

# DISCLOSURE BROCHURE

THE INVESTMENT ADVISERS ACT OF 1940 RULE 203-1

## Part 2A of Form ADV: Firm Brochure

Firm IARD/CRD #: 143190



# SEVEN HILLS

---

## FINANCIAL

410 East 6<sup>th</sup> Avenue  
Tallahassee, Florida 32303

Tel: 850.219.6699  
Fax: 850.273.5733

[hanna@sevenhillsfinancial.com](mailto:hanna@sevenhillsfinancial.com)  
[www.sevenhillsfinancial.com](http://www.sevenhillsfinancial.com)

REGISTERED INVESTMENT ADVISOR

This Disclosure Brochure provides information about the qualifications and business practices of Seven Hills Financial, LLC, which should be considered before becoming a client. You are welcome to contact us if you have any questions about the contents of this brochure - our contact information is listed to the right. Additional information about Seven Hills Financial, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The information contained in this Disclosure Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Administrator. Furthermore, the term "registered investment advisor" is not intended to imply that Seven Hills Financial, LLC has attained a certain level of skill or training.

BROCHURE  
DATED

**22**  
**February**  
**2024**

---

## MATERIAL CHANGES

---

ITEM 2

SEC Rule 204-3(b)(2) allows us to provide you with a summary page of Material Changes in lieu of sending out our entire Disclosure Brochure. If you are being offered this Material Change page as a separate piece from our Disclosure Brochure and you have questions about these summary disclosures or would like a current copy of our Disclosure Brochure to review, **you may contact us, and a current, complete Disclosure Brochure will be sent free of charge.**

As of December 22, 2023, Seven Hills Financial, LLC has made the following updates to this Disclosure Brochure:

### **Fee-Only Disclosures**

---

We have modified our Disclosure Brochure to remove disclosure language relating to insurance commissions. Seven Hills Financial, LLC is now Fee-Only and all Investment Advisor Representatives ("IARs") are Unaffiliated Insurance Agent licensed with the Florida Department of Insurance. This means, as Unaffiliated Insurance Agents, they can offer advice, counsel, and/or make recommendations on insurance related products on a **fee basis** but can no longer write the insurance policy and receive a commission. See Item 10, "Other Financial Industry Activities & Affiliations" for additional information.

---

### SEVEN HILLS FINANCIAL, LLC

410 EAST 6<sup>TH</sup> AVENUE  
TALLAHASSEE, FLORIDA 32303

TEL: 850.219.6699  
FAX: 850.273.5733

This brief is being provided to you as a summary of what has been fully disclosed in our Disclosure Brochure dated February 22, 2024. The information contained on this Material Change page has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Administrator.

DISCLOSURE  
BROCHURE

SEVEN HILLS  
FINANCIAL

---

---

## TABLE OF CONTENTS

---

---

<b>ITEM 4</b>	<b>Advisory Business</b>	<b>4</b>
	Who We Are	4
	Assets Under Management	4
	What We Do	4
<b>ITEM 5</b>	<b>Fees &amp; Compensation</b>	<b>9</b>
	Portfolio Management Fee	9
	Portfolio Monitoring Fee	11
	Financial Life Planning Fee	12
	Business and Corporate Planning Fee	12
<b>ITEM 6</b>	<b>Performance-Based Fees &amp; Side-By-Side Management</b>	<b>12</b>
<b>ITEM 7</b>	<b>Types of Clients</b>	<b>13</b>
<b>ITEM 8</b>	<b>Methods of Analysis, Investment Strategies &amp; Risk of Loss</b>	<b>13</b>
	Portfolio Management - Methods of Analysis, Investment Strategy & Managing Risk	13
	Portfolio Monitoring - Methods of Analysis, Investment Strategy & Managing Risk	15
<b>ITEM 9</b>	<b>Disciplinary Information</b>	<b>15</b>
<b>ITEM 10</b>	<b>Other Financial Industry Activities &amp; Affiliations</b>	<b>16</b>
<b>ITEM 11</b>	<b>Code of Ethics, Participation or Interest in Client Transactions &amp; Personal Trading</b>	<b>16</b>
	Code of Ethics	16
	Client Transactions	17
	Personal Trading	17
<b>ITEM 12</b>	<b>Brokerage Practices</b>	<b>18</b>
	Custodial Services	18
	Selection of Portfolio Managers	19
	Aggregating Trade Orders	19
<b>ITEM 13</b>	<b>Review of Accounts</b>	<b>20</b>
	Portfolio Management Reviews	20
	Portfolio Monitoring Reviews	20
	Financial Life Planning Reviews	20
	Business and Corporate Planning Reviews	20
<b>ITEM 14</b>	<b>Client Referrals &amp; Other Compensation</b>	<b>21</b>
	Referral Compensation	21
	Financial Life Planning Compensation	21
	Retirement Rollover Compensation	22
<b>ITEM 15</b>	<b>Custody</b>	<b>22</b>
	Management Fee Deduction	22
<b>ITEM 16</b>	<b>Investment Discretion</b>	<b>23</b>
<b>ITEM 17</b>	<b>Voting Client Securities</b>	<b>23</b>
<b>ITEM 18</b>	<b>Financial Information</b>	<b>23</b>
<b>ITEM 19</b>	<b>Requirements for State-Registered Advisers</b>	<b>23</b>

---

### BROCHURE SUPPLEMENTS

---

---

# ADVISORY BUSINESS

---

## Who We Are

---

Seven Hills Financial, LLC (hereinafter referred to as "the Company", "we", "us" and "our") is a fee-only<sup>1</sup> SEC registered investment advisor<sup>2</sup>, organized as a Florida Limited Liability Company in May 2007 to provide a wide range of financial management services<sup>3</sup> designed to assist you, our client<sup>4</sup>, achieve the financial stability, security, and independence you desire.

### Owners

---

The following person controls the Company:

Name	Title	CRD#
Jeffrey A. Johnson	Founder, Principal	2813334
Donald A. Butcher	Principal	5025170
Hanna P. Molta	Principal, Chief Compliance Officer	6945636

### Our Mission

---

Our mission is to come alongside and assist you with managing your finances and implement investment strategies designed to **maximize** wealth, **maintain** investment expectation, and **minimize** risk. We do everything in our power to **keep you focused** on where you want to go, **offer advice** on how best to get there, and continually remind you of the importance of **maintaining a disciplined investment approach** to realize your dreams.

## Assets Under Management

---

We offer two (2) investment management services: Portfolio Management and Portfolio Monitoring. Portfolio Management accounts will be managed on a discretionary basis and all Portfolio Monitoring accounts are non-discretionary, managed by independent third-party money managers ("Portfolio Managers"). As of December 31, 2023, our assets under management totaled:

Discretionary Managed Accounts .....	\$106,683,153
Portfolio Manager <sup>5</sup> Accounts .....	\$1,425,008

## What We Do

---

We provide investment management solutions and financial planning services. Our advisory services begin with stressing the importance of you making fiscally responsible decisions and

---

<sup>1</sup> As a "fee-only" investment advisor, Seven Hills Financial, LLC does not receive compensation from any source other than what is directly paid by you, our client, for the services we provide.  
<sup>2</sup> The term "registered investment advisor" is not intended to imply that Seven Hills Financial, LLC has attained a certain level of skill or training. It is used strictly to reference the fact that we are "Registered" as an "Investment Advisor" with the Florida Office of Financial Regulation - and with such other regulatory agencies that may have limited regulatory jurisdiction over our business practices.  
<sup>3</sup> Seven Hills Financial, LLC is a fiduciary, as defined within the meaning of Title I of the Employer Retirement Income Security Act of 1974 ("ERISA") and/or as defined under the Internal Revenue Code of 1986 (the "Code") for any financial management services provided to a client who is: (i) a plan participant or beneficiary of a retirement plan subject to ERISA or as described under the Code; or (ii) the beneficial owner of an Individual Retirement Account ("IRA").

- 
- 4 A client could be an individual and their family members, a family office, a foundation or endowment, a charitable organization, a corporation and/or small business, a trust, a guardianship, an estate, a retirement plan, or any other type of entity to which we choose to give investment advice.
- 5 We do not include assets managed by independent Portfolio Managers in our "Regulatory Assets Under Management" calculation in our Form ADV Part 1A, Item 5.F. since we do not manage these securities held in your account. The Portfolio Manager managing your account is required to include your assets in their Discretionary Account totals since they do physically manage the securities. Form ADV

disciplined economic choices in your personal life, so we can effectively help you achieve your monetary goals for **today's needs, tomorrow's dreams**, and strategy to build a **lasting legacy** for future generations.

Some of the best advice we could offer is that success, achievement, and contentment in life have little to do with personal wealth but are instead related to lifestyle choices. **These lifestyle choices are your unique values, life goals, and future plans.** Therefore, the economic solutions we develop, whether investment management and/or financial planning, reflect how **you** define true wealth -- not us. Our services include:

## **Investment Management**

---

We offer two (2) investment management services: Portfolio Management and Portfolio Monitoring.

### **Portfolio Management**

---

Our Portfolio management strategies focus on designing a portfolio allocation of investment company ("mutual funds") products, exchange-traded funds ("ETFs"), and the occasional mix of equity ("stock") positions and fixed income/debt ("bond") instruments to achieve the best return on your investment capital.

You can find more information about our management services under "Portfolio Management Fee" in Item 5, "**Fees & Compensation**" below and further description of our investment strategies under Item 8, "**Methods of Analysis, Investment Strategies & Risk of Loss.**"

### **Portfolio Monitoring**

---

Portfolio monitoring consists of recommending Portfolio Managers for you to select, whose investment disciplines most closely resemble your investment parameters as outlined in your Investment Policy Statement ("IPS"). Included in your IPS is:

- ❖ An asset allocation guideline to balance investment return and risk, which emphasizes spreading risk among various asset classes and investment vehicles; and,
- ❖ Recommended Portfolio Managers to implement your asset allocation strategy.

Under these arrangements, we are **not involved in the day-to-day management of your portfolio assets.** Our responsibility will be to continuously evaluate the performance of your portfolio to ensure the Portfolio Manager adheres to your investment parameters and to make recommendations regarding the Portfolio Manager as market factors and your personal goals dictate.

You can find more information about our monitoring arrangements under "Portfolio Monitoring Fee" in Item 5, "**Fees & Compensation**" below and how we evaluate Portfolio Managers is also discussed under Item 8, "**Methods of Analysis, Investment Strategies & Risk of Loss.**"

## **Financial Planning**

---

Thoughtful planning is one of the most important services that successful people use to

---

create an extraordinary personal life and business career. However, it requires a lifetime commitment, not only from us, the Financial Planner, but from you as well. We offer two (2) types of planning services to help you on this life journey:

## Financial Life Planning

Financial Life Planning is about **using money to make a life** rather than the other way around - a life to make money. It is a process of creating and implementing a financial plan that is tailored to your most cherished dreams.

### What is a Financial Life Plan?

Financial life planning is an evaluation of the investment and financial options available to you based upon your defined lifestyle choices. Planning includes: (i) attempting to make optimal decisions; (ii) projecting the consequences of these decisions for you in the form of a financial life plan - **a working blueprint**; and, (iii) implementing the protocols to achieve the objectives of the plan. Once complete the financial life plan, or working blueprint, becomes the plumb line to compare a future financial performance to be sure you are achieving your economic goals and objectives.

### Financial Life Planning Composition

A financial life plan is a mutually defined review, analysis and evaluation of your personal financial needs. In general, our financial life planning may encompass one or more of the following areas of financial need as communicated by you:

- ❖ **Personal** - Family records, budgeting, personal liability, estate information and financial goals.
- ❖ **Education** - Education IRAs, financial aid, and state savings plans including 529 plans, grants and general assistance in preparing to meet dependents' continuing education needs through development of an education plan.
- ❖ **Taxes and Cash Flow** - Understanding the impact of various investments on current and future income tax liability.
- ❖ **Survivor and Beneficiary Planning** - Cash needs at death, income needs of surviving dependents, estate planning and income analysis.
- ❖ **Estate** - Reviewing estate-planning documents, including wills and trusts to determine whether you should seek the assistance of an estate-planning attorney. Reviewing powers of attorney, nursing home and assisted living agreements, living trusts, and Medicare/Medicaid benefits.
- ❖ **Retirement** - Analysis of current strategies and investment plans to help achieve retirement goals.
- ❖ **Investments** - Analysis of investment alternatives including risk and return analysis and their effect on your investment portfolio(s). Assessment of your risk tolerance profile.
- ❖ **Real Estate** - Analysis of real estate investment opportunities.
- ❖ **Insurance** - Review of existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- ❖ **Asset Protection** - Look for opportunities to shield your wealth from the attacks from creditors and lawsuits.

### Preparing the Financial Life Plan

In the development of your financial life plan, we will follow the Financial Planning Practice Standards process established by the Certified Financial Planner Board of Standards, Inc. Your financial life plan will be prepared in four (4) phases. These phases are defined as follows:

---

## Phase 1: The Discovery Process

### Positive Focus

Through discovery process, we learn about you and what you want to achieve. This is accomplished through personal interviews and profile questionnaires<sup>6</sup>, which are designed to address all of the financial life planning disciplines discussed above. You will have the opportunity to prioritize your objectives and to remove from the process any areas that are not applicable to your circumstances. **The time we invest in the discovery process to listen and cater to your desires is critical for developing a strong financial life plan foundation.** Such time helps to:

- ❖ Define and narrow objectives and investment options;
- ❖ Stimulate creative thinking;
- ❖ Identify areas of greatest concern;
- ❖ Cultivate peace of mind;
- ❖ Create an accurate picture of your overall financial personality; and,
- ❖ Provide an effective and efficient way for us to address your unique financial needs and objectives.

After the interview process, we will prepare an agenda and conduct a meeting with you to begin formally documenting your goals and objectives. From this meeting, we will draft a report documenting the financial life planning process disciplines that you wish to address, detailing the specific objectives under each discipline. Redrafting and meetings can be repeated until you are completely satisfied. Depending upon the engagement, different levels of financial reporting will be undertaken.

## Phase 2: Strategic Options

### Architecture

We define financial life planning as a road map (a series of blueprints) designed to take you from where you currently are financially, to where you want to be at some point in the future. This is the **creative portion** of the process. There are usually several ways to accomplish a given goal. The objective, however, is to integrate financial instruments into a plan that you will be comfortable executing. In some cases, the drafting of the plan reveals the need for us to help you reconcile the gap between your expectations and your financial realities. Once a viable plan has been drafted, it is presented to you and reviewed. The draft and review process may be repeated until you are satisfied with the financial life plan.

## Phase 3: Strategic Integration

### Construction

A financial life plan is of limited value if it is not put into action. Accordingly, we assist you with implementing<sup>7</sup> and monitoring the plan. The implementation schedule provides you with a list of tasks and deadlines designed to ensure that **you put your plan into action.** The following are some examples of implementation:

- ❖ Drafting of appropriate estate documents (performed by estate attorney).
- ❖ Purchase of various insurance policies (provided by our licensed insurance agents or another independent agent of your choice).
- ❖ Investment advisory services, including preparation of an Investment Policy Statement ("IPS") and implementing your asset allocation strategy

---

<sup>6</sup> The profile questionnaire we use is an important tool in gathering information about your investment methodology, risk tolerance, income/tax bracket, liquidity, time horizons, etc. If you elect not to answer the questionnaire or choose to respond with limited input, it is possible that we could operate in a handicapped capacity contrary to your investment needs. Therefore, if you desire the most effective and accurate recommendations regarding your managed account(s), you should make every effort to provide us with your detailed personal needs and objectives, along with detailed financial and tax information.

<sup>7</sup> Implementing the recommendations made in a financial life plan often requires consultation or coordination with one or more outside professionals (e.g. attorneys, CPAs, insurance agents, and securities representatives). All personal and private information received from you will be kept entirely confidential, not only by us, but by the outside professionals as well. Your confidential information will be disclosed to third parties only with your consent or as may be permitted or required by law.

---

(performed by us, or another investment adviser/broker-dealer of your choice).

- ❖ Adopting and monitoring of a personal budget.
- ❖ Ongoing income tax planning (prepared by an independent Certified Public Accountant or tax accountant of your choice).

#### **Phase 4: Strategic Completion Management**

Once the plan has been built and the recommendations have been implemented it is critical that these recommendations be monitored on a continuing basis to ensure that they remain consistent with your investment parameters. This process requires periodic rebalancing of the portfolio to ensure your original objectives are maintained. Continued monitoring of established personal budgets and the continued effects of taxation on the plan are assessed regularly at your option per the Annual Review.

Information about our planning fees can be found under "Financial Life Planning Fee" below in Item 5, "Fees & Compensation".

### **Business and Corporate Planning**

Business and corporate planning is forward thinking; projecting thought into the future to plan for tomorrow's needs and stay one step ahead of the competition. It involves formulating and implementing decisions about the company's present and future direction in accordance with the company's goals as set out in a strategic plan or other such document.

#### **Business and Corporate Planning Composition**

Business and Corporate Planning is a blueprint for present/future policy and resource decisions. It guides day-to-day organizational choices, provides a measurement tool to evaluate progress; assists with managing the "big picture", and guides with preserving a positive cash flow. We work with your management team in the following areas:

- ❖ **Define Goals** - Discover and help prioritize short and long-term planning goals and aspirations with the business.
- ❖ **Plan for Performance** - Identify business life cycle transitions that you are experiencing and expect to be experiencing.
- ❖ **Business Risk Management** - Analyze your current insurance documents in comparison to business continuation and risk retention goals.
- ❖ **Employee Benefits** - Assist in determining the optimal employee benefit package to maximize employee performance and retention.
- ❖ **Develop a Key-Man Policy** - Implement a Key-Man reward and retention plan to reward key executives and to retain employees.
- ❖ **Business Owner and Employee Retirement Planning** - Analyze or develop pension plans to assure that you meet the fiduciary responsibilities to plan participants.
- ❖ **Business Transition and Exit Planning** - Provide plan development and implementation tools for your transition to retirement.
- ❖ **Design a Business Financial Plan** - Provide written recommendations and alternatives to help you achieve stated business financial and employee goals.
- ❖ **Offer Pension Consulting Services** - Help to implement financial decisions and to coordinate the necessary financial product providers.

#### **Preparing the Business and Corporate Plan**

We gather the necessary information to complete our analysis through personal interviews and review of various documents you supplied. Information gathered may include statements regarding your current financial status, a list of assets, insurance,



wills and/or trust documents, income and expenses, Social Security eligibility, and other information<sup>8</sup> based on your financial status and future goals.

Information about our business planning fees can be found under "Business and Corporate Planning Fee" below in Item 5, "Fees & Compensation".

## FEES & COMPENSATION



### Portfolio Management Fee

Portfolio management is provided on an **asset-based fee**<sup>9</sup> arrangement. Management fees are calculated based on the aggregate market value of your account on the last business day of the previous calendar quarter multiplied by one-fourth (i.e.,  $1.25\% \div 4 = 0.3125\%$ ) of the corresponding annual percentage rate for each portion of your portfolio assets that fall within each tier (see "Billing" below under "Protocols for Portfolio Management" for more information on how the fee is calculated).

We retain discretion to negotiate the management fee within each tier on a client-by-client basis depending on the size, complexity, and nature of the portfolio managed. In addition, as your portfolio value exceeds each tier level, either through additional deposits or asset growth, a fee break will occur for that portion of your portfolio that falls within that tier level. The tier breaks are as follows:

Account Value	Annual Fee Rate Not to Exceed
First \$250,000 .....	1.25%
Next \$250,000 .....	1.10%
Next \$500,000 .....	1.00%
Next \$1,000,000 .....	0.75%
Over \$2,000,000 .....	0.50%

We generally require a minimum initial investment of **\$100,000** to open a managed account; however, we retain the right to **waive or reduce** this minimum if we feel circumstances are warranted.

### Protocols for Portfolio Management

The following protocols establish how we handle our portfolio management accounts and what you should expect when it comes to: (i) managing your account; (ii) your bill for investment services; (iii) deposits and withdrawing funds from your account(s); and (iv) other fees charged to your account(s).

<sup>8</sup> All information provided by and to you will be kept entirely confidential. Such information will be disclosed to third parties only with mutual written consent or as may be permitted by law.

<sup>9</sup> An asset-based fee is a percentage fee charged based on your assets under management for our professional time giving continuous advice, managing investment strategies, and suggesting investment options. We receive no other compensation for this advisory service unless first disclosed to you.

---

## Discretion

We will establish discretionary trading authority on all management accounts to execute securities transactions at any time without your prior consent or advice.

At any time however, you may impose restrictions, **in writing**, on our discretionary authority (i.e., limit the types/amounts of particular securities purchased for your account, exclude the ability to purchase securities with an inverse relationship to the market, limit our use of leverage, etc.).

## Billing

Your account will be billed a blended fee **quarterly in advance** based on the aggregate, fair market value for the portion of your portfolio that fall within each tier of our fee schedule. For example:

Account Value: \$2,500,000	Annual Fee % (Per Tier)	Tier Fee Contribution  (Based on the Account Value Within Each Tier)
First \$250,000	1.25%	0.125%
Next \$250,000	1.10%	0.110%
Next \$500,000	1.00%	0.200%
Next \$1,000,000	0.75%	0.300%
Next \$500,000	0.50%	0.100%
Blended Annual Fee %		0.835%

For **new managed accounts** opened in mid-quarter, our fee will be based on a pro-rated calculation of your assets to be managed for the current calendar quarter. For **existing management accounts**, pro-rated adjustments may be made for partial deposits between billing cycles. We **do not make partial refunds** of our quarterly fee for withdraws you make during a calendar quarter.

Advisory fees will be deducted first from any money market funds or cash balances. If such assets are insufficient to satisfy payment of such fees, a portion of the account assets will be liquidated to cover the fees.

## Fee Exclusions

The above fees for all of our management services are exclusive of any charges imposed by the custodial firm who has custody of your account; including, but not limited to: (i) any Exchange/SEC fees; (ii) certain transfer taxes; (iii) service or account charges, such as, postage/handling fees, electronic fund and wire transfer fees, auction fees, debit balances, margin interest, certain odd-lot differentials and mutual fund short-term redemption fees; and (iv) brokerage and execution costs associated with securities held in your managed account. There can also be other fees charged to your account that are unaffiliated with our management services.

In addition, all fees paid to us for portfolio management services are separate from any fees and expenses charged on mutual fund shares by the investment company or by the investment advisor managing the mutual fund portfolios. These expenses generally include management fees and various fund expense, such as redemption fees, account fees, and purchase fees, which may occur, but are the exception within managed accounts at institutional custodians. A complete explanation of these expenses charged by the mutual funds is contained in each mutual fund's prospectus. You are encouraged to carefully read the fund prospectus.

---

For more information on the custodial firm that we will recommend to custody your portfolio accounts, see Item 12, "Brokerage Practices".

### **Termination of Portfolio Management Services**

---

To terminate our portfolio management services, either party (you or us) by written notification to the other party, may terminate the Investment Advisory Agreement at any time, provided such written notification is received at **least 30 days prior** to the date of termination (i.e.; To terminate services on October 1<sup>st</sup>, a request for termination should be received in our office by September 1<sup>st</sup>). Such notification should include the date the termination will go into effect along with any final instructions on the account (i.e., liquidate the account, finalize all transactions and/or cease all investment activity).

In the event termination does not fall on the last day of a calendar quarter, **you shall be entitled to a pro-rated refund** of the prepaid quarterly management fee based upon the number of days remaining in the quarter after the termination notice goes into effect. **Once the termination of investment advisory services has been implemented, neither party has any obligation to the other** - we no longer earn management fees or give investment advice and you become responsible for making your own investment decisions.

### **Portfolio Monitoring Fee**

---

Under the arrangements with the Portfolio Managers, we are not involved in the day-to-day management of your portfolio assets. **Our responsibility to the Portfolio Manager(s)** will be to ensure you meet their minimum qualifications. Once your account has been established we will provide all administrative and clerical duties as may be required to service your account. The Portfolio Manager(s) may have little or no direct contact with you.

**Our responsibility to you** will be to: (i) continuously evaluate the performance of your portfolio to ensure the Portfolio Manager selected adheres to your asset allocation guidelines; and, (ii) make recommendations regarding the Portfolio Manager as market factors and your personal goals dictate.

### **Portfolio Managers Fee Structure**

---

The Portfolio Managers who will be used to manage your account(s) will disclose the fees for management services in their Disclosure Brochures (the Portfolio Manager's ADV Part 2A: Firm Brochure or Part 2A Appendix 1: Wrap Fee Program Brochure), **which we will provide you prior to, or at the same time as, opening an account.** The total fees to be charged to your account will include:

1. The Portfolio Manager's management fee;
2. Our portfolio monitoring fee (not to exceed 1.25%) that the Portfolio Manager **will pay us from the total management fee they collect;** and,
3. Trading commissions and/or account charges, depending on if the Portfolio Manager is "wrapping" all the fees, which may be imposed by the custodian or broker/dealer used to custody your account(s).

The Portfolio Manager's Disclosure Brochure contains all pertinent disclosures relating to their management services, fee structure for such services, and termination provisions - **you are encouraged to carefully review these disclosures.**

---

## Protocols for Portfolio Monitoring

---

You will want to consult the Portfolio Manager's Disclosure Brochure for their policies on how they will handle your account; such as, billing, deposits and withdrawals, fee exclusions, termination, and any other unique advisory costs associated with their service since we **do not take discretion** over the management of your account and we **do not handle any of the billing**. We will discuss these arrangements with you when we go to open your account with a Portfolio Manager; however, **you are also encouraged to read their terms for management on your own.**

## Financial Life Planning Fee

---

How we charge to develop a financial life plan depends on the size, complexity, and nature of your personal and financial situation and the amount of time it will take to analyze and summarize the plan and perform the services you desire.

Financial life planning services are offered at an hourly rate **not to exceed \$250 an hour**. We do not provide "fixed fee" engagements. We will give you an estimated cost at the outset of the engagement; however, financial planning is a consulting process, and by its very nature, the time incurred will vary. Life planning fees may be **reduced, or waived, if we also are monitoring your portfolio account.**

For the initial consultation, the fee will be due at the end of the session. Thereafter we will bill you at the agreed upon hourly rate, in a monthly billing statement itemizing all time and expenses.

## Financial Planning Termination

---

You can terminate financial planning services at any. We will bill you for any services rendered from the date of the last bill up to the date of termination at the fee rate that was agreed to in the proposal, engagement letter and/or retainer agreement.

## Business and Corporate Planning Fee

---

Business and corporate planning services are offered at an hourly rate **not to exceed \$250 an hour**. We will give you an estimated cost at the outset of the engagement; however, business planning is a consulting process, and by its very nature, the time incurred will vary.

For the initial consultation, the fee will be due at the end of the session. Thereafter we will bill you at the agreed upon hourly rate, in a monthly billing statement itemizing all time and expenses.

## Termination of the Business and Corporate Planning Agreement

---

You can terminate business and corporate planning services at any time. We will bill you for any services rendered from the date of the last bill up to the date of termination at the fee rate that was agreed to in the proposal, engagement letter and/or retainer agreement

---

## PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT

---

We do not charge fees based on a share of capital gains or the capital appreciation of the assets held in your accounts.

---

## TYPES OF CLIENTS

ITEM 7

The types of clients we offer advisory services to are described above under "Who We Are" in Item 4, the "Advisory Business" section. We do not have a minimum portfolio account size; however, such minimums maybe required by the Portfolio Manager managing your account. See "Portfolio Monitoring Fee" above in Item 5, "Fees & Compensation" for information on how we will monitor your portfolio account.

## METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

ITEM 8

### **Portfolio Management - Methods of Analysis, Investment Strategies & Managing Risk**

Our portfolio management services are designed to build long-term wealth while maintaining risk tolerance levels acceptable to you. We combine your financial needs and investment objectives, time horizon, and risk tolerance to yield an effective investment strategy. Your portfolio is then tailored to these unique investment parameters using investment company ("mutual funds") products, exchange-traded funds ("ETFs"), and the occasional mix of equity ("stock") positions and fixed income/debt ("bond") instruments to achieve the best return on your investment capital.

#### **Methods of Analysis**

In analyzing securities to develop an efficient asset allocation portfolio, we will use a combination of analysis techniques to gather information and to guide us in our management decisions.

#### **Fundamental Analysis**

Fundamental analysis considers: efficiency ratios, growth rates, enterprise value, economic conditions, earnings, cash flow, book value projections, industry outlook, politics (as it relates to investments), historical data, price-earnings ratios, dividends, general level of interest rates, company management, debt ratios and tax benefits.

**RISKS** - Fundamental analysis places greater value on the long-term financial structure and health of a company, which may have little to no bearing on what is actually happening in the market place. Investing in companies with sound financial data/strength and a history of health returns can be a good long-term investment to hold in your portfolio; however, such fundamental data does not always correlate to the trading value of the stock on the exchanges. In the short-term, the stock can decrease in value as investors trade in other market sectors.

#### **Technical Analysis**

Technical analysis utilizes current and historical pricing information to help us identify trends in the broader domestic and foreign equity and fixed income markets, and in the underlying assets themselves. This may involve the use of various technical indicators, such as moving averages and trend-lines, among others.

**RISKS** - Technical analysis is charting the historical market data of a stock, taking into consideration current market conditions, to forecast the direction of a future stock price

DISCLOSURE  
BROCHURE

SEVEN HILLS  
FINANCIAL

---

---

rather than using fundamental tools for evaluating a company's financial strength. Technical analysis focuses on the price movement of a security trading in the marketplace. This is an ideal tool for short-term investing to identify ideal market entry exit points. However, no market indicator is absolutely reliable and your investment portfolio can underperform in the short-term should the market indicators be incorrect.

**Fundamental analysis** provides us with a broad long-term view of a security that begins with determining a company's value and the strength of its financials while **technical analysis** is short-term focusing on the statistics generated by market activity.

## Investment Strategies

---

We are not bound to a specific investment strategy or ideology for the management of your investment portfolio. We understand markets and **money made** from increased stock values has greater risk (volatility) than **money earned** from dividends (secure and stable) in income-oriented securities. Our goal is to balance making and earning money by maintaining a disciplined management approach, regardless of the strategy, so as to not sacrifice long-term goals for short-term gains. However, our investment strategies generally incorporate these methodologies:

### Modern Portfolio Theory

---

Modern Portfolio Theory ("MPT")<sup>10</sup> is the analysis of a portfolio of stocks as opposed to selecting stocks based on their unique investment opportunity. The objectives of MPT is to determine your preferred level of risk and then construct a portfolio that seeks to maximize your expected return for that given level of risk.

### Asset Allocation

---

Asset Allocation is a broad term used to define the process of selecting a mix of asset classes and the efficient allocation of capital to those assets by matching rates of return to a specified and quantifiable tolerance for risk.

### Dollar-Cost Averaging

---

Dollar-cost averaging is the technique of buying a fixed dollar amount of securities at regularly scheduled intervals, regardless of the price per share. This will gradually, over time, decrease the average share price of the security. Dollar-cost averaging lessens the risk of investing a large amount in a single investment at the wrong time.

## Managing Risk

---

The biggest risk to you is the risk that the value of your investment portfolio will decrease due to moves in the market. This risk is referred to as the **market risk** factor, also known as variability or volatility risk. Other important risk factors:

- ❖ **Interest Rate Risk** - Interest rate risk affects the value of bonds more than stocks. Essentially, when the interest rate on a bond begins to rise, the value (bond price) begins to drop; and vice versa, when interest rates on a bond fall, the bond value rises.
- ❖ **Equity Risk** - Equity risk is the risk that the value of your stocks will depreciate due to stock market dynamics causing one to lose money.

<sup>10</sup> Modern Portfolio Theory was developed and introduced by Harry M. Markowitz in his paper "Portfolio Selection" published in 1952 by the *Journal of Finance*.

- 
- ❖ **Currency Risk** - Currency risk is the risk that arises from the change in price of one currency against that of another. Investment values in internationally securities can be affected by changes in exchange rates.
  - ❖ **Inflation Risk** - The reduction of purchasing power of investments over time.
  - ❖ **Commodity Risk** - Commodity risk refers to the uncertainties of future market values and the size of future income caused by the fluctuation in the prices of commodities (i.e., grains, metals, food, electricity, etc...).

The risk factors we have cited here are not intended to be an exhaustive list but are the most common risks your portfolio will encounter. Other risks that we have not defined could be political, over-concentration, and liquidity to name a few. However, notwithstanding these risk factors, the most important thing for you to understand is that regardless of how we analyze securities or the investment strategy and methodology we use to guide us in the management of your investment portfolio, **investing in a security involves a risk of loss that you should be willing and prepared to bear**; and furthermore, **past market performance is no guarantee that you will see equal or better future returns on your investment.**

## **Portfolio Monitoring - Methods of Analysis, Investment Strategies & Managing Risk**

With the use of Portfolio Managers, focus of our selection and monitoring is to **balance investment return and risk, with the emphasis on spreading risk among asset classes.** The specific methods of analysis, investment strategies, and risk management will be handled at the discretion of the Portfolio Manager.

We will perform a due-diligence review of our current and prospective Portfolio Managers to evaluate:

- ❖ **Regulatory Oversight:** Show proper licensure as: (a) a bank/trust company, (b) an insurance company, (c) a registered Investment Company, or (d) a registered investment advisor. In addition, a clear track record of compliance and understanding of their fiduciary duties.
- ❖ **Track Record:** The Portfolio Manager should have at least three years of history so that performance statistics can be properly calculated.
- ❖ **Stability:** The same management team should be in place for at least two years. This reflects team unity and balance.
- ❖ **Composition:** At least 80% of the Portfolio Manager's underlying securities investments should be consistent with the broad asset class.
- ❖ **Performance:** The Portfolio Manager's investment performance should show a competitive advantage relative to their peer group in both up and down markets. This reflects an investment knowledge and understanding of the inner-workings of the securities markets.

In monitoring the investment performance of Portfolio Managers, we will utilize the above criteria to trigger when we should more closely scrutinize a particular Manager for possible replacement.

## **DISCIPLINARY INFORMATION**

ITEM 9

We have no legal or disciplinary events to report.

---

## OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS

---

ITEM 1

We are a **fee-only** registered investment advisor; none of our management persons are licensed with, or are related to, another financial industry participant. However, all our management persons are licensed, as required by the State of Florida, as an Unaffiliated Insurance Agent to offer advice, counsel, and/or make recommendations on insurance related products on a fee basis.

As an Unaffiliated Insurance Agent, each management person can charge you a fee for analyzing insurance policies and/or comparing insurance products and how such policies will best benefit you. They can also recommend the insurance company, agency, and agent to underwrite the insurance policy - all for a fee. This arrangement, even though the management persons do not receive or share any commissions, can still create potential conflicts with the incentive to: (i) analyze insurance products to generate additional fee income; and (ii) refer your business to those financial industry professionals that in turn refer potential clients to Seven Hills Financial, LLC. Consequently, because of this situation, there is potential for divided loyalty and the objectivity of the advice rendered subjective and a disadvantage to you. Therefore, to ensure you understand the choices and risks you have receiving advice about insurance products on a fee basis, the following disclosures are provided to assist you with your decision:

- ❖ You are under no obligation to accept our management persons' recommendation that they analysis any insurance products on your behalf.
- ❖ Should you choose to have one of our management persons perform any insurance product review for a fee, you are under no obligation to have any professional the management person recommends write the insurance policy. You are free to choose any independent insurance agent and insurance company to purchase your insurance.

For further information on potential conflicts and economic benefits, see Item 14, "**Client Referrals & Other Compensation**" of this Brochure. In addition, more information about our management persons who offer financial management services can be found in his individual "**Brochure Supplements**."

## CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING

---

ITEM 2

### Code of Ethics

---

As a fiduciary, the Company has an affirmative duty to render continuous, unbiased investment advice, and at all times act in your best interest. To maintain this ethical responsibility, we have adopted a Code of Ethics that establishes the fundamental principles of conduct and professionalism expected by all personnel in discharging their duties. This Code is a value-laden guide committing such persons to uphold the highest ethical standards, rooted in the most elementary maxim. Our Code of Ethics is designed to deter inappropriate behavior and heighten awareness as to what is right, fair, just and good by promoting:

- ❖ Honest and ethical conduct.
- ❖ Full, fair and accurate disclosure.
- ❖ Compliance with applicable rules and regulations.
- ❖ Reporting of any violation of the Code.
- ❖ Accountability.

DISCLOSURE  
BROCHURE

SEVEN HILLS  
FINANCIAL

---



---

To help you understand our ethical culture and standards, how we control sensitive information and what steps have been taken to prevent personnel from abusing their inside position, a copy of our Code of Ethics is available for review upon request.

## **Client Transactions**

---

We have a fiduciary duty to ensure that your welfare is not subordinated to any interests of ours or of our personnel. The following disclosures are internal guidelines we have adopted to assist us in protecting all of our clientele.

### **Participation or Interest**

---

It is against our policies for any owners, officers, directors and employees to invest with you or with a group of clients, or to advise you or a group of clients to invest in a private business interest or other non-marketable investment unless prior approval has been granted by our Chief Compliance Officer and such investment is not in violation of any SEC and/or State rules and regulations.

### **Insider Trading Policy**

---

The Company is in compliance with the Insider Trading and Securities Fraud Enforcement Act of 1988. We do not share any non-public information with anyone who does not need to know and has set-up internal controls to guard your personal information.

### **Class Action Policy**

---

The Company, as a general policy, does not elect to participate in class action lawsuits on your behalf. Rather, such decisions shall remain with you or with an entity you designate. We may assist you in determining whether you should pursue a particular class action lawsuit by assisting with the development of an applicable cost-benefit analysis, for example. However, the final determination of whether to participate, and the completion and tracking of any such related documentation, shall generally rest with you.

## **Personal Trading**

---

Since we primarily use mutual funds, these personal trading policies are primarily directed to transactions in ETFs and stocks.

Employees of ours are permitted to personally invest their own monies in securities, which may also be, from time to time, recommended to you. Most of the time, such investment purchases are independent of, and not connected in any way to, the investment decisions made on your behalf. However, there may be instances where investment purchases for you may also be made in an employee's account. In these situations, we have implemented the following guidelines in order to ensure our fiduciary integrity:

1. No employee acting as an Investment Advisor Representative ("IAR"), or who has discretion over your account, shall buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment, unless the information is also available to the investing public on reasonable inquiry. No employee of ours shall prefer his or her own interest to that of yours or any other advisory client.
2. We maintain a list of all securities holdings for all our access employees. Our Chief Compliance Officer reviews these holdings on a regular basis.

- 
3. We require that all employees act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
  4. Bunched orders (See "Aggregating Trade Orders" below under Item 12, "**Brokerage Practices**") may include employee accounts. In such cases, priority and advantage will be given to satisfy your order first regardless of the situation.
  5. Any individual not in observance of the above may be subject to termination.

Personal trading activities are monitored by Chief Compliance Officer to ensure that such activities do not impact upon your security or create conflicts of interest.

## **BROKERAGE PRACTICES**

---



### **Custodial Services**

---

The Company maintains a custodial relationship with Charles Schwab & Company, Inc. ("Schwab"), a registered broker-dealer (member FINRA/SIPC), offering custodial services through their division Schwab Advisor Services to investment advisors. Schwab offers us services which include custody of securities, trade execution, clearance, and settlement of transactions.

Our recommendation for you to custody your assets with Schwab has no direct correlation to the services we receive from Schwab and the investment advice we offer you, although **we do receive economic benefits for which we do not have to pay** through our relationship with Schwab that are typically not available to Schwab retail clients. This creates an incentive for us to recommend Schwab based on the economic benefits we receive rather than on your interest in receiving most favorable execution. These economic benefits include the following products and services provided without cost or at a discount:

- ❖ Receipt of duplicate client statements and confirmations.
- ❖ Research related products and tools and consulting services.
- ❖ Access to a dedicated trading desk.
- ❖ Access to batch trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to accounts).
- ❖ The ability to have advisory fees deducted directly from accounts; and,
- ❖ Access to an electronic communications network for order entry and account information; and.

**We are not a subsidiary of, or an affiliated entity of, Schwab.** We have sole responsibility for investment advice rendered, and our advisory services are provided separately and independently from Schwab.

### **Direction of Transactions and Commission Rates (Best Execution)**

---

**We have a fiduciary duty to put your interests before our own.** The advisory support services we receive from Schwab creates an economic benefit to us and a potential conflict of interest to you; in that, our recommendation to custody your account(s) with Schwab may have been influenced by these arrangements/services. **This is not the case;** we have selected Schwab as our custodian of choice based on:

1. Their competitive transaction charges, trading platform, and on-line services for account administration and operational support.
2. Their general reputation, trading capabilities, investment inventory, their financial strength, and our personal experience in working with Schwab staff.

---

Since we do not recommend, suggest, or make available a selection of custodians other than Schwab, **best execution may not always be achieved.** Therefore, **you do not have to accept our recommendation to use Schwab as your custodian.** However, if you direct us to use another custodian, we may not be able to provide you complete institutional services and such service may cost you more in transaction fees.

## **Selection of Portfolio Managers**

---

We will make available a select group of Portfolio Managers from which you may choose to manage your account(s). We will assist you in determining which will provide the most effective financial growth based upon your stated investment objectives and risk tolerance level. **The brokerage practices of the Portfolio Manager will be disclosed in their ADV Part 2A: Firm Brochure or Part 2A Appendix 1: Wrap Fee Program Brochure, which we will provide you prior to, or at the same time as, opening an account.**

While we have exercised our best efforts evaluating the investment performance and cost of service offered by these Portfolio Managers, we make no representation that the Portfolio Manager in which we refer you has the best investment performance or lowest management costs. In addition, your selection of such Portfolio Managers will be limited to those with whom we have entered into service agreements. Therefore, it is possible that you might be able to contract for similar services elsewhere or separately, with equivalent or better performance and at lower cost.

Furthermore, **the portfolio monitoring fee we earn can vary from Portfolio Manager creating an incentive for us to recommend the Portfolio Manager that would pay us a higher monitoring fee.** This can create a situation of divided loyalty and the objectivity of the advice we render subjective and a disadvantage to you. Therefore, in situations where we recommend similar Portfolio Managers to manage your account, we will clearly indicate the monitoring fee we could earn from each Portfolio Manager for you to make an informed decision.

## **Aggregating Trade Orders**

---

Since we primarily use mutual funds, these trading allocation policies are primarily directed to transactions in ETFs and stocks.

Our objective in trade order execution is to act fairly, impartially, and to take all reasonable steps to obtain the best possible results (known as "best execution") for our clients. Therefore, we will not bunch (aggregate) orders for a block trade unless: (i) the bunching of orders is done for the purpose of achieving best execution; and, (ii) no client is systematically advantaged or disadvantaged by bunching the orders.

In consideration of these objectives, we will take into account the unique execution factors of the buy/sell order before bunching accounts for a block trade. A few of those factors are:

- ❖ **Security Trading Volume** - Bunching orders in a block trade can secure price parity and continuity for our clients during heavy trading activity.
- ❖ **Number of Clients** - The fewer the number of client accounts involved in the bunched order may not yield better pricing or order execution; it may be more advantageous to perform an individual market order for each client. In addition, preparing individual market orders, for the small number accounts involved, may be quicker to complete than preparing a bunch order.
- ❖ **Financial Instruments** - The type of security involved as well as the complexity of the trade order can affect our ability to achieve best execution.

---

If you would like additional information about our trading allocation policies, a copy is available for review upon request.

## REVIEW OF ACCOUNTS

---



### Portfolio Management Reviews

---

Each account will be reviewed at the time an account is opened by Hanna P. Molta, the Chief Compliance Officer of the Company, and collectively thereafter with all other clients as apart of his responsibilities to provide regulatory oversight. The Investment Advisor Representative ("IAR") over your account will review your account on an ongoing basis to ensure that your needs and objectives are being met. All accounts are reviewed in the context of your stated investment objectives and guidelines. Cash needs will be adjusted as necessary.

You will receive, at least quarterly, statements from the custodial firm where your account is custodied. You are encouraged to review each statement which summarizes the specific investments held, the value of your portfolio, and account transactions.

You are also encouraged to review with us investment strategies and account performance on an annual basis. Material changes in your personal circumstances, the general economy, or tax law changes can trigger more frequent reviews. However, **it is your responsibility to communicate changes in your personal circumstances so that the appropriate adjustments can be made.**

### Portfolio Monitoring Reviews

---

Each account will be reviewed at the time an account is opened by Ms. Molta and collectively thereafter with all other clients as apart of his responsibilities to provide regulatory oversight. The IAR over your account will monitor and evaluate the performance of the Portfolio Manager managing your account on a regular basis.

We understand your goals and tolerance for risk may change over time; therefore, **even though we are not involved in any way with the day-to-day management** of your assets maintained with a Portfolio Manager(s), we will supervise your portfolio and will make recommendations to you regarding the Portfolio Manager(s) as market factors and your personal goals dictate.

### Financial Life Planning Reviews

---

Ms. Molta will ensure the financial planning tools we have adopted in our practice are being conformed with in the design of all financial plans. The IAR responsible for developing your financial plan will work closely with you to be sure the action points identified in the financial life plan have been or are being properly executed. Once the action points have been completed, the financial life plan should be reviewed at least annually. Material changes in your lifestyle choices, personal circumstances, the general economy, or tax law changes can trigger more frequent reviews. However, **it is your responsibility to communicate these changes to us** so that the appropriate planning adjustments can be made.

### Business and Corporate Planning Reviews

---

Ms. Molta will work closely with the management team to be sure the action points identified meet the company's present and future goals as set out in a strategic plan or other

DISCLOSURE  
BROCHURE

SEVEN HILLS  
FINANCIAL

---

---

such a document. Once the desired service has been completed for the business, the management team may want to contact the IAR over the strategic plan for follow-up reviews in the future.

## CLIENT REFERRALS & OTHER COMPENSATION

---



### Referral Compensation

---

We may directly compensate persons for client referrals, provided those persons are qualified and have entered a solicitation agreement with us. Under such arrangements, if a solicitor referred you to us, the solicitor will provide complete information on our relationship and the compensation that solicitor will receive should you choose to open an account. In no case will the fee that you pay be higher than it would be if you had dealt directly with us. In addition, we will adhere to each State's rules and regulations where the Solicitor resides prior to entering into any solicitation agreement with that person/firm.

### Financial Life Planning Compensation

---

There are also potential conflicts of interest when we recommend outside consultations and professional services (i.e., attorneys, accountants, insurance agents, etc.) to implement certain aspects of a financial plan. Even though the Company and its Investment Advisor Representatives ("IARs") do not share in any fees earned by the outside professionals when implementing a financial plan or receive any commission in recommending insurance products or brokerage services, it does create an incentive on our part to refer your business to only those professionals that in turn refer potential clients to us. This can eliminate the possibility for you to be referred to someone who may provide equivalent professional services, and possibly at a lower cost.

Therefore, to ensure you understand the choices and risks you have regarding the financial recommendations we offer in a financial plan, the following disclosures are provided to assist you with your decisions:

- ❖ Certain aspects of a financial plan require the assistance of a Registered Representative of a broker-dealer to execute transactions. We do not earn commissions; however, the Registered Representative you hire will.
- ❖ If you need any insurance coverage, we can refer you to a licensed insurance agent. **The insurance agent will receive the normal commissions associated with such insurance transactions.**
- ❖ You are under no obligation to have any related parties that we recommend prepare planning documents (i.e., financial, estate, tax, insurance agent, registered representative, etc. ...). **You are free to choose those outside professionals to implement the recommendations made in the financial or estate plan.**
- ❖ The Company does not receive any economic benefit from referring you to another professional without first notifying you of such possibilities.

Notwithstanding such potential conflicts of interest, we strive to serve your best interest and ensure such disclosures are being properly made to you in compliance with the Investment Advisers Act of 1940, Rule 275.206.

---

## Retirement Rollover Compensation

---

Earning a management fee from recommending the rollover of retirement plan assets to an IRA we manage is considered "self-dealing" and prohibited unless we comply with the Prohibited Transaction Exemption ("PTE") 2020-02, "Improving Investment Advice for Workers & Retirees" exemption issued by the Department of Labor. The DOL considers earning a management fee "self-dealing" because it increases our compensation and profits while potentially disregarding the underlying costs paid by, and the services provided under, the retirement plan that might be more beneficial to you should your retirement assets remain with the plan. Therefore, when it comes to your retirement assets, there are typically four options you should consider when leaving an employer:

- ❖ Leave the account assets in the former employer's plan, if permitted.
- ❖ Rollover the assets to the new employer's plan if one is available and rollovers are permitted.
- ❖ Rollover the account assets to an Individual Retirement Account (an "IRA"); or,
- ❖ Cash out the retirement account assets (There may be tax consequences and/or IRS penalties depending on your age.).

Should you approach us to advise you on which option would be the best for your situation, we have an economic incentive to recommend you rollover your retirement account to a managed IRA account with us where we would earn a management fee on the assets. This can create a conflict of interest and the objectivity of the advice we render subjective and a disadvantage to you. Therefore, if we recommend you rollover your retirement account to an individually managed IRA account, you are under no obligation to engage us to manage your assets. You are free to take your account anywhere.

## CUSTODY

---



### Management Fee Deduction

---

We do not take possession of or maintain custody of your funds or securities but will simply monitor the holdings within your portfolio and trade your account based on your stated investment objectives and guidelines. Physical possession and custody of your funds and/or securities are maintained with Charles Schwab & Company, Inc. as indicated above in Item 12, "Brokerage Practices."

We are however defined as having custody since you have authorized us to deduct our advisory fees directly from your account. To protect you as well as to protect our advisory practice, we have implemented the following regulatory safeguards:

- ❖ We report to the regulatory authority (the Florida Office of Financial Regulation) having jurisdiction over our advisory practice that we have custody.
- ❖ Your funds and securities will be maintained with a qualified custodian (Schwab) in a separate account in your name.
- ❖ Authorization to withdraw our management fees directly from your account will be approved by you prior to engaging in any portfolio management services.
- ❖ At the time we notify the qualified custodian to withdraw our quarterly fee from your account, we will send you a quarterly notice itemizing our fee. Itemization includes the formula used to calculate our fee, the amount of assets under management the fee is based on, and the time period covered by the fee.

---

Schwab is required by law to send you, at least quarterly, statements summarizing the specific investments currently held in your account, the value of your portfolio, and account transactions. **You are encouraged to compare the financial data contained in our report and/or itemized fee notice with the financial information disclosed in your account statement from Schwab to verify the accuracy and correctness of our reporting.**

## INVESTMENT DISCRETION

---



We have you complete our Investment Advisory Agreement which sets forth our discretionary trading authority to buy and sell securities in whatever amounts are determined to be appropriate for your account and whether such transactions are with, or without, your prior approval.

You may, at any time, impose restrictions, **in writing**, on our discretionary authority (i.e., limit the types/amounts of particular securities purchased for your account, exclude the ability to purchase securities with an inverse relationship to the market, limit our use of leverage, etc.).

## VOTING CLIENT SECURITIES

---



**We do not vote client proxies.** You understand and agree that you retain the right to vote all proxies, which are solicited for securities held in your managed accounts. Any proxy solicitations inadvertently received by us will be immediately forwarded to you for your evaluation and decision.

However, if you have specific questions regarding an action being solicited by the proxy that you do not understand, or you want clarification, you may contact us, and we will explain the particulars. Keep in mind we will not advise you in a direction to vote, that ultimate decision will be left to you.

## FINANCIAL INFORMATION

---



We are not required to include financial information in our Disclosure Brochure since we will not take physical custody of client funds or securities or bill client accounts six (6) months or more in advance for more than \$500.

We are not aware of any current financial conditions that are likely to impair our ability to meet our contractual commitments to you.

**END OF DISCLOSURE BROCHURE**