custody of your assets if you give us authority to withdraw our advisory fee directly from your managed account or we facilitate your instructions on third party standing letters of authorization. Your assets must be maintained in an account at a qualified custodian. Generally, a qualified custodian is a broker/dealer or bank. As previously stated, Advisory Representatives are registered representatives of Royal Alliance. As a result they are subject to FINRA Conduct Rule 3040 which restricts them from conducting securities transactions away from Royal Alliance unless Royal Alliance provides them with written authorization. Advisory Representatives recommend and offer you the ability to maintain accounts through Royal Alliance at its clearing firm. Advisor is independently owned and operated and not affiliated with Royal Alliance. To establish an account with Schwab you will be required to enter into an account agreement directly with Schwab. We do not open an account for you.

Advisor reasonably believes that Pershing's blend of execution services, commission costs or transactions and professionalism will allow the Advisor to seek best execution and competitive prices. However, clients should be aware that best execution and lower commissions are not necessarily be achieved if recommended transactions are placed through the Advisor's Advisory Representatives, in their separate capacities as registered representatives of Royal Alliance.

Not all investment advisors require you to maintain accounts at a specific broker/dealer. You may maintain accounts at another broker/dealer. However, the services provided by Advisor will be limited to only advice and will not include implementation. If you select another brokerage firm for custodial and/or brokerage services, you will not be able to receive asset management services from Advisor.

Royal Alliance has a wide range of approved securities products for which Royal Alliance performs due diligence prior to selection. Royal Alliance's registered representatives are required to adhere to these products when implementing securities transactions through Royal Alliance. Commissions charged for these products are higher or lower than commissions you are able to obtain if transactions were implemented through another broker/dealer. Royal Alliance also provides Advisory Representatives, and therefore the Advisor, 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 Advisor manage and further develop its business enterprise.

Royal Alliance and its clearing broker/dealer, Pershing, LLC also make available to Advisor other products and services that benefit Advisor but do not directly benefit you. Some of these other products and services assist Advisor 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 Advisor's fees from your accounts; 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 Advisor 's accounts, including accounts not held through Royal Alliance.

### **Block trading**

When Advisor deems appropriate, Advisor will aggregate ("bunch") 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. Advisor 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 can be increased or decreased to avoid holding odd-lot or a small number of shares for particular clients.

## **Item 13 REVIEW OF ACCOUNTS**

A. Reviews will be conducted with clients not less than annually or as agreed by the client and Advisory Representative.

B. Clients can request more frequent reviews and set thresholds for triggering events that would cause a review to take place. Generally, Advisory Representatives will monitor for changes or shifts in the economy, changes in the management or structure of a mutual fund or company in which client assets are invested, and market shifts and corrections. Clients are advised that they should notify their Advisory

Representative promptly of any changes to the client's financial goals, objectives, or financial situation as such changes may require the Advisory Representative to review the client's portfolio and make recommendations for changes.

C. Clients will be provided with written account statements reflecting the holdings and transactions occurring in the client's account at least on a quarterly basis. Clients will be provided with confirmations for each security transaction executed in the client's account, unless the client makes notice in writing that they wish to suppress confirmations. Statements and confirmations will be provided by the custodian of the client's account, not the Advisor or Advisory Representative.

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

A. In 2019, Royal Alliance provided one of our Advisory Representatives with a five (5) year forgivable loan as an incentive to remain with Royal Alliance during the buy-out by Reverence Capital. To achieve loan forgiveness, the Advisory Representative must remain with Royal Alliance through the end of the loan period (2024). More specific information can be found in the affected Advisory Representative's Brochure Supplement, ADV Part 2B. This is a conflict of interest for our Advisory Representative to maintain a relationship with Royal Alliance rather than serving our clients' best interest to move to another broker/dealer that is more suitable, lower cost, and/or offer services that better serve you. The costs to a client to maintain accounts through Royal Alliance are higher or lower than other broker/dealers.

Additionally, Royal Alliance 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 Royal Alliance Associates, Inc. If the thresholds are satisfied, Royal Alliance Associates, Inc. covers certain travel and conference costs from time to time.

The above opportunities are considered a conflict of interest. To mitigate these conflict of interest, we are providing you with this disclosure.

Advisory Representatives who are Registered Representatives receive trail commissions (i.e. 12b-1 fees) for a period of time. 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 client assets. 12b-1 fees are initially paid to Royal Alliance and a portion passed to the Advisory Representatives. The receipt of such fees represents an incentive for 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. 12b-1 fees, if received, are refunded to the clients account. However, 12b-1 fees on advisory accounts will be credited back to the client's account and will not be earned by the Advisory Representative.

Advisory Representatives receive benefits from product sponsors such as assistance with conferences and educational meetings. Assistance comes in the form of marketing dollars provided by various product sponsors or reimbursement of expenses incurred. Advisory Representatives are not subject to a particular quota in order to obtain such assistance and the benefits received are used to assist all clients. This is a conflict of interest and to mitigate this conflict of interest, we are providing you this disclosure.

B. The Advisor or a related person **DOES NOT** have arrangements, oral or in writing, where it directly or indirectly compensates any person for client referrals.

## **Item 15 CUSTODY**

Pershing will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from Pershing will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

### **Wire Transfer and/or Standing Letter of Authorization**

Our firm, or Advisory Representatives, may effect wire transfers from client accounts to one or more third parties designated, in writing, by the client without obtaining written client consent for each separate, individual transaction, as long as the client has provided us with written authorization to do so. Such written authorization is known as a Standing Letter of Authorization. An adviser with authority to conduct such third party wire transfers has access to the client's assets, and therefore has custody of the client's assets in any related accounts.

However, we do not have to obtain a surprise annual audit, as we otherwise would be required to by reason of having custody, as long as the following criteria are met:

1. You provide a written, signed instruction to the qualified custodian that includes the third party's name and address or account number at a custodian;
2. You authorize us in writing to direct transfers to the third party either on a specified schedule or from time to time;
3. Your qualified custodian verifies your authorization (e.g., signature review) and provides a transfer of

- funds notice to you promptly after each transfer;
4. You can terminate or change the instruction;
  5. We have no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party;
  6. We maintain records showing that the third party is not a related party to us nor located at the same address as us; and
  7. Your qualified custodian sends you, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Advisor complies with the conditions of the safe harbor provisions and is therefore exempt from the annual surprise exam requirement for Advisers that have custody.

## **Item 16 INVESTMENT DISCRETION**

The Advisor or a related person **DOES** have the authority to determine, without obtaining specific client consent, the:

- Securities to be bought or sold
- Amount of the securities to be bought or sold

Clients grant Advisor authorization to manage client's account on a discretionary basis. Client will grant such authority to Advisor by execution of the client agreement. Client may terminate discretionary authorization at any time upon receipt of written notice by Advisor. Additionally, client is advised that:

- Client may set parameters with respect to when an account should be rebalanced and set trading restrictions or limitations;
- Advisory Representative must obtain written client consent to establish any mutual fund, variable annuity, or brokerage account;
- Advisor requires the use of Advisory Representative's broker/dealer for sales in commissionable mutual funds or variable annuities.

## **Item 17 VOTING CLIENT SECURITIES**

Advisor **DOES NOT** vote client securities or proxies on behalf of clients. Clients are responsible for voting all proxies.

## **Item 18 FINANCIAL INFORMATION**

A. The Advisor **DOES NOT** require prepayment of more than \$500 in fees per client more than 6 months in advance.

B. The Advisor **DOES NOT** foresee a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

C. The Advisor **HAS NOT** been the subject of a bankruptcy petition at any time during the past 10 years.

## **Item 19 REQUIREMENTS FOR STATE REGISTERED ADVISERS**

All information required by Item 19 is either provided elsewhere in the firm's brochure and the brochure supplements for its supervised persons, or is not applicable.