



## **Form ADV Part 2A: Appendix 1 The Strategic Choice Program Wrap Fee Brochure**

This wrap fee brochure provides information about the qualifications and business practices of The Strategic Financial Alliance, Inc. ("SFA"). If you have any questions about the contents of this Brochure, please contact us at (678) 954-4000. 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.

SFA is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. Additional information about SFA (CRD #126514) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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March 30, 2022

## ITEM 2 – MATERIAL CHANGES

The Strategic Financial Alliance, Inc. (“SFA”) published its annual update of Part 2A Disclosure Brochure and Part 2A Appendix 1 Strategic Choice Program Wrap Brochure (collectively, “Brochure”) on March 31, 2022.

***There have been no material changes since the 2021 filing.***

### **Annual Update**

We will provide you a Summary of Material Changes to this and subsequent Brochures within 120 days of the close of our business fiscal year (December 31). We may provide other ongoing disclosure information about material changes as necessary.

### **Brochure Availability**

We will provide our most current Brochure upon request at any time, without charge. Our Brochure may be requested by contacting our Chief Compliance Officer at 678.954. 4000. Our Brochure is also available on our website at [www.thesfa.net](http://www.thesfa.net).

Additional information about SFA (CRD #126514) and its Advisory Representatives is available on the SEC’s web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## ITEM 4 – SERVICES, FEES AND COMPENSATION

The Strategic Financial Alliance, Inc. (“SFA”) is a registered broker-dealer with Financial Industry Regulatory Authority (“FINRA”) and is also an Investment Adviser registered with the Securities and Exchange Commission (“SEC”). SFA is an Atlanta-based, Georgia corporation, formed in 2003, and a wholly owned subsidiary of SFA Holdings, Inc. Clive Slovin is the President and CEO.

SFA has worked to build a strong reputation within the Financial Services Industry through its independent model and commitment to service. Through its network of independent Advisory Representatives, SFA offers a range of advisory services.

As of December 31, 2021, SFA managed assets valued at approximately \$525 million, of which approximately \$212 million were managed on a discretionary basis and \$313 million were managed on a non-discretionary basis.

Additionally, as of December 31, 2021 SFA had approximately \$470 million in assets under advisement, which represents the assets referred by SFA to third-party asset managers as described on Page 3 under “Third Party Asset Managers.”

SFA offers portfolio management through its *Strategic Choice Program* (“the program” or “Strategic Choice”). Working with our Advisory Representatives, Strategic Choice offers clients a personalized approach to implementing an individualized investment strategy designed to offer a diversified, long-term approach to meeting personal investment goals.

### **PROGRAM DESCRIPTION**

The program is designed to offer a diversified, long-term approach to help meet personal investment goals and objectives through asset allocation, portfolio design, portfolio monitoring, consolidated reporting, and individualized portfolio management. It allows you to invest in no-load or load-waived mutual funds, variable products, stocks, bonds, commercial paper, money market shares, CDs and exchange traded funds, according to your needs, goals, objectives and preferences. For certain clients, illiquid alternative investments (“Alternatives”), such as interval funds, non-traded REITs or private placements could be recommended. Permissible Alternatives are approved products of SFA whose valuations are provided directly to the custodian by the issuer or other bona fide third-party source. Alternatives also require delivery of separate offering documents, executed subscription agreements and additional disclosures. This program is available to individual clients, high net worth individuals, pension and profit-sharing plans, corporations, trusts, estates, charitable organizations, and other business entities.

Before participating in the program, your Advisory Representative will consult with you to help determine your financial profile including investment history, goals and objectives, risk tolerance, and special interests or concerns. Based on this consultation, the Client Profile, Client Account Form, and other account opening documents, your Advisory Representative will work with you to design a portfolio intended to meet your goals as you have defined them. Your Advisory Representative will assist you in establishing a brokerage account with Pershing LLC, which will provide clearing and custody for your account(s).

Your Advisory Representative will review the strategy periodically, and will recommend, at his or her discretion, changes in the asset allocation among securities based on such factors as, for example, market conditions and/or changes in your circumstances. It is important that you contact your Advisory Representative if your financial situation or objectives change.

### **FEES, BILLING AND COMPENSATION**

The SFA program is offered in two fee structures, an All-Inclusive Account ("Wrap Fee") in which you pay an asset-based fee ("Advisory Fee") and, occasionally, fees such as stock reorganization fees passed on by the clearing firm; and, a Non-Inclusive Account ("Non-Wrap Fee") in which you pay transaction costs as well as the Advisory Fee. Fees are negotiable and are fully described in the Strategic Choice Agreement ("Agreement").

You will be charged advisory fees based on an annualized percentage of the value of the assets in the Strategic Choice Account. The fee will be assessed and billed quarterly in advance. The fee for any given calendar quarter is debited by the custodian from your account at the beginning of the calendar quarter, based on the total portfolio value as of the last business day of the preceding calendar quarter as determined by the custodian. Your account statement will show the fee for that quarter and the value of the assets on which it was calculated.

The first fee will be billed after execution of the Agreement and your Strategic Choice account is funded. The fee will be based upon the opening value of the account. If the account is funded at any time other than the first day of a calendar quarter, the payment will be prorated. Alternatively, you may elect to pay all advisory fees described above from a source other than your Strategic Choice account. Direct payments will be calculated in the same manner and billed on the same time frame. Such payments must be received by the 25<sup>th</sup> day after the beginning of the quarter. Payments will be deposited into your Strategic Choice account and then deducted so that the amount of the fee deduction will be reported on your quarterly statement, and your performance will be shown net of fees. If such funds are not deposited timely, SFA is expressly authorized, in its discretion, to liquidate securities in the Account in an amount sufficient to cover such fees. Any delinquent payments may result in the loss of all direct pay privileges and SFA may debit your Strategic Choice account for all future advisory fees.

During a quarter, if you contribute additional funds of \$10,000 or more to the account, or withdraw \$10,000 or more, the Advisory Fee for that quarterly period will be recalculated. Any

resulting difference in the fee for that period will be added to or deducted from the Advisory Fee for the next billing period.

We generally require that you authorize us in writing to direct your custodian to pay the Advisory Fee directly to us by charging your account. This authorization is set forth in the Agreement.

The following are the maximum advisory fees applied to this program.

#### **STRATEGIC CHOICE - ALL INCLUSIVE PROGRAM**

<b>Account Value</b>	<b>Maximum Annual Advisory Fee*</b>
First \$250,000	2.25%
Next \$250,000 to \$500,000	2.15%
Next \$500,000 to \$1,000,000	2.00%
Next \$1,000,000 to \$2,500,000	1.75%
Next \$ 2,500,000 to \$5,000,000	1.50%
Next \$5,000,000 to \$10,000,000	1.25%
Above \$10,000,000	1.00%
<i>*All fees are negotiable</i>	

#### ***Transaction Charges***

No transaction charges are assessed for trades in these accounts, but certain nominal fees and charges beyond SFA's control such as reorganization charges, termination fees, and postage and handling are assessed against the account. If you elect to include alternative investments in your account, the custodian will assess an annual fee of \$50.00 for the purchase, redemption of registration of the security, in addition to a \$35.00 per position for registered securities, or \$125.00 for unregistered securities.

#### **STRATEGIC CHOICE – NON-INCLUSIVE PROGRAM**

<b>Account Value</b>	<b>Maximum Annual Advisory Fee*</b>
First \$250,000	2.00%
Next \$250,000 to \$500,000	1.90%
Next \$500,000 to \$1,000,000	1.75%
Next \$1,000,000 to \$2,500,000	1.50%
Next \$2,500,000 to \$5,000,000	1.25%
Next \$5,000,000 to \$10,000,000	1.00%
Over \$10,000,000	0.75%
<i>*All fees are negotiable</i>	

**Transaction Charges for Non-Inclusive Program**

In addition to the asset management fee listed above, \$4.00 will be applied to each transaction in the non-inclusive program. If you elect to include alternative investments in your account, the custodian will assess a \$50.00 fee for the purchase or redemption of a non-registered security, in addition to an annual fee of \$35.00 per position, or \$125.00, depending on the type of security.

**Additional information about Transaction Charges**

Transaction charges may be subject to change upon 30 days' notice. Transaction charges for the Non-Inclusive Accounts may be assessed by the clearing firm or directly by the product sponsors as described in the prospectuses. Certain other miscellaneous charges may apply.

The transaction costs listed above are maximum costs. SFA, as the broker/dealer, shares in the transaction fee, but no part of the transaction fee is shared with your Advisory Representative. Your Advisory Representative may choose to pay the transaction fees described above on your behalf from the advisory fees assessed on your account.

Selected mutual funds are available through the custodian for no transaction fee ("NTF funds") to you in the Non-Inclusive Program. When the Advisory Representative recommends or selects funds which are not on the NTF Fund list, you will pay transaction fees, the cost of which may reduce the performance of the portfolio. However, the internal expenses of NTF funds may be higher than those funds that are not on the NTF Fund list. All expenses associated with a fund are disclosed in the fund's prospectus.

The scheduled maximum fees for the All-Inclusive Program are higher than the Non-Inclusive Program because most or all transaction charges are included in the fee.

In some cases, the wrap fee will cost you more than the aggregate cost of services if they were provided separately. In those cases, your Advisory Representatives could have a financial incentive to recommend the wrap fee program over other programs or services. Generally, wrap programs are relatively less expensive for actively traded accounts. However, they will result in higher overall costs to you in accounts that experience little trading activity.

Your Advisory Representative will consider these costs when negotiating the Advisory Fee with you. Your Advisory Representative is obligated by your Agreement and SFA's *Code of Ethics* to make recommendations based on your investment goals and objectives, without regard to the amount of his or her compensation.

When deciding on whether to select an All-Inclusive or Non-Inclusive account, you should base your decision upon anticipated trading activity, the types of securities utilized in the account, and the value of the services that are provided to you. Please discuss the costs associated with your account with your Advisory Representative.

## **ILLIQUID ALTERNATIVE INVESTMENTS (“ALTERNATIVES”)**

Some Alternative products may not be available for purchase without a commission or sales charge. If you select to hold these Alternatives in your managed account, you will pay a sales commission, which will be paid to SFA as the broker/dealer. Or, SFA may be compensated by a portion of the advisory fee collected by the manager of the alternative investment in the form of a solicitor's fee. A portion of this compensation will be shared with your Advisory Representative. If SFA receives a commission or solicitor's fee, SFA will not charge an advisory fee on the value of the purchased asset. If the Alternative asset is purchased in an Advisor Share Class or at net asset value, and no commission is paid, the value of the asset will be included in the account value for billing purposes as long as the asset is supervised, or managed, as part of the account.

SFA conducts due diligence on the alternative products it selects to make available for offer to its retail clients. Many alternative investment sponsors compensate SFA for its due diligence and marketing through a portion of the dealer manager fee. Payment of this fee to SFA does not increase the cost of the investment to the purchaser. No part of the due diligence and marketing fees are shared with your Advisory Representative.

Alternative investments are not appropriate for all investors. Please review offering documents carefully for more complete information about the risks associated with a particular product.

## **ADDITIONAL EXPENSES**

In addition to the Advisory Fee, your investment account may also be charged:

- internal fees and expenses charged by mutual funds, ETFs and variable annuities;
- fees charged by third party money managers;
- maintenance and termination fees for IRAs, certain retirement and qualified accounts; and,
- taxes and other fees on brokerage accounts and securities transactions, as may be imposed or passed through by the custodian.

Mutual fund companies, ETFs, and variable annuity issuers charge internal fees and expenses for their products. These fees and expenses are in addition to any advisory fees charged by us. Class B, C, and similar mutual fund shares, and variable products held in accounts may incur sales charges when sold or redeemed. Complete details of these internal fees and expenses are explained in the prospectuses for each investment. We encourage you to read these documents before making or authorizing any investments. Your Advisory Representative will be available to answer any questions you have about fees and expenses. SFA does not assess advisory fees on Class B or Class C share mutual funds held in Strategic Choice Accounts. As a registered representative, your Advisory Representative will share in the fees charged by the fund company for Class B as described in the fund prospectus.



## **SFA AND ADVISORY REPRESENTATIVE COMPENSATION**

The Advisory Representative managing your Strategic Choice account will receive a portion of the advisory fee paid to SFA as a result of your participation in the Program. Such portions range up to 92% of the advisory fees assessed by SFA on a Strategic Choice account. The amount of this compensation may be more or less than the amount the Advisory Representative would receive if you participated in other company programs or paid separately for investment advice, brokerage, and other services.

Pershing, LLC, imposes an asset-based charge for administrative services such as reporting and billing. SFA shares in this fee for its administrative services. This charge is paid out of your Advisory Fee by the Advisory Representative.

Transactions in Strategic Choice Program accounts incur a transaction fee, which is paid to SFA to offset the costs Pershing, LLC assesses to SFA. In the inclusive program, the transaction fee is paid by the respective Advisory Representative. In the non-inclusive program, the transaction fee is paid by the account owner and deducted from the account.

SFA and its representatives consider costs, fees and your interests when recommending investments; however, you should consult mutual fund and variable product prospectuses for a complete description of underlying fees and compensation when considering the purchase of such products. Your Advisory Representative is available to answer any questions you may have about the fees and expenses associated with the products he or she recommends.

You can purchase certain alternatives in the account. Alternatives will generally be purchased at Net Asset Value ("NAV") or in a share class specifically designed for advisory accounts. However, if purchased at public offering price, SFA will receive a sales commission, a part of which will be paid to your Advisory Representative in his or her capacity as a registered representative. No advisory fees will be assessed on the value of alternative investment assets for which a commission has been paid to or a solicitor's fee is earned by SFA.

You can purchase shares of certain mutual funds directly from the issuer without a transaction fee. Mutual funds held in accounts at brokerage firms may charge internal fees that are different from mutual funds held directly at the mutual fund company. Those directly purchased mutual funds, however, will not be part of our advisory relationship with you. This means that they will not be included in our investment strategies, investment performance monitoring, or investment reallocations under this Agreement. Generally, only securities purchased without a sales commission through SFA or which were purchased through other firms may be billed in Strategic Choice accounts as part of the managed portfolio.

Other securities may be deposited into a Strategic Choice Account with the following limitations:

- C-share mutual funds must be held one year or more before converting to a lower class share or, if converted prior to one-year, contingent deferred sales charges will be refunded by SFA to the account (C-shares are excluded from billing);
- No advisory fees are assessed on other share class mutual funds purchased within the previous 24 months on which sales compensation was paid to SFA;
- No advisory fees are assessed on variable insurance products purchased within the previous 24 months on which sales compensation was paid to SFA;
- No advisory fees may be assessed on assets on which brokerage commissions were paid to SFA during the preceding 90 days; and.
- No advisory fees may be assessed on alternative investments which are purchased in your managed account, or transferred into your account, for which a sales commission or solicitor's fee is paid to SFA. Billable illiquid assets are limited to no more than 15% of the total portfolio. For determining the 15% threshold, a portfolio can include multiple accounts with the same ownership.

Exceptions will only be made if there is a strong economic or practical reason for doing so, with the written authorization of the Chief Compliance Officer or the Chief Supervisory Officer.

For these purposes, "sales compensation" does not include 12b-1 fees which are paid on certain mutual funds and variable annuity products, pursuant to the product prospectus. SFA refunds 12b-1 fees paid on A-share and C-share class assets held in a Program Account to the Program Account.

Some third-party advisers, mutual fund companies, alternative product sponsors, insurance companies, and other product vendors pay directly or indirectly additional compensation to SFA. This additional compensation includes but is not limited to solicitor fees, marketing allowances, support for SFA conferences, meetings and/or functions. Certain companies also provide support for client appreciation events, software, training or other tools and services to facilitate SFA's and its Advisory Representatives' business.

Advisory Representatives who recommend alternative or complex products conduct due diligence on such products. They will participate in due diligence meetings for certain products. The sponsor of such meetings will generally pay travel, lodging and food for advisory representatives to attend and be educated about their products. Attendance must be approved by SFA. The agenda, location and expenses must be reasonable. Expenses may not be paid for an advisory representative's guest.

### **NEGOTIATION OF FEES AND COMPENSATION**

Fees are negotiated on a case-by-case basis, depending on a variety of factors, including the nature and complexity of the particular service, your relationship with SFA and your Advisory Representative, the size of the Account, the potential for other business or clients, the amount

of work anticipated and the attention needed to manage your Account. Your Advisory Representative may negotiate fees that are higher or lower than those negotiated by other SFA Advisory Representatives for similar services. Please note that the same or similar services to those described above may be available through other providers at a lower cost.

Fees may be negotiated but not waived for the All-Inclusive program, in which the transaction fees are included in the advisory fee. Accounts where fees are waived will be transferred to the Non-Inclusive program, in which the transaction fees are paid by the client and charged to the account separately from the advisory fee.

### **OPTIONAL LIMITED TRADING AUTHORIZATION/DISCRETION**

You may choose to sign a limited trading authorization in order to facilitate management of portfolios consistent with your stated investment objectives. This limited authority gives investment discretion as to the selection of securities, number of shares to be bought or sold and the time of execution. Discretion may not be authorized in ERISA accounts (e.g., 401k, profit/pension accounts).

Discretion applies only to the selection and amount of general securities, including stocks, bonds, commercial paper, money market shares and exchange traded funds; variable insurance sub-accounts; and, open-end and closed-end mutual funds bought and sold in your Account. Alternative Investments and variable annuity contracts may not be purchased on a discretionary basis. Discretion does not extend to deposits into or withdrawals from accounts. All Strategic Choice accounts are held at, and trades executed through, Pershing LLC.

You must authorize discretion in writing, and you may withdraw the authorization, in writing, at any time. Advisory Representatives must receive the approval of SFA's Chief Supervisory Officer or Chief Compliance Officer prior to offering discretionary portfolio management in Strategic Choice accounts.

### **TERMINATION**

Both you and SFA have the right to terminate the Agreement and relationship at any time with or without cause. Termination is effective within 30 days of receipt of your notice to SFA, unless a later date is requested in your notice and agreed to by SFA. For your convenience, SFA will accept your request for termination by telephone. You may terminate your Agreement without penalty within five business days of executing the Advisory Agreement.

If the Agreement is terminated before the end of a billing period (during a quarter), any unearned fees that were deducted from your account will be refunded to the account.

The amount refunded to you is calculated by dividing the most recent advisory fee you paid by the total number of days in the quarter. This daily fee is then multiplied by the number of calendar days in the quarter that the Agreement was in effect. This amount, which equals the

amount we earned for the partial quarter, is subtracted from the total fee you paid in advance to determine your refund.

If your Advisory Representative should terminate his or her association with SFA, and affiliate with another registered investment adviser, SFA will facilitate the transfer of your account to the new firm, if you agree. Otherwise, your account will not be managed as SFA will await your instructions regarding the transfer of your account, or your designation of a new SFA Advisory Representative.

If you choose to terminate an Account within the first calendar year after the Account is opened, you will be assessed a fee ("Administrative Fee") of \$200 to defray initial account setup and administration costs, and such fee may be paid in the same manner as the Asset-Based Fee. SFA may waive the Administrative Fee in its sole discretion. You will be responsible for any transactions initiated prior to termination. Such redemption or liquidation may affect the asset allocation and/or market value of the Account and may also have tax consequences. In addition, early redemption fees or similar fees for mutual funds and other products may be applicable as described in the product's prospectus or other offering documents. Certain assets that may be transferred or held in the Account may not be accepted by another custodian. SFA will use reasonable efforts to follow your instructions regarding the disposition of Account assets; however, assets that are not accepted by the receiving custodian may be required to be liquidated.

## **ITEM 5 – ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

SFA requires a minimum account size of \$25,000 in supervised assets for Strategic Choice accounts. This minimum may be met by a single account or, at SFA's discretion, by aggregating the assets within multiple accounts with the same ownership. This minimum account size serves as a guideline. SFA, at its sole discretion, may waive this minimum account requirement.

Should the value of your Strategic Choice account (in aggregate with any related accounts considered in the \$25,000 minimum) fall below the minimum requirement of \$25,000 and remain 20% below the minimum (or below \$20,000) for two consecutive quarters, then the advisory contract may be terminated and the assets transferred to a brokerage account held at the then current custodian so that you do not continue to incur the advisory fees. Please discuss this option with your Advisory Representative.

SFA provides investment advisory services to individuals, high net-worth individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

## **ITEM 6 – PORTFOLIO MANAGER SELECTION AND EVALUATION**

Your Advisory Representative is the sole portfolio manager available with respect to the Program. Please refer to your Advisory Representative's Supplement to this Brochure for information about his or her education and business experience. Your Advisory Representative must be properly registered, have at least five years' experience in the financial services industry (or equivalent experience as determined by SFA), and be approved by SFA's Chief Supervisory Officer and/or Chief Compliance Officer, in addition to approval from the Advisory Representative's Supervising Principal, as a portfolio manager in the Strategic Choice Program. When your Advisory Representative works with another Advisory Representative in partnership to manage your account, you will receive the Supplement for each Advisory Representative.

Affiliated and unaffiliated service providers may develop asset allocation models. Your Advisory Representative may also develop asset allocation models or use others from outside independent sources. Each representative develops his or her own methods of analysis, sources of information, and investment strategies. As such, recommendations by representatives, individual investment portfolios, and performance will differ.

Your Advisory Representative will manage accounts on an ongoing basis and will review accounts at least annually with you or more frequently upon your request. The purpose of the review is to review the portfolio and its performance; to discuss any changes in your financial profile and investment goals; and, to recommend changes if determined changes are warranted.

You will receive monthly brokerage statements, except for months in which no account activity has occurred, and quarterly statements and performance reports. You may contact your Advisory Representative or the SFA home office at (678)954-4000 when you have questions or concerns about your account, financial situation, or investment needs. Please note that your Advisory Representative may not be readily available for unscheduled or unannounced visits or calls.

### **CLIENT TAILORED SERVICES AND CLIENT IMPOSED RESTRICTIONS**

Your Advisory Representative develops and recommends a strategy based on the information you provide about your financial profile using his or her knowledge and experience. It is very important that you communicate changes in your information so your Advisory Representative can make recommendations and manage your account in a manner that is consistent with your financial profile, including your objectives, risk tolerance and time horizon. You can impose reasonable restrictions on the manner in which your account is managed, such as limiting investments in certain types of securities or asset classes, in accordance with your values, beliefs or preferences.

## **WRAP FEE PROGRAMS**

You may select the All-Inclusive Program (“wrap fee program”) in which the asset-based fee includes our advisory fee as well as transaction costs. Alternatively, you may select a program in which you pay transaction fees in addition to our asset-based advisory fee. You and your Advisory Representative, together, agree on the asset-based fee applied to the management of the account, based on the program’s published maximum fee schedule. We do not manage the All-Inclusive program accounts in a manner different from the Non-Inclusive Program accounts except, as mentioned above, the All-Inclusive Program is more suitable when the portfolio strategy includes more active trading. A portion of the Advisory Fee is allocated to the Administrative Fee, which covers administrative and supervisory services provided by SFA as well as custodial and program services provided by the custodian. The Administrative Fee is set on a sliding scale determined by the size of the assets in the account.

SFA offers wrap fee programs sponsored by Lockwood Advisors, Inc., FTJ Fund Choice, and Asset Mark. These programs are fully described, including fees and expenses, in their respective ADV Part 2A Appendix 1 Disclosure Brochures. Disclosure brochures for these programs are available upon request to your Advisory Representative, at no charge.

## **OTHER ADVISORY SERVICES**

In addition to the investment management services through the Strategic Choice Program, SFA offers financial planning and investment consulting, as well as recommendations of and referral to third party asset managers. These services are described in SFA’s ADV Part 2A Disclosure Brochure. The Brochure is available upon request at no charge.

## **PERFORMANCE BASED FEES AND SIDE BY SIDE MANAGEMENT**

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

Certain third-party asset managers may assess a performance-based fee, which will be described in the respective manager’s disclosure brochure. In some cases, a portion of the performance fee may be shared with SFA and Advisory Representative(s) as a solicitor’s fee. Any such arrangement will be described to you in a written Solicitor’s Disclosure Statement.

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

SFA’s Representatives rely on various types of tools and methods to assist in recommending or selecting investment strategies to you, including asset allocation and various types of software. SFA’s methods of analysis include charting analysis, fundamental analysis, technical analysis, and cyclical analysis. The main sources of information used to formulate investment advice and/or manage assets includes financial newspapers and magazines, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the SEC, and company press releases. The investment strategies used to implement any investment advice given to clients can include long term purchases (securities

held at least a year), short term purchases (securities purchased and sold within a year), margin transactions, and covered option writing. Investment returns are highly dependent on the value of underlying securities which are impacted by trends in the various investment markets.

We generally recommend stocks, bonds, ETFs, mutual funds and alternative investments.

Investing in **stocks** involves the assumption of risk, including:

- Financial Risk: the risk that the companies we recommend to you may perform poorly, which will affect the price of your investment.
- Market Risk: risk that the Stock Market will decline, decreasing the value of the securities we recommend to you.
- Inflation Risk: the risk that the rate of price increases in the economy deteriorates the returns associated with the stock.
- Political and Governmental Risk: risk that the value of your investment may change with the introduction of new laws or regulations.

Investing in **bonds** involves the assumption of risk, including:

- Interest Rate Risk: the risk that the value of the bond investments we recommend to you will fall if interest rates rise.
- Call Risk: 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: the risk that the bond issuer may be unable to pay you the contractual interest or principal on the bond in a timely manner or at all.
- Inflation Risk: the risk that the rate of price increases in the economy deteriorates the returns associated with the bond.

Investing in **mutual funds** involves the assumption of risk, including:

- Manager Risk: the risk that an actively managed mutual fund's investment adviser will fail to execute the fund's stated investment strategy.
- Market Risk: 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: 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: the risk that the rate of price increases in the economy deteriorates the returns associated with the mutual fund.

Investing in **Exchange Traded Funds** ("ETFs") involves the assumption of risk, including:

- The public trading price of a redeemable lot of the ETFs may be different from its net asset value. Declining stock prices can cause losses to your investment.



- Some leveraged and inverse ETFs and ETNs "reset" daily, meaning that they are designed to achieve their stated objectives on a daily basis. If held for a period longer than one day, their performance over the longer periods of time can differ significantly from the stated multiple of the performance (or the inverse of the performance) of their underlying index or benchmark during the same period of time. This effect can be magnified in volatile markets.
- ETFs and ETNs linked to commodity futures do not offer direct exposure to the commodity's spot price and may perform differently than the spot price for the commodity itself.
- You should not assume that an ETF or ETN that is linked to commodity futures will provide an effective hedge because of a negative correlation with equities or other asset classes.

Investing in **Structured Products** involves the assumption of risk, including:

- If a principal protected structured note is guaranteed by the underwriting firm's assets, then the guarantee is limited to the claims-paying ability of the underwriter.
- Investment in a Principal Protected Certificate of Deposit carrying FDIC insurance is subject to the limits of that insurance.
- Investment in a Principal Protected Structured Product may still result in substantial opportunity loss.
- Buffered notes do not provide 100% principal protection. Buffered notes only provide limited downside protection against loss and only if the buffered note is held to maturity.
- The gain on buffered notes may be subject to a cap so you may not participate in the full upside of the reference asset(s).
- Buffered notes will trade, if at all, at a discount on the first day after purchase as a result of upfront fees paid in connection with your purchase.
- Buffered notes lack liquidity. They are not listed on any securities exchange and you may not be able to sell your buffered note(s) prior to maturity.
- Buffered notes do not pay dividends. The payment of a buffered note at maturity will reflect cumulative performance. If you require current income, you should not invest in a buffered note.
- Buffered notes are not obligations of a bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency or program of the United States or any other jurisdiction.
- Structured products are subject to loss of principal.

Investing in **Alternative Investments ("Alternatives")** involves the assumption of risk, including:

- There may be no public market so these Alternatives could not be sold quickly or rebalanced.
- The holding period will vary by product before a liquidation event is executed.
- Many Alternatives are not registered with the SEC so do not afford the benefits of public disclosure and reporting.



- SFA will limit the percentage of Alternatives held in a managed account based on your liquidity needs, net worth, investment objectives, risk tolerance, and any state or regulatory limitations. Alternatives may not be purchased on a discretionary basis.

When funds in your managed account are allocated to **cash**, the funds will earn interest in a cash account or money market fund through the account custodian:

- Cash accounts are generally intended as a place to hold cash pending investment or for immediate cash needs, not solely for the purpose of receiving interest.
- The interest rates will generally be less than the investment management fee when the cash allocation is included in your billable assets.
- The custodian can earn income from holding client cash.
- The custodian can earn fees from money markets for marketing, distribution and other services (see the money market prospectus).
- As a result, the custodian and adviser will likely earn more on your cash assets than you do.

When your custodian offers an **FDIC-insured cash account**, coverage will be defined by the FDIC limits of coverage:

- Limits are up to \$250,000 per account owner, per legal capacity per bank. This means that all accounts held by you in the same legal name at the same bank will be aggregated to determine the coverage limits.
- When your FDIC insured accounts are maintained through multiple banks, the limit across banks per account owner per legal capacity is \$500,000.
- Additional information about FDIC insurance is available at [www.fdic.gov](http://www.fdic.gov).

**Margin, options and short sales** are higher risk strategies. It is possible to lose all of the principal you invest, and sometimes more. In a cash account, your risk is limited to the amount of money that you have invested. In a margin account, your risk includes the amount of money invested plus the amount that has been loaned to you. When you short sell, your losses can be infinite.

You should also be aware that transactions in the account (including account reallocations and rebalancing) may trigger a taxable event for you, unless your account is a qualified retirement account.

When using third party asset managers, each manager will have its own methods of analysis, investment strategies and unique investment risks that should also be reviewed and considered. In instances where we recommend that a third party manage your assets, please refer to the third party's ADV Part 2A and Appendix 1 Disclosure Brochures for details on their investment strategies, methods of analysis and associated risks.

***Investing in securities involves risk of loss that you should be prepared to bear.***

## **VOTING CLIENT SECURITIES**

As a matter of firm policy and practice, SFA does not have any authority to and does not vote

proxies on behalf of advisory clients. You retain the responsibility for receiving and voting proxies for any and all securities maintained in your account(s). Your Advisory Representative may provide advice to you regarding the voting of your proxies. SFA will not take any action with respect to any securities held in any accounts that are named in or subject to class action lawsuits.

You will receive information related to proxies directly from your account custodian. We will forward any information received by us regarding proxies and class action legal matters involving securities held in your accounts.

## **ITEM 7 – CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

SFA appreciates the trust you place in us, and we respect your right to privacy.

We are committed to safeguarding the personal information you entrust to us. At SFA, we believe that it is important that you understand the uses and safeguarding of your personal information.

SFA receives information:

- From paperwork you provide such as Client Account Forms, questionnaires and product applications;
- From conversations, discussions and interviews; and
- From product or service vendors, as a result of your transactions with or through SFA.

At SFA we:

- Maintain all client records in a secured environment;
- Protect computer programs through physical and electronic safeguards; and
- Limit access to employees who require access to the information in order to service your account.

SFA may disclose certain types of information to qualified entities, including affiliates, which perform administrative services on our behalf, with our affiliates with which you otherwise have a relationship, and as required or permitted by law for legal or regulatory purposes. The information that falls within this category is:

- Information provided by you on Client Account Forms and product applications; and
- Information provided by product or service vendors, as a result of your transactions with SFA.

SFA maintains physical, electronic and procedural safeguards to help ensure that your personal information is safe and accessed only according to these policies, and we will continue to make safeguarding your privacy our highest priority.

Our Privacy Statement is available on our website at [www.thesfa.net](http://www.thesfa.net).

## **ITEM 8 – CLIENT CONTACT WITH PORTFOLIO MANAGERS**

You are encouraged to contact your Advisory Representative with respect to any changes regarding your investment objectives, risk tolerance and requested restrictions with respect to management of your Strategic Choice account. Your Advisory Representative will conduct a review of your account with you no less than annually.

## **ITEM 9 – ADDITIONAL INFORMATION**

### **DISCIPLINARY ACTION**

On October 29, 2015, SFA entered into an Acceptance, Waiver and Consent with the Financial Industry Regulatory Authority (“FINRA”) concerning its supervision of and procedures related to consolidated reports. Without admitting or denying the allegations, SFA consented to a censure and a \$30,000 fine. SFA was also required to submit an attestation that it had implemented procedures which more fully addressed the supervision of consolidated reports.

Information about your Advisory Representative will be available in his or her Supplement to this brochure, and at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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

SFA is also registered as a broker-dealer, member of FINRA and SIPC. Individuals affiliated with SFA may be both Advisory Representatives and registered representatives. SFA and its registered representatives offer securities and financial products in addition to rendering investment advice. SFA estimates it devotes 60% of its time to activities as a broker-dealer.

Many representatives associated with SFA are also licensed to sell insurance products with the states in which they do business, and are appointed by various insurance companies, including through SFA’s affiliated insurance agency, SFA Insurance Services, Inc.

Certain Advisory Representatives may also be Advisory Representatives of investment adviser firms which are unaffiliated with SFA. These relationships are disclosed in the respective Advisory Representative’s Part 2B Supplement. The services provided to you through SFA are disclosed in your Advisory Agreement.

Clients are under no obligation to purchase insurance products, securities products or other products or services through SFA and its associated persons. While SFA and its Advisory Representatives endeavor at all times to put the interests of clients first, you should be aware that the receipt of additional compensation itself creates a conflict of interest and may potentially affect the judgment of these individuals when making recommendations.

Clive Slovin, President of SFA, and certain Advisory Representatives are shareholders of SFA Holdings, Inc. ("SFAH"), parent company of SFA. Shareholders will benefit from the profits accrued to SFAH in the form of dividends.

Strategic Blueprint, LLC is an SEC registered investment adviser established in July 2016, wholly owned by SFA Holdings, Inc. It shares office space and certain supervised persons with SFA. Julie Sullivan serves as an officer and director of Strategic Blueprint.

SFA Partners is also wholly owned by SFA Holdings, Inc. It was formed for branding purposes, and provides shared services to its affiliates, SFA, Strategic Blueprint and SFA Insurance Services, including marketing, advisor relations, human resources, finance, recruiting, and due diligence.

Green Creek Resources, LLC is a sponsor of pooled investment vehicles offered as private placements in 2016 and 2017. LaRee Holloway is an officer of Green Creek Resources, LLC, which is 50% owned by SFA Holdings, Inc. as of September 2016, and shares office space with SFA.

Timbrel Capital LLC (Timbrel), member FINRA and SIPC, is a registered broker-dealer formed in 2019 and is wholly owned by SFAH. It provides wholesaling and consulting services to sponsors of alternative investments, including Reg D private offerings and unregistered public programs. Timbrel does not conduct business directly with retail investors. If your Advisory Representative recommends a program that is sponsored by a client of Timbrel, disclosure will be made to you.

Timbral Advisors LLC is an SEC registered Investment Advisor. It provides advisory services to sponsors of alternative investments, including Reg D private offerings and unregistered public programs. Timbrel does not conduct business directly with retail investors.

## **CODE OF ETHICS**

We have adopted a *Code of Ethics* (“*Code*”) to address the standard of business conduct required of our Advisory Representatives and employees. The *Code* includes our policies and procedures developed to protect your interests in relation to the following:

- Duty at all times to place your interests ahead of ours;
- All personal securities transactions of our Advisory Representatives and employees must be conducted in a manner consistent with the *Code* and avoid any actual or potential conflict of interest, or any abuse of an Advisory Representative’s or employee’s position of trust and responsibility;
- Advisory Representatives may not take inappropriate advantage of their positions; and
- Information concerning the identity of your security holdings and financial circumstances is confidential and must be safeguarded.

We will provide a copy of the *Code* to you or any prospective client upon request.

We do not buy or sell securities for our own account that we also recommend to you. Our Advisory Representatives and employees are permitted to buy or sell the same securities for their personal and family accounts that are bought or sold for your account.

The personal securities transactions by our Advisory Representatives and employees may raise potential conflicts of interest when they trade in a security that is owned by you or is being considered for purchase or sale for your account.

We have adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- Require our Advisory Representatives and employees to act in your best interest,
- Prohibit favoring one client over another, and
- Provide for the review of transactions to monitor that an Advisory Representative or employee does not place a trade for a personal or beneficial account ahead of a client’s transaction in the same security.

Our Advisory Representatives and employees must follow our procedures when purchasing or selling the same securities purchased or sold for your account.

## **REVIEW OF ACCOUNTS**

Our Advisory Representatives review your account on an on-going basis to monitor that your investments and investment strategies are performing in a manner consistent with your stated objectives. Your Advisory Representative will contact you at least annually (or more often as agreed upon with you) to review your account with you and to update your financial status, goals, objectives, and risk tolerances. These reviews also consider any investment restrictions you have requested and how your investments meet your investment time horizons, liquidity needs, tax considerations and other circumstances unique to you. Changes in your investments

and your investment strategies will be made or recommended by your Advisory Representative as they are deemed appropriate. Interim reviews may be triggered by social, economic, and/or political events.

We strongly encourage you to advise your Advisory Representative of any changes in your personal circumstances, your investment goals or objectives, and your risk tolerances to ensure that your investments and investment strategies are most appropriate for you.

In addition to the reviews done by your Advisory Representative, an Advisory Representative's designated supervisor reviews purchase and sell transactions in your Strategic Choice account for suitability. The designated supervisor and SFA also monitor client accounts on a periodic and on-going basis to help ensure that the investments and transactions in those accounts are consistent with the information you have provided.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

### **OTHER COMPENSATION**

In its capacity as a broker-dealer, SFA and its registered representatives will earn brokerage commissions and/or fees from the sale or services of investment products such as stocks, bonds, mutual funds, variable annuities and variable universal life products. Commissions vary depending upon the type of security and service offered.

Clive Slovin, President of SFA, and certain Advisory Representatives, officers and employees of SFA are shareholders of SFA Holdings, Inc. ("SFAH"), parent company of SFA. Shareholders will benefit from the profits accrued to SFAH in the form of dividends.

SFA will receive certain economic benefits from Pershing LLC as the clearing firm and custodian for Strategic Choice Accounts, including a portion of fees earned by Pershing on money market balances and margin balances. Such fees are not passed, in whole or in part, to Advisory Representatives. Although these fees are nominal, they could pose an incentive to retain assets in money market accounts. Other benefits received from Pershing LLC are described in the ADV Part 2A Disclosure Brochure.

In certain instances, product sponsors, investment companies, and third-party asset managers ("product sponsors") participate in activities that are designed to help facilitate the distribution of their products, such as marketing activities and educational programs, and by offsetting expenses that result from the cost of doing business. Additionally, SFA enters into arrangements with certain product sponsors whereby SFA receives a marketing allowance or other financial benefit based on sales of the product sponsor's products or by providing access to registered representatives affiliated with SFA's broker-dealer. In return for assistance in facilitating the activities described above, SFA will receive additional compensation from product

sponsors. While SFA does not recommend these products over others, these companies often have greater access to our representatives to provide training, education presentations, and product information. This additional compensation may give rise to a financial incentive for SFA to recommend these products over other products where such financial incentives are not present.

While SFA and its registered representatives endeavor at all times to put the interest of their clients first, you should be aware that the receipt of additional compensation itself creates a conflict of interest and may potentially affect the judgment of these individuals when making recommendations. Additionally, because of the revenue sharing arrangements referenced above, though they do not impact registered representative or advisory representative compensation, representatives may prefer recommending products offered by a sponsor who is participating in the revenue sharing program over other mutual funds, variable products, DPPs, REITs or third-party asset managers available through SFA. Please ask your Advisory Representative how he or she will be compensated for any transaction.

#### **CLIENT REFERRALS**

We enter into written agreements with certain unaffiliated investment advisers and other professionals (such as CPAs, attorneys, etc.) to compensate them for referring clients to us. We will pay these individuals (referred to as “solicitors”) a percentage of the advisory fee that you pay us if it is determined that you have become a client of ours as a result of their direct or indirect efforts.

The payments we make to a solicitor will not result in an increase in the amount of the advisory fee that you pay.

Additionally, we enter into written agreements through which SFA will serve as a solicitor to other investment advisers. SFA (and, in turn, your Advisory Representative) will receive a portion of the advisory fee as a solicitor’s or referral fee when you enter into an advisory agreement with a third-party asset manager as a result of your advisory representative’s recommendation.

Our solicitation or referral arrangements will comply with applicable laws that govern:

- the nature of the services provided;
- the fees to be paid;
- disclosure of solicitor arrangements to clients; and
- client consents, as required.

Any solicitor’s fee will be fully described in a written Solicitor’s Disclosure Statement which you will receive when you enter into an advisory agreement as a result of your Advisory Representative’s recommendation.

**FINANCIAL INFORMATION**

SFA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.