



## FORM ADV 2A BROCHURE

---

SEC File No: 801-71206

April 23, 2021

SCF Investment Advisors, Inc.  
155 E. Shaw Avenue, Suite 102  
Fresno, CA 93710  
PH 800.955.2517  
FAX 559.456.6101  
[www.scfinc.com](http://www.scfinc.com)

This brochure provides information about the qualifications and business practices of SCF Investment Advisors, Inc. ("SCFIA"). If you have any questions about the contents of this brochure, please contact us at 800.955.2517. 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. We encourage you to read this document in its entirety.

Additional information about SCFIA is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

Although SCFIA refers to itself as a registered investment advisor this does not imply a certain level of skill or training.

## ITEM 2 MATERIAL CHANGES

The purpose of this section is to inform you of material changes to our brochure. We will update this section of the brochure on an annual basis or as needed and send a summary of any material changes at our firm with our annual privacy policy mailing. You can obtain a complete copy of our firm brochure by contacting your Investment Advisor Representative or by contacting our firm and requesting one.

Since our last update on September 11, 2020 we have made the following material changes:

### Item 4 – Advisory Business

- On April 1, 2021, SCFIA's parent company SCF Holdings, Inc. was indirectly acquired by and is now an indirect wholly owned subsidiary of Atria Wealth Solutions, Inc., a Delaware corporation that is privately owned. As a subsidiary of Atria, SCFIA is affiliated with other financial services companies, including Western International Securities, Inc., a broker/dealer, an SEC registered investment adviser and an insurance agency, Ovest Insurance Services LLC, an insurance agency, NEXT Financial Group, Inc., a broker/dealer, an SEC registered investment adviser and an insurance agency, NEXT Financial Insurance Services Company, an insurance agency, Cadaret, Grant & Co., Inc., a broker/dealer and SEC registered investment adviser, Cadaret Grant Agency Inc., an insurance agency, CUSO Financial Services, L.P., a broker/dealer and SEC registered investment adviser, Sorrento Pacific Financial, LLC, a broker/dealer, SEC registered investment adviser and an insurance agency, and CFS Insurance & Technology Services, LLC, an insurance agency.

### Item 5 – Fees and Compensation

- SCFIA's affiliate broker-dealer SCF Securities, Inc. ("SCFS") receives markups on ticket charges for transactions executed through its clearing agreement with National Financial Services, LLC ("NFS") related to advisory business. SCFS also receives markups on account transfer fees and account inactivity fees for NFS accounts.
- IARs may make recommendations of insurance products and sell those recommended insurance products to advisory clients through SCFIA's affiliate broker-dealer SCF Securities, Inc. ("SCFS") or affiliate insurance agency SCF Marketing, Inc. ("SCFM"). When such recommendations or sales are made, a conflict of interest exists as the IAR and SCFIA's affiliates will earn insurance commissions, overrides, and/or advisory fees for the sale and servicing of the insurance products.

### Item 12 – Brokerage Practices

- SCFIA's affiliate broker-dealer SCFS receives clearing and execution discounts related to advisory assets custodied and cleared through NFS when predetermined monthly trade volume thresholds are reached.

### Item 18 – Financial Information

- The Paycheck Protection Plan ("PPP") Loan received by SCFIA's affiliate, SCF Securities, Inc., was forgiven pursuant to the terms and conditions of the loan program.

### ITEM 3 TABLE OF CONTENTS

|  |    |
|--|----|
| ITEM 1 COVER PAGE.....   | 1  |
| ITEM 2 MATERIAL CHANGES .....  | 2  |
| ITEM 3 TABLE OF CONTENTS .....   | 3  |
| ITEM 4 ADVISORY BUSINESS.....  | 4  |
| ITEM 5 FEES AND COMPENSATION.....  | 6  |
| ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....                                    | 10 |
| ITEM 7 TYPES OF CLIENTS.....   | 10 |
| ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....                           | 10 |
| ITEM 9 DISCIPLINARY INFORMATION .....  | 11 |
| ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....                                  | 12 |
| ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING..... | 12 |
| ITEM 12 BROKERAGE PRACTICES.....   | 13 |
| ITEM 13 REVIEW OF ACCOUNTS .....   | 15 |
| ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION.....   | 15 |
| ITEM 15 CUSTODY.....   | 16 |
| ITEM 16 INVESTMENT DISCRETION.....   | 17 |
| ITEM 17 VOTING CLIENT SECURITIES.....  | 17 |
| ITEM 18 FINANCIAL INFORMATION .....  | 17 |
| ITEM 19 REQUIREMENTS FOR STATE-REGISTERED ADVISORS.....  | 17 |

## ITEM 4 ADVISORY BUSINESS

**A.** SCF Investment Advisors, Inc. ("SCFIA") is a privately-owned corporation headquartered in Fresno, California. SCFIA is registered as an investment advisor with the U.S. Securities and Exchange Commission. SCFIA was founded in 2003 and is a wholly owned subsidiary of SCF Holdings, Inc. ("SCFH"). SCFH is an indirect wholly owned subsidiary of Atria Wealth Solutions, Inc., a Delaware corporation that is privately owned.

**B.** SCFIA offers various types of services including, but not limited to, providing: financial planning and consulting services, advisory services, and asset monitoring services. A description of the types of services offered are outlined below.

Investment Adviser Representatives ("IARs") offer services individually to clients. Each client will work directly with an IAR. The IAR will assist the client in selecting the service appropriate for the client's personal situation.

IARs may have their own legal business entities whose trade names and logos are used for marketing purposes, and may appear on marketing materials or client statements. Clients should understand that the businesses are legal entities of the IAR. SCFIA and the IAR's business entities are independently owned and operated. The IARs are under the supervision of SCFIA, and the advisory services of the IAR are provided through SCFIA. SCFIA has the arrangement described above with the following Advisor Representatives:

1. Creative Financial Strategies, LLC
2. Dailey Wealth Management
3. Mt. Juliet Advisors, LLC
4. Old Bridge Wealth, Inc
5. Redfish Capital Management
6. Kelly Financial Group, Inc.
7. Mission Financial Advisors
8. Miller Wealth Partners, LLC
9. Sierra Wealth Management
10. Union Street Advisors, LLC
11. Forthright Capital Management
12. Integrated Life & Financial Planning, LLC
13. TrueCourse Investment Management
14. APEX Retirement Consulting
15. Neville Financial Group, Inc.
16. Cohesion Wealth Advisors, LLC
17. Savvy Wealth Management
18. Slade Financial Advisory PLLC
19. Uptrex LLC dba Uptrex Wealth Advisors
20. Moneywise Wealth Management
21. Benefits One
22. Ash Creek Financial Advisors
23. Texas Financial Resources, LP dba TFR Wealth Management

Please be advised that each IAR has an inherent fiduciary obligation to serve in the Client's best interest with respect to the financial advice and services rendered.

### **Financial Planning and Consulting Services**

Financial planning and consulting services allow IARs to furnish recommendations as to the allocation of Client's present financial resources among different types of assets to correlate with the Client's financial planning objectives; and/or prepare a plan and/or provide consulting services.

Financial planning may include, but is not limited to, furnishing recommendations as to the allocation of present financial resources among different types of assets including investments, savings, and insurance with a view toward better correlating the assets with the Client's financial planning objectives. If Client engages IAR for financial planning services, IAR will prepare a financial plan to assist the Client in defining personal financial planning goals and objectives that may encompass areas of business and personal financial planning, education planning, retirement planning, disability protection, estate planning, tax planning, charitable giving, and investments, and to supply analyses and recommendations as to the actions and investment strategies necessary to pursue these goals and objectives. Detailed investment advice and specific recommendations are provided as part of a financial plan. Implementation of any

recommendations is at the discretion of the Client. The Client is under no obligation to execute any investment transactions through the IAR or SCFIA.

The value and usefulness of the financial planning services will be dependent upon the information that the Client produces, the Client's active participation in the formulation of financial planning objectives, and the implementation of the plan to attain those objectives.

Consulting services may include, but are not limited to, the IAR assisting the Client with ongoing advice regarding the management of their financial resources based upon an analysis of Client's current situation, goals, and objectives. Areas of consulting include but are not limited to retirement planning, education planning, business planning, charitable giving, cash flow/budget analysis, divorce planning, life insurance review, disability insurance review, investment planning, estate planning, debt management, long term care insurance review, and asset monitoring services. Investment advice and recommendations may be implemented at the discretion of the Client.

Neither SCFIA nor its IARs provide legal or tax advice. Client's should consult with an appropriately-licensed attorney or tax professional. Since financial planning is a discovery process, situations may occur wherein the Client is unaware of certain financial exposures or predicaments.

### **Advisory Services**

An Advisory Services Agreement allows the Client to engage the IAR to act as their investment advisor to perform portfolio management and investment advisory services for the account covered by the agreement. In providing portfolio management and investment advisory services, IAR will rely on personal financial and investment profile information while rendering services. Client agrees to promptly notify IAR if/when this information changes. The scope of work and fee for portfolio management and investment advisory services is provided to the Client in writing prior to the start of the relationship.

Clients may choose to have the IAR manage their assets to obtain ongoing in-depth financial advice and planning. Many aspects of the Client's financial affairs are reviewed. Realistic and measurable goals are set and the objectives to pursue those goals are defined. As goals and objectives change over time, suggestions are made to the Client for acceptance and implementation on an ongoing basis.

Assets are invested in traded and/or non-traded securities and may also include: no-load or low-load mutual funds, exchange-traded funds, equities (stocks), corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, mutual funds shares), U.S. government securities, alternative investments, options contracts and interests in partnerships. Investments may be purchased through SCFIA's affiliated broker/dealer, fund companies, insurance companies, or qualified custodians.

IAR will place trades through the qualified custodian. Qualified custodians utilized by the IAR include National Financial Services ("NFS"), Pershing Advisor Solutions ("PAS"), TD Ameritrade Institutional ("TDAI"), Schwab Advisor Services ("Schwab"), and Fidelity Institutional Wealth Services ("IWS"). Qualified custodians may include insurance companies, mutual funds, or other financial institutions.

The qualified custodian(s) will maintain physical custody of all funds and securities of the Account, and Client will retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account. (See Item 15 Custody below) Client's beneficial interest in a security does not represent an undivided interest in all the securities held by the qualified custodian(s), but rather represents a direct and beneficial interest in the securities which compose the client's account. At least quarterly, Client will receive an account statement from the qualified custodian of the Account detailing transactions in the Account. Any checks drawn on Client's account will be at the Client's instructions only. All transactions will be confirmed by receiving customary statements from Account's qualified custodian.

### **Co-Advisory Programs**

SCFIA has entered into co-advisory relationships with AssetMark Inc, ("AssetMark"), Envestnet, SMArtX, and Axxcess Wealth Management. IARs may delegate certain investment advisory responsibilities or discretionary authority to co-advisors and their related program managers.

### **AssetMark Advisor Model Platform**

IAR may offer advisory services to Clients by selecting the AssetMark Platform. For more information regarding the Assetmark Platform, refer to the AssetMark Platform Disclosure Brochure.

The minimum investment required on the AssetMark Platform depends upon the Investment Solution chosen for a Client's account and is generally \$25,000-\$50,000 for Mutual Fund and \$100,000 for ETF Accounts, and from \$50,000 to \$500,000 for Privately Managed and Unified Managed Accounts, depending on the investment strategy selected for the account. These minimums are described in more detail in the AssetMark Platform Disclosure Brochure. Accounts below the stated minimums may be accepted on an individual basis at the discretion of AssetMark.

We also act as solicitors and refer clients to AssetMark. Please see the section "Asset Monitoring" below for additional details regarding the services we provide, and how we are compensated.

### **Asset Monitoring**

We have entered into solicitation agreements with various third-party investment advisors that manage or sponsor various types of Turnkey Asset Management Programs (TAMP). Our IARs may solicit clients for such programs or services in which case we will not be providing investment advice or have discretionary authority over your assets with respect to individual security selection. The IAR provides asset monitoring services only with respect to TAMPs and all management agreements are entered into solely and directly with the third-party investment advisor. TAMPs are used to primarily assist with investment management of Client assets.

Asset monitoring services allow IAR to act as a solicitor to assist the Client in establishing one or more portfolio(s) with one or more third party money managers, for a percentage of the fee the Client will pay to the third-party money / portfolio manager(s); and/or monitor the performance of any portfolio established for the Client by the IAR or any other portfolio as designated by Client. SCFIA and its IAR

generally will not have discretionary authority over Client assets with respect to individual security selection, and will never have custody of the Client's investment capital. Discretionary authority will generally be given to the Portfolio Manager. A Qualified Custodian will maintain physical custody of all funds and securities in the Account, and Client will retain all rights of ownership of the Account. Client must promptly inform IAR in writing of any changes in the Client's investment objectives or circumstances.

Client with the guidance of the IAR will identify and match a Portfolio Manager to the personal and financial data provided by the Client. The final decision of Portfolio Manager selection is made solely by the Client. The Portfolio Manager will invest the Account(s) on a discretionary basis. IAR will not make any recommendations or provide individualized investment advice regarding specific investments or have any authority to make investments in the Account(s). Sub-Advisor(s) designated in the Portfolio Manager's respective application and agreement may invest and reinvest, on a discretionary basis without contacting Client for prior approval, securities and/or cash that the Client may, from time to time, deposit in the Account(s), and to act for the Client in all matters necessary or incidental to such investments. The Client is responsible for contacting IAR if Client wishes to replace the Portfolio Manager and/or Sub-Advisor(s).

**C.** SCFIA offers advisory services to its Clients in various programs through IARs. The IAR tailors advisory services to the individual needs of Clients. Clients may impose restrictions on investing in certain securities or types of securities. Restrictions may include various types of indices and/or specific bonds, stocks, funds, or alternative investments, etc. The goals and objectives for each Client are obtained by the IAR to assist in determining the appropriate program and are documented in our Client relationship management system. IARs are responsible for gathering necessary financial information from the Client and recommending a product or service offered by SCFIA, described herein.

**D.** SCFIA does not sponsor any Wrap Fee Program.

**E.** SCFIA manages approximately \$1.64 billion in assets for approximately 8141 accounts. Approximately \$1.45 billion is managed on a discretionary basis, and \$193 million is managed on a non-discretionary basis. In addition, SCFIA also provides continuous and regular asset monitoring services for approximately \$789 million in assets for approximately 5149 accounts through Turnkey Asset Management Programs ("TAMP") or Separately Managed Accounts ("SMA"). These assets were calculated as of December 31, 2020.

## **ITEM 5 FEES AND COMPENSATION**

### **Financial Planning and Consulting Services**

The financial plan fee is set at the onset of the engagement on a negotiated basis. There is no default fee schedule. The Client may elect to pay a negotiated hourly or fixed rate. Payment in full is expected upon invoice presentation. If the Client's situation is substantially different than disclosed at the initial meeting, a revised fee will be provided upon mutual agreement. The Client must approve the change(s) in the scope of services that will be provided, in advance of the additional work being performed when a fee change is necessary. After delivery of a financial plan, future face-to-face meetings may be scheduled as necessary. Follow-on implementation work is billed separately at a rate which is negotiable.

The consulting services fee is set at the onset of the engagement on a negotiated basis. There is no default fee schedule. The Client may elect to pay a negotiated hourly, fixed rate or recurring fee on a monthly or quarterly basis. Hourly fee rates shall not exceed \$400 per hour. Recurring fees can be agreed upon for consulting services only. Payment in full is expected upon invoice presentation.

However, the Client may elect to pay a portion of the negotiated fee upon execution of the client agreement and/or upon delivery of the written financial plan, or a combination of first payment or subsequent payment(s).

Clients that pay Financial Planning and Consulting fees by check should make it payable to SCF Investment Advisors, Inc.

### **Advisory Services**

Investment advisory and portfolio management fees are set at the onset of engagement. Fees are negotiated, and agreed to, on a schedule, which may be inclusive or exclusive of various transaction charges and other miscellaneous fees. There is no default fee schedule.

Investment advisory and portfolio management fees are deducted from Client's assets/ account balance.

Fees can be negotiated on a fixed or variable basis, and may be billed in advance or in arrears, on a monthly or quarterly basis, as negotiated by IAR and Client. Accounts billed in advance will be calculated based on the account's Period End Balance (i.e. The end of the month or quarter, as applicable), with adjustments for contributions and distributions; accounts billed in arrears will be based on the account's Average Daily Balance calculated during the billing period. Clients should be aware of the risks in paying fees in advance as they are paid prior to advisory services being fully rendered and are therefore unearned at the time they are paid by Client. Fees may not be rebated in the event of a termination of the advisory agreement if SCFIA is precluded from making the payment.

Any changes to the fee structure will be per written agreement between Client and IAR. Changes to the fee structure will be effective upon the next scheduled fee calculation period.

Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Brokerage firms may charge a transaction fee for the purchase or sale of some securities and will charge account service fees.

Accounts will aggregate billable asset values at the household level. "Household" as used for this purpose, is defined by a unique household ID within SCFIA's billing system. Accounts using variable fee schedules will evaluate fee breakpoints at the aggregated household value. It is the IAR and Client's responsibility to ensure that household accounts are correctly identified. In order for SCFIA to identify which individuals and accounts comprise a household, a list of accounts within each qualifying household must be communicated to the IAR by the Client by completing an Advisory Services Agreement Schedule A and attaching it to the house holding request along with a copy of the applicable Advisory Services Agreement. Only spousal and dependent accounts qualify for house holding. In general, house holding will result in lower overall advisory fees paid by client when linear or tiered fees are selected. Therefore, it is in the Client's



best interest to request house holding. If a combination of flat rate and variable fee schedules are used on different accounts in the same household ID, fee calculations will be based on the aggregate household value when determining fee percentages and pro-rated tier rates. When using variable fee schedules, it is recommended to use the same variable schedule for all billed accounts within the household. If household members are not provided to SCFIA, some accounts may be assigned to a separate Household ID in the billing system which will result in a higher tiered or linear fee calculation.

Investment advisory and portfolio management fees may be available at different and/or lower fees; all fees are negotiable.

If portfolio management is being provided by a third-party Portfolio Manager, please refer to the Portfolio Manager's documentation for their management fees, custodial fees, and any other additional disclosures.

SCFIA may also collect fees for third parties or certain technologies, such as Online Account Platforms, and pay those fees through invoice to the third party. Please refer to the third party's documentation for further information on fees that may be collected by SCFIA, and any other additional disclosures.

Payment in full is expected as per the terms of the agreement. To facilitate billing, fees are automatically deducted from the account by the qualified custodian per instructions from SCFIA. If insufficient cash is available to pay fees in full, IAR, at their discretion, may liquidate sufficient positions to cover any shortfalls. The Client consents in advance to direct debiting of their investment account through execution of the Advisory Services Agreement.

SCFIA will calculate the investment advisory fee at the beginning of each billing period. As described above, accounts billing in arrears will use Average Daily Balance ("ADB") as the fee calculation methodology. The system will multiply the Average Daily Balance ("ADB") of Client's Designated Assets during the previous billing period. The ADB is based upon an arithmetic average of daily closing account values for each day in the billing period. Accounts billed in advance will use Period Ending Value as the fee calculation methodology. The system will look at the account's Designated Asset value as of the prior month or quarter end date for computing the billed value for the next advance-billed fee. In computing the value of the Designated Assets, SCFIA will rely upon the valuation data that is provided by the qualified custodian to SCFIA's third-party billing system provider. Some transaction types, such as trades pending settlement or post-dated dividends, will result in a different Period End Value in the billing system compared to what is shown on the custodial account statement.

For new accounts, the investment advisory fee for the first billing period will be pro-rated, beginning with the date in which the account is funded and/or transferred to SCFIA, and ending on the last day of the billing period. For new accounts billed in advance, the investment advisory fee will be calculated based on the inception value of the account. The pro-rated investment advisory fee for new accounts billed in advance will be calculated after the end of the month in which the account is funded. The next regularly-recurring billing period (i.e. the first full month/quarter) will utilize the Period Ending Value methodology described in the previous paragraph. For new accounts billed in arrears, the first billing period will utilize the ADB methodology described above, and will be calculated at the end of the first month/quarter in which the account was opened.

The billing system will calculate a prorated advisory fee adjustment based on account contributions or withdrawals ("cash flows") of \$10,000 or greater, for accounts billed in advance only. For example, a contribution will generate an additional advisory fee to be debited from the account, while a withdrawal will generate an advisory fee credit, or refund, to the account. Cash flow fee adjustments will not be calculated for accounts billed in arrears. The \$10,000 threshold will be aggregated as the sum of all cash inflows/outflows that are posted in an account within the same day. SCF will rely on third party technology providers as the basis for aggregating cash flow transaction data in Client accounts. Qualifying cash flow fee adjustments will be calculated at the end of the completed billing period in which the cash flow transaction occurred, and may be labeled a "new money" fee and/or refund. For example, if a qualifying cash flow occurs in a month, then the fee adjustment for the cash flow will be calculated in conjunction with the following month advanced billing cycle if the account is billed monthly; if the account is billed quarterly, the fee adjustment for the cash flow would be billed in conjunction with the next quarter advanced billing cycle. SCFIA is not required to calculate cash flow fee adjustments in the middle of a billing cycle. If an account is partially or fully liquidated, but not formally closed at the custodian, then the liquidation may be treated as a cash flow adjustment rather than a closed account, which may also affect any advisory fee refund amount for an account. The calculation methodology for recurring monthly or quarterly fees will not be affected.

SCFIA permits advisory fee waivers on a case by case basis when appropriate and justified if a specific client or account merits a temporary waiver and the waiver is consistent with SCFIA's written procedures.

### **Co-Advisory Programs**

Fees and compensation are outlined in the co-advisor's disclosure brochure and related agreements executed at the time of account opening and/or co-advisor engagement. Co-advisor fees include platform fees, investment manager fees, and clearing/ custody fees. SCFIA's affiliate SCFS receives a portion of the clearing/ custody fees in the form of an override from clearing firm and custodian NFS. This is in addition to any fees or compensation SCFIA receives.

### **AssetMark Advisor Model Platform**

Fees and compensation for using the AssetMark Platform, are provided in more detail in the AssetMark Platform Disclosure Brochure. Discretionary Manager Fee schedules are included in the Client Billing Authorization or the Appendix A to the Client Service Agreement.

The fees applicable to each Account on the AssetMark Platform may include:

1. Financial Advisor Fee,
2. Platform Fee; and
3. Investment Manager Fee.

Other fees for special services may also be charged. The Client should consider all applicable fees. SCFIA has no default fee schedule for the AssetMark Platform. SCFIAs fees are negotiated at the onset of the arrangement up to a maximum of 1.95%.

Client fees are payable quarterly, in advance, based on assets under management. Clients may terminate AssetMark accounts at any time upon written notice and receive a full pro-rata refund of any unearned fees.

### **Asset Monitoring**

Asset Monitoring fees paid to IAR may be charged as part of a negotiated fee. These fees may be subject to negotiation depending upon a range of factors including, but not limited to, account size, overall range of services provided, and geographical location.

Asset monitoring fees are set at the onset of the engagement, are negotiable, and are deducted from Client's assets. SCFIA has no default fee schedule. TAMP will deduct fees from Client accounts based on a solicitor defined fee schedule.

Any changes to the fee structure will be per written agreement.

Fees may be collected either monthly or quarterly. Fees will be collected by the third-party portfolio manager who will distribute the negotiated fees above to SCFIA. Please refer to documentation completed for selected Portfolio Manager for their fees, custodian fee, and any other additional disclosures.

SCFIA may also collect fees for third parties or certain technologies, such as Online Account Platforms, and pay those fees through invoice to the third party. Please refer to the third party's documentation for further information on fees that may be collected by SCFIA, and any other additional disclosures.

Additional fees may be imposed by the third party holding Client's assets for accounts that are held away from SCFIA.

Clients who utilize Managed Portfolios through various Turnkey Asset Management Programs ("TAMP") of third-party investment advisors pay advisory fees to those advisors. Third-party investment advisors, in turn, pay SCFIA monthly or quarterly fees equal to a percentage of the total net asset value that is invested on their platform in one of their strategies. Clients should review Form ADV 2A of the third-party investment advisors who provide TAMP programs for information on the investment strategies used and the fees charged by the manager for such investment strategy.

### **Other Fees**

Custodians charge transaction fees on purchases or sales of certain securities such as but not limited to mutual funds, exchange traded funds and equities. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is typically more important than the nominal fee that the custodian charges to buy or sell the security.

Clients incur certain charges imposed by third parties other than the IAR in connection with investments made through the custodian including, but not limited to: sales loads, 12b-1 fees, and surrender charges. IRAs and qualified retirement plans may be subject to additional fees and charges imposed by the qualified custodian(s) of the Account. Management fees charged by the IAR are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to Client. A description of these fees and expenses are available in each investment's prospectus.

SCFIA's affiliate broker-dealer SCFS receives mutual fund 12b-1 fees for accounts opened and cleared through NFS. The receipt of 12b-1 fees creates an actual conflict of interest when NFS is recommended or used as the qualified custodian and clearing firm for a client's account and when higher 12b-1 fee share classes are recommended to customers over lower, non 12b-1 fee paying share class options of the same mutual fund that are available. Clients should be aware that different share classes of the same mutual fund represent the same underlying investments and that in general, the only differences between share classes of the same mutual fund are internal fees and expenses. The additional fees and expenses associated with 12b-1 paying mutual fund share classes will reduce any investment returns client may experience over time. There is almost always a non 12b-1 fee paying share class option available for any mutual fund that may be recommended to Client. Client will incur lower overall expenses when non 12b-1 paying mutual fund share classes are purchased in place of the same fund's 12b-1 paying share class. To mitigate this conflict, SCFIA has policies and procedures in place to ensure that neither SCFIA nor its affiliate SCFS receive 12b-1 revenue related to NFS advisory accounts by using a fee rebate tool made available by NFS. Any 12b-1 revenue generated by holdings in a client's account will be automatically rebated to the account. This rebate tool applies to NFS accounts only. Other custodians available through SCFIA such as Pershing Advisor Solutions, TD Ameritrade, Fidelity IWS, and Charles Schwab retain any 12b-1 and service fees generated by client mutual fund holdings.

All advisory accounts have a cash deposit sweep vehicle ("Vehicle") which is used to hold an account's available cash balance while awaiting reinvestment. SCFIA's affiliate SCFS receives revenue sharing payments from NFS when certain Vehicle share classes are chosen. This revenue sharing arrangement conflicts with client interests as it incentivizes selection of the higher cost Vehicle that results in our affiliate SCFS' receipt of revenue sharing payments which SCFIA indirectly benefits from. To mitigate this conflict, SCFIA defaults all NFS advisory clients to the Fidelity Government Money Market Fund (SPAXX), which does not have any 12b-1 fee and does not result in any revenue sharing payments to any SCF entity. Clients have the option of selecting a different Vehicle for their account(s) at account opening or upon notification to SCFIA at any time. There are several other Vehicle options available for Clients to select that do not have a 12b-1 fee which make no revenue sharing payments to any SCF related entity. Please see Item 12 – Brokerage Practices for additional information and disclosure regarding money market/ cash sweep revenue sharing. The Firm is available via phone if you have any questions. Clients who specifically request to have no Vehicle will be eligible for credit interest. Prior to making this request, Clients should be aware that NFS credits SCFS with 80% of the credit rate less any amounts that are credited to Client's account.

NFS offers our affiliate broker-dealer SCFS access to its No Transaction Fee Program ("NTF Program"). As part of the NTF Program, NFS waives transaction fees it and SCFS would otherwise charge for purchases of certain mutual funds available on its platform. NFS shares certain revenues it receives from these NTF Program mutual funds with SCFS based on aggregate client balances invested in mutual funds subject to the NTF Program. The level of revenue sharing increases as client balances in the NTF program funds increases. These revenue sharing payments create a financial incentive for SCFIA to favor and recommend mutual funds in the NTF Program over other investments when providing investment advice to clients which creates a conflict of interest. Mutual funds in the NTF Program generally contain higher internal fees and expenses than other share classes of the same mutual fund that is not part of the NTF Program.



Account custodians will charge interest to Client for Client's use of margin. For accounts using margin that are held and cleared through NFS, NFS will credit SCFIA's affiliate broker-dealer SCFS with 100% of margin interest Clients pay in excess of NFS' base lending rate plus 50 basis points. Clients will be charged on their margin debits as defined in NFS' Customer Disclosure of Credit Terms on Transactions. SCFIA does not offset Client advisory fees by this additional compensation received by its affiliate SCFS. SCFIA manages this conflict by not requiring or recommending the use of any particular custodian for accounts.

Transaction charges are billed directly to SCFIA and passed through to the IAR, or billed directly to the customer depending on the specifics of the customer and/or advisory agreement. Transaction charges are assessed by the qualified custodian for the Account and IAR will not receive any portion of such fees. Qualified custodian charges will vary from custodian to custodian. Client should thoroughly review and understand the nature and amount of fees and/or ticket charges outlined in qualified custodian's account documentation.

SCFS receives markups on ticket charges for transactions executed through its clearing firm, NFS, related to advisory business. The markup offsets other clearing costs and expenses that are not directly passed through to clients such as but not limited to confirmations and prospectuses. SCFS also receives markups on account transfer fees and account inactivity fees as applicable.

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. These fees are in addition to the stated standard or negotiated advisory fees.

The IAR on the account is responsible for determining the rate to charge each Client based on factors such as total amount of assets involved in the relationship, type of program, any base rate charged for the selected advisory account program, and complexity and mix of the portfolio.

Advisory accounts billed by SCFIA will be charged an account Administrative Fee of \$50 per year charged on a monthly or quarterly basis for the utilization of SCFIA's technology platform. The debit on Client's next monthly account statement is Client's notification of the exact amount that was debited. The IAR may absorb this fee at his or her discretion. This service fee is in addition to the stated standard or negotiated advisory fees. The total amount debited from the Client's account will be the investment advisory fees plus any administrative fees.

Financial planning agreements that are billed on a recurring basis will be billed by SCFIA. An account Administrative Fee of \$30 per year charged on a quarterly basis for the utilization of SCFIA's technology platform.

When appropriate, IARs may make recommendations of insurance products and may also, as appropriately licensed independent insurance agents, sell those recommended insurance products to advisory clients through SCFIA's affiliate broker-dealer SCF Securities, Inc. ("SCFS") or affiliate insurance agency SCF Marketing, Inc. ("SCFM"). When such recommendations or sales are made, a conflict of interest exists as the IAR and SCFIA's affiliates will earn insurance commissions, overrides, and/or advisory fees for the sale and servicing of the insurance products. SCFIA requires its IARs to disclose that advisory clients may purchase recommended insurance products from other insurance agents and companies not affiliated with SCFIA.

### **Termination of Agreement**

Agreement(s) remain in effect from the date the Agreement is signed until canceled by either party. Either party, or its authorized representative, may terminate their Agreement upon notice to the other party. SCFIA will cease all billing and advisory services upon notice from client requesting termination of their Agreement. SCFIA will process termination requests within ten (10) business days of receiving in good order. In the circumstance of Client's death, SCFIA will terminate billing as of the date of death.

SCFIA reserves the right to refuse to accept or renew any Agreement and may terminate it at any time in its sole discretion and for any reason. IAR reserves the right to stop work on any account that is past due.

The agreement will not automatically terminate in the event that SCFIA or its IAR receive written notice of Client's disability or legal incompetence. SCFIA and its IAR shall be entitled to rely, and shall rely, upon this agreement to provide the authority to continue to provide portfolio management and investment advisory services through an authorized individual to act on the Client's behalf.

In the event that SCFIA or its IAR receive written notice of Client's death, or all of Client's authorized representatives in the case of an Entity Client, this Agreement will be terminated immediately, and the account will be frozen. Fees will be calculated and prorated as of the date of death. In extenuating circumstances, exceptions may be granted.

Upon termination of this agreement for any reason, including those listed above, the pro rata share of any pre-paid fees will be refunded if billed in advance, or debited if billed in arrears. If account is closed or transferred before the final fee can be billed, then SCFIA may invoice Client directly or debit the fee from the newly established account provided it is a similar registration to collect any unpaid fees Client owes to SCFIA. SCFIA reserves this right regardless of any difference in the new account's Agreement or lack of Agreement entirely. Similar registrations include same account type (IRA to IRA, Non-qualified to Non-qualified, etc.) as well as same account titling and/or account stakeholders.

SCFIA and IAR reserve the right to terminate any financial planning and consulting engagement where a Client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in IAR's judgment, to provide proper financial advice. Any unused portion of fees collected in advance will be refunded.

Asset Monitoring agreement may be terminated by the Client, TAMP or IAR by providing 10 day written notice to the other party. At termination, fees will be billed on a pro rata basis for the portion of the billing period completed. The prorated fee computation will be based on the calculation methodology chosen by the Client, and will be adjusted for the number of days during the billing period up to the date of termination.

In the event IAR is terminated from SCFIA for any reason but Client's Advisory Services Agreement(s) with SCFIA is not terminated, a pro-rated final fee may be computed and collected or refunded based on the IAR's termination date.

At termination, fees will be billed on a pro rata basis for the portion of the billing period completed. The prorated fee computation will be based on the calculation methodology chosen by the Client, and will be adjusted for the number of days during the billing period up to the

date of termination.

## ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

SCFIA does not participate in performance-based fees and side-by-side management.

## ITEM 7 TYPES OF CLIENTS

SCFIA generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and corporations or business entities. Client relationships vary in scope and length of service.

SCFIA's minimum account size is \$10,000.00, although a higher minimum account size may be applicable based on the advisory program selected. SCFIA has the discretion to waive the account minimum. Accounts of less than \$10,000.00 may be set up when the Client and the IAR anticipate the Client will add additional funds to the accounts bringing the total to \$10,000.00 within a reasonable time. Other exceptions may apply to lower valued accounts house-held with existing accounts and to employees of SCFIA and their relatives.

Clients who utilize TAMP relationships and/ or third-party investment advisors should review each manager's Form ADV disclosure regarding minimum account size and other requirements.

## ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

**A.** The IAR has access to various research reports and model portfolios to which IAR may refer in determining investment advice provided to Clients. The IAR chooses his or her own research methods, investment style and management philosophy. Security analysis methods may include among other things, charting, fundamental analysis, technical analysis, and cyclical analysis. Sources of information may also include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases. It is important to note that no methodology or investment strategy is guaranteed to be successful or profitable and that there is a risk of loss that clients should be prepared to bear, including loss of principal.

In advising retail clients of IAR investing in AssetMark Advisor Model Platform, IAR may select from mutual funds, Exchange Traded Funds (ETF's), and other investment solutions offered on the Platform. These solutions are provided by a number of institutional investment strategists and based on the information, research, asset allocation methodology and investment strategies of these institutional strategists, including AssetMark.

IAR also introduces clients to, and advises on the selection of, independent investment managers who provide discretionary management of individual portfolios using a variety of different securities analysis methods, sources of information and investment strategies. Clients will receive a separate disclosure brochure from these investment managers regarding their investment advisory services.

With respect to clients investing in the AssetMark Advisor Model Platform, IAR introduces clients to, and advises on the selection of, independent investment managers who provide discretionary management of individual portfolios including a wide variety of security types. Clients will receive a separate disclosure from such investment managers regarding any such investment manager's advisory services.

**B.** The investment strategy for a specific Client is based upon the objectives stated by the Client during consultations. The Client may change these objectives at any time. Strategies may include long-term purchases, short-term purchases, trading, speculation, margin transactions, and options transactions.

An IAR may use the above methods of analysis and investment strategies to design a Client portfolio to satisfy the following:

Investment Objectives:

- Capital Preservation: Seeks to maintain principal, with a primary interest in investments that have a low risk of loss of principal.
- Income: Seeks to generate income from investments, with an interest in investments that have a history of income payments to investors, and a low risk of loss of principal.
- Total Return: Seeks to generate a total return from investments consistent with investment goals and risk tolerance. Willing to invest in securities accordingly, combining both capital appreciation and current income objectives.
- Growth: Seeks to grow principal over time. Willing to invest in securities with moderate historical loss of principal.
- Aggressive Growth: Seeks to grow principal over time. Willing to invest in securities with moderate to above-average historical risk of loss of principal.
- Tax Efficiency: Seeks to invest in tax efficient securities and/or employ a tax efficient investment strategy in an effort and attempt to minimize tax liabilities resulting from investment.

Risk Tolerance:

- Conservative: Values protecting principal over seeking appreciation. Comfortable accepting lower returns for a higher degree of liquidity and/or stability. Attempts to minimize risk and loss of principal.
- Moderately Conservative: Values principal protection, but is comfortable accepting a small degree of risk and volatility to seek some degree of appreciation. Desires greater liquidity, and is willing to accept lower returns and minimal loss.

- **Balanced:** Values reducing risks and enhancing returns equally. Willing to accept modest risks to seek higher long-term returns. Willing to endure short-term loss of principal and lower degree of liquidity in exchange for potential long-term appreciation.
- **Growth:** Values higher long-term returns and is willing to accept considerable/ significant risk. Believes that higher long-term returns are more important than protecting principal. Willing to endure large losses in favor of potentially higher long-term returns. Liquidity may not be a concern.
- **Aggressive:** Values maximizing returns and is willing to accept substantial risk, up to and including complete loss of principal. Willing to endure extensive volatility and significant losses in pursuit of long-term appreciation. Liquidity is generally not a concern.

Investing involves risk, including possible loss of principal. No strategy assures success or protects against loss. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk. Asset Allocation does not ensure a profit or protect against loss. Past performance is no guarantee of future results. Frequent trading can impact investment performance and involve additional transaction costs and taxes. It is suggested that specific tax issues are discussed with a qualified advisor.

The aforementioned risks also apply to TAMPs. However, please be advised to review the TAMP account opening documentation for any specific risks associated with a particular TAMP

**C.** Each IAR's approach to investment management is unique to that IAR, it is not possible to specify the types of risk of each IAR's investment management approach. Risks may include, but are not limited to:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Political Risk:** The risk that a major change in the political or economic environment of a country may devalue investments made in that country. This risk is typically related to foreign emerging or developing countries that do not have stable or political environments.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

All investments in mutual funds, exchange traded funds, stocks, bonds, options, and other securities including the use of margin entail risk, involve potential loss of principal. Some investment decisions made by your IAR may result in profits and others in losses. SCFIA and your IAR do not, and cannot guarantee that your investment objectives will be realized.

The aforementioned risks also apply to TAMPs. However, please be advised to review the TAMP account opening documentation for any specific risks associated with a particular TAMP.

## ITEM 9 DISCIPLINARY INFORMATION

On August 13, 2020, SCFIA entered into a settlement ("Order") with the Securities and Exchange Commission ("SEC"). Without admitting or denying the findings, SCFIA consented to the findings that, as a result of the conduct described below, SCFIA violated Section 206(2) of the Advisers Act, which makes it unlawful for any investment adviser, directly or indirectly, to "engage in any transaction, practice or course of business which operates as a fraud or deceit upon any client or prospective client," and Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, which require a registered investment adviser to adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules thereunder.

The Order finds that the violations resulted from the following conduct of SCFIA: 1) Breaches of fiduciary duties by SCFIA in connection with its mutual fund share class selection practices and receipt of compensation pursuant to Rule 12b-1 under the Investment Company Act of 1940 ("12b-1 fees") and revenue sharing agreements. 2) Violated its duty to seek best execution for such transactions. 3) Failed to adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Advisers Act and the

rules thereunder in connection with its mutual fund share class selection practices. 4) Although eligible to do so, did not self-report to the SEC pursuant to the Division of Enforcement's Share Class Selection Disclosure Initiative.

The Order requires SCFIA to cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7 promulgated thereunder; censures SCFIA; and requires SCFIA to pay disgorgement of \$544,446.34 and prejudgment interest of \$22,746.63 to compensate advisory clients who were affected by certain conduct detailed in the Order. Lastly, SCFIA will pay a civil monetary penalty in the amount of \$200,000.

SCFIA or IAR information is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov) or [www.finra.org/brokercheck](http://www.finra.org/brokercheck). SCFIA's CRD number is 123608.

## ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

**A.** SCFIA is affiliated with SCF Securities, Inc. ("SCFS"), a registered securities broker-dealer and SCF Marketing, Inc. ("SCFM"), an insurance agency. Clients may wish to purchase securities and/or insurance products through the affiliated firms. However, no advisory Client is in any way obligated to purchase any recommended products or to purchase them through the affiliated firms.

SCFIA is an indirect wholly owned subsidiary of Atria Wealth Solutions, Inc. (Atria), a privately-owned company. As a subsidiary of Atria, SCFIA is affiliated with other financial services companies, including Western International Securities, Inc., a broker/dealer, an SEC registered investment adviser and an insurance agency, Ovest Insurance Services LLC, an insurance agency, NEXT Financial Group, Inc., a broker/dealer, an SEC registered investment adviser and an insurance agency, NEXT Financial Insurance Services Company, an insurance agency, Cadaret, Grant & Co., Inc., a broker/dealer and SEC registered investment adviser, Cadaret Grant Agency Inc., an insurance agency, CUSO Financial Services, L.P., a broker/dealer and SEC registered investment adviser, Sorrento Pacific Financial, LLC, a broker/dealer, SEC registered investment adviser and an insurance agency, and CFS Insurance & Technology Services, LLC, an insurance agency.

**B.** Neither SCFIA nor any management persons are registered or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

**C.** SCFIA is under common ownership with SCFS and SCFM. SCFS introduces brokerage accounts on a fully disclosed basis to National Financial Services (NFS), a Fidelity company. IARs may refer Clients to SCFS and SCFM, and in their capacity as a representative of SCFS and/or SCFM will earn commissions for any transactions effected through these SCFIA related entities. Advisory Clients should be aware that this represents a conflict of interest in which the same person or related firms will receive compensation both for recommending certain products and for effecting transactions in those recommended products. SCFS receives additional compensation for advisory accounts opened with NFS such as but not limited to, interest, trailing fees, transaction charges, and account service fees. We have a compliance program in place that is intended to identify, mitigate, and in some instances, prevent actual and potential conflicts of interest, ensure compliance with legal and regulatory requirements and ensure compliance with Client investment guidelines and restrictions. Our compliance program includes written policies and procedures we believe to be reasonably designed to prevent violations of applicable law and regulations.

**D.** IAR's may act as a solicitor for various TAMPs to employ their investment management services. In these scenarios, the IAR will receive solicitor compensation from the TAMP when assets are placed in their management. Solicitor compensation varies from one TAMP to another based on the services being provided. Since solicitor compensation varies, this may present a conflict of interest. Please be advised that IARs have an inherent fiduciary obligation to serve the Client's best interest. The amount of such compensation may be more than what the IAR would be paid if the Client participated in different advisory programs or paid separately for investment advice, brokerage, and other services. To the extent this occurs there may be a financial incentive to recommend the wrap fee program over other programs or services.

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

**A.** SCFIA expects its employees and IARs to maintain high standards of ethical and business conduct. SCFIA is dedicated to supporting an ethical culture. Because of the high importance that SCFIA places on ethical conduct, SCFIA has adopted a Code of Ethics that all IARs and other supervised persons of SCFIA are expected to adhere to. This Code of Ethics reflects SCFIA and its IARs' fiduciary obligations and requires, among other things, compliance with applicable federal and other securities laws. SCFIA's Code of Ethics also establishes standards for its IARs' personal securities transactions and prohibits the use of material non-public information. A copy of SCFIA's complete Code of Ethics may be obtained from your IAR upon request by Clients or prospective Clients.

**B.** SCFIA does not act as a principal in any fee-based account for which it is also an investment advisor. SCFIA is not a market maker in any security, nor does SCFIA carry positions in securities for resale. SCFIA does not hold any customer funds or securities.

**C.** SCFIA or IARs may invest in securities identical to those recommended to customers for their personal accounts but may do so only after trades have been placed for Clients. In addition, any related person(s) may have a pre-existing interest or position in securities that may be recommended to a Client. It is the expressed policy of SCFIA that IARs and other associated persons may not purchase or sell any security for their own account immediately prior to a transaction being implemented in the same or related security for an advisory account.

**D.** SCFIA or IARs may buy or sell securities identical to those recommended to customers for their personal accounts but may do so only after trades have been placed for Clients. In addition, any related person(s) may have a pre-existing interest or position in securities that may be recommended to a Client. It is the expressed policy of SCFIA that IARs and other associated persons may not purchase or sell any security for their own account immediately prior to a transaction being implemented in the same or related security for an advisory account.



**E.** SCFIA, its IARs, or its affiliates receive, directly or indirectly, payments including 12b-1 fees, incentives, gifts or other compensation in conjunction with the implementation of investment advice given to clients. Disclosure is required for such compensation received by SCFIA, its IAR's, control persons or affiliates, related to client purchases and the payment of referral fees as the payments constitute a conflict of interest when investment recommendation are made to clients where a lower cost non 12b-1 fee paying share class of the same investment class is available but not recommended. As previously mentioned, SCFIA mitigates conflicts related to 12b-1 fees by rebating the fee back to the client account. However, we cannot guarantee that any transaction effected will result in the lowest overall cost or 12b-1 fee.

The Firm and its affiliates will not be responsible for reviewing existing account holdings and positions that are transferred or deposited from other financial institutions to determine if a lower cost share class alternative of the same investment is available to the client following the transfer. The Firm makes no guarantee that any transaction effected will result in the lowest overall cost or 12b-1 fee.

When appropriate, IARs may recommend an illiquid or limited liquidity product to clients. These are commonly known and referred to as "alternative investments" and may include Real Estate Investment Trusts, Business Development Companies, Hedge Funds, Private Equity Funds, Partnerships, Interval Funds, and non-traded preferred stocks. Product fees and liquidity provisions will be detailed in the product's prospectus or offering documents. Because advisory accounts are typically subject to ongoing investment advisory or management fees, the cost of owning illiquid assets in an advisory account may be greater than if the same asset were purchased on a commission basis in a non-advisory account. Additionally, SCFIA, SCFS, and IAR may receive more overall compensation in certain instances.

IARs make retirement plan rollover recommendations to Clients when appropriate. Retirement plan rollovers may include but not be limited to the recommendation that clients move funds from an employer or government sponsored retirement or pension plan to an Individual Retirement Account ("IRA") opened through SCFIA. These types of recommendations also include lump sum pension payments. Clients need to be aware that rollover recommendations present a conflict of interest because SCFIA and its IAR will receive fees from management of the rollover funds based on Client acceptance of the recommendation that SCFIA and IAR would not otherwise receive or be entitled to had the recommendation not been made to Client nor acted upon by Client. SCFIA and IAR could have recommended that the Client leave his or her money in a retirement plan account and not roll over. In this case, SCFIA and its IAR would not be compensated for their advice. The acceptance and execution of a rollover recommendation by Client will almost always result in Client paying higher overall fees and expenses than if Client does not accept the recommendation and leaves the assets in his or her retirement plan account.

## **ITEM 12 BROKERAGE PRACTICES**

**A.** IARs custodian recommendations are made to Clients based on their need for such services. SCFIA and IARs do not require the use of any particular broker/dealer to serve as qualified custodian. SCFIA's services are considered "open architecture". However, pursuant to its fully disclosed clearing agreement with NFS, SCFS receives additional compensation in the form of 12b-1 fees, and revenue sharing payments based on overall transaction volumes including ticket charges and balances in Fidelity Money Market cash sweep vehicles. SCFS also receives clearing and execution discounts from NFS when predetermined monthly trade volume thresholds are reached. The terms of these payments to SCFS also apply to SCFIA advisory business placed with NFS and present a conflict of interest when lower cost share classes are available to the client. A conflict of interest exists to the extent advisory accounts are opened and transactions are effected through SCFS and NFS opposed to other broker-dealer and qualified custodian relationships that are available that do not compensate or otherwise make these types of payments to any SCF related entity. To mitigate this conflict, SCFIA rebates 12b-1 fees it or SCFS receives in connection with advisory business.

Item 5 of this brochure discusses revenue sharing arrangements our affiliate SCFS has with its custodian and clearing firm NFS related to cash deposit sweep vehicles. To mitigate this conflict, SCFIA defaults all NFS advisory clients to the Fidelity Government Money Market Fund (SPAXX), which does not have any 12b-1 fee or result in any revenue sharing payments to any SCF entity. A different option can be elected on your NFS new account application at the time of account opening, or by written request to SCFIA anytime thereafter. If no different Vehicle is selected or you leave the section blank, your account will be subject to the default referenced above. You should consult your IAR or SCFIA for a list of available options. Different Vehicles may have different rates of return and different terms and conditions, such as FDIC insurance or SIPC protection. If you do not select a Vehicle, SCFIA and its IAR may not consider these differences when selecting a default Vehicle for you. You authorize SCFIA and/or NFS to change the Vehicle in your core account at their discretion.

SCFIA offers its IARs a higher payout percentage of earned advisory fees for using NFS as a qualified custodian opposed to other qualified custodian relationships that are available. IARs who utilize or direct accounts to approved qualified custodians other than NFS receive a reduced payout of earned advisory fees, known as a "Payout Adjustment Factor (PAF)". Therefore, IARs subject to the PAF are provided with an incentive to direct accounts and advisory assets to NFS over other qualified custodians due to the higher overall compensation the IAR will receive, which depending on account and transaction details may result in a higher overall cost to clients. SCFIA indirectly receives additional benefits and revenues from NFS through its affiliate relationship with SCFS. The PAF represents a conflict of interest by creating a financial incentive for IARs to direct client advisory assets to NFS over other qualified custodians which results in higher overall compensation to the IAR and to SCFIA's affiliate SCFS.

Occasionally, and from time to time, trade errors may be made in Client accounts. This could happen for various reasons ranging from clerical errors in entering the order, to miscommunications between SCFIA, IAR, or Client. Client shall be responsible for any losses, correction costs, or fees related to trade error corrections where the trade error was the fault of the Client. SCFIA and IAR shall be responsible for any corrections cost, fees, or related costs where the trade error was the fault of SCFIA or its IAR. Clients should be aware that any investment gains related to a trade error for accounts in custody with and cleared through SCFIA's affiliate broker-dealer SCFS' fully disclosed clearing agreement with NFS will be retained by SCFS.

In certain instances, clients may be able to negotiate more favorable margin interest rates with the custodian/ clearing firm based on but not limited to factors such as the client's account balance and margin balance. It is the responsibility of the client to negotiate a more favorable rate if desired with the custodian/ clearing firm through client's IAR. The decision to grant a more favorable rate is at the sole discretion of the custodian/ clearing firm.

An IAR has a fiduciary duty to seek "best execution" for Client securities transactions if it is in a position to direct brokerage transactions. To fulfill this duty, IARs must seek to execute securities transactions for Clients in such a manner that the Client's total cost or proceeds in each transaction is the most favorable under the circumstances. IARs should periodically and systematically evaluate whether brokers are providing best execution for Clients considering available alternatives. When conducting a best execution analysis, IARs should consider each relevant broker's commission rate, execution capability, available research, financial responsibility, responsiveness and value added tools.

SCFS has entered into an agreement with Advisors Asset Management, Inc. (AAM) to assist in executing transactions in fixed income securities. Our affiliate SCFS receives a percentage of the concessions AAM charges on transactions executed with AAM on behalf of SCFIA and its clients. This creates a conflict of interest to the extent fixed income transactions are executed through AAM opposed to other options available to SCFIA clients. SCFIA does not maintain custody of managed assets, although SCFIA may be deemed to have custody of Client assets if given written authority to withdraw assets from accounts (see item 15 Custody, below). Client assets must be maintained in an account at a "qualified custodian", generally a broker-dealer or trust company.

Qualified custodians utilized by the IAR include National Financial Services ("NFS"), Pershing Advisor Solutions ("PAS"), TD Ameritrade Institutional ("TDAI"), Schwab Advisor Services ("Schwab"), and Fidelity Institutional Wealth Services ("IWS"). Qualified custodians may include insurance companies, mutual funds, or other financial institutions.

SCFIA is independently owned and operated, and neither SCFIA, SCFS, nor SCFM are affiliated with any of the above Qualified custodians.

The qualified custodian(s) will maintain physical custody of all funds and securities of the Account, and Client will retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account. Client's beneficial interest in a security does not represent an undivided interest in all the securities held by the qualified custodian(s), but rather represents a direct and beneficial interest in the securities which compose the Account. At least quarterly, Client will receive an account statement from the qualified custodian of the Account detailing transactions in the Account. Any checks drawn on Client's account will be at Client's instructions only. All transactions will be confirmed by receiving customary statements from Client's custodian broker-dealer.

Qualified custodian will hold Client assets in a brokerage account and buy and sell securities when IAR or Client instruct them to. While IAR recommends that you use a qualified custodian to custody assets, Client will decide whether to do so and open an account with that Qualified custodian by entering into an account agreement directly with them. SCFIA and IAR do not open the account for Client. If Client does not wish to place assets with the recommended Qualified custodian then IAR cannot manage the account.

Even though Client account is maintained at a Qualified Custodian, SCFIA and IAR can still use other brokers to execute trades for Client account.

Client accounts maintained at a Qualified custodian will be charged additional fees from that custodian. Qualified custodians are compensated by charging Clients commissions or other fees on trades that it executes or that settling into Client accounts. For some accounts, the Qualified custodian may charge Client a percentage of the dollar amount of assets in the account in lieu of commissions. The commission rates and asset-based fees applicable to Client accounts are typically negotiated based on Client commitment to maintain a certain level of assets with that Qualified custodian. This commitment benefits Client because the overall commission rates and asset-based fees Client will pay are lower than they would be if SCFIA or IAR had not made the commitment.

In addition to commissions or asset-based fees, the Qualified custodian charges Client a flat dollar amount as a "prime broker" or "trade away" fee for each trade that SCFIA or IAR have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into Client account. These fees are in addition to the commissions or other compensation Client pays the executing broker-dealer. Because of this, to minimize Client trading costs, IAR will execute most trades for your account at the Qualified custodian.

Qualified custodians provide SCFIA, IARs and Clients with access to institutional brokerage, trading, custody, reporting and related services which may not typically be available to retail customers. Qualified custodians also make available various support services. Some of those services help SCFIA and IAR to manage or administer Client accounts while other help SCFIA and IARs manage and grow their business.

Qualified custodians include access to a broad range of investment products, execution of securities transactions, and custody of client assets.

1. SCFIA does not receive research or any other products or services, other than execution and custody services from a broker-dealer in connection with Client securities transactions ("soft dollar benefits"). SCFIA does not consider, in selecting or recommending broker-dealers, whether SCFIA or a related person of SCFIA receives Client referrals from a broker-dealer or third party.

Product sponsors (such as: mutual fund companies; insurance companies and direct investment companies, etc.) and custodians which are recommended to Clients may provide various types of support to SCFIA and its IARs. Such support includes, but is not limited to: research, educational information, financial support for due diligence meetings and Client events. The receipt of this type of support may present a conflict of interest. Please be advised that IARs have an inherent fiduciary obligation to serve the Client's best interest.

2. SCFIA, IARs or related persons do not receive Client referrals when selecting or recommending a broker-dealer or third party.

3. SCFIA does not recommend, request, require or permit that a Client direct SCFIA to execute transactions through a specific broker-dealer.



4. Because our IARs generally manage Client account(s) independently of other accounts based on each Client's specific needs and objectives, transactions for Client accounts are often executed independently. IARs may aggregate transactions in equity and fixed income securities for a Client with other Clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the Client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. For partially filled orders, the IAR generally will allocate trades pro-rata or on a random basis to treat Clients fairly and not favor one Client over another. IARs may determine not to aggregate transactions, for example, based on the size of the trades, the number of Client accounts, the timing of the trades, the liquidity of the securities and the discretionary or non-discretionary nature of the trades. If IARs do not aggregate orders, some Clients purchasing securities around the same time may receive a less favorable price than other Clients. This means that this practice of not aggregating may cost Clients more money. Please ask your IAR if you would like more information on the IAR's practices in this respect.

#### **AssetMark Advisor Model Program**

IAR assists the client in selecting the risk/return objective and Portfolio Strategists that best suit the client's objectives. The client then specifically directs the account to be invested in accordance with the chosen investment solution. When the client selects the investment solutions, the client further directs that the account be automatically adjusted to reflect any adjustment in the asset allocation by the selected Portfolio Strategist. This client authorization results in the purchase and sale of certain mutual funds or ETFs (or transfers between variable annuity sub-accounts) without further authorization by the client or any other party at such time as the Portfolio Strategist changes the composition of the selected model asset allocation.

The client receives confirmation of all transactions in the account and is free to terminate participation in the Platform and retain or dispose of any assets in the account at any time. The IAR has no authority to cause any purchase or sale of securities in any client account, or change the selected model asset allocation or to direct the account to be invested in any manner other than as previously authorized by the client.

If a client selects an IMA, UMA or CMA investment solution, the third-party Discretionary Managers are granted the authority to manage the accounts on a discretionary basis, including the authority to buy, sell, select, remove and select securities and other investments for the account, and to select broker-dealers or others through which transactions will be effected.

### **ITEM 13 REVIEW OF ACCOUNTS**

**A.** Financial planning agreements may terminate upon delivery of the plan. However, Clients are encouraged to update their financial plans annually with their IAR. Such annual reviews are conducted at the election of the Client and a new agreement for services between SCFIA, the Client and the IAR will be required. The review may consist of a new personal financial plan if the Client's circumstances and/or goals have changed (updated financial plan). Alternatively, the review may be a comparison of the Client's current assets and goals as stated in the personal financial plan (progress report). SCFIA compliance department supervisors review all submitted financial plans for completeness and accuracy based on the specific planning needs of the Client. If Client engages in an ongoing consulting services agreement with an IAR, periodic reviews of the services being provided will be conducted.

For advisory services, IARs review Client accounts on an ongoing basis to provide management services. IARs review monthly or quarterly accounts statements provided by the custodian. In addition, SCFIA reviews accounts using risk based criteria such as performance, trading activity, and concentration. SCFIA compliance department supervisors review a sample of accounts on at least a quarterly basis.

For asset monitoring services, IARs review the TAMP on an ongoing basis and meet with Clients to review such items as account statements, quarterly performance reports, and other information or data related to the Client's account and investment objective. The TAMP sponsor or custodian of the TAMP account assets send Clients regular written reports and statements regarding the account. Asset Monitoring for accounts that are held away the IAR will review on an ongoing basis and meet with Clients to review such items as account statements, quarterly performance reports, and other information or data related to the Client's account and investment objective.

**B.** SCFIA or IAR may review Client account on other than a periodic basis due to factors such as material market, economic or political events, changes in financial or personal situation, performance of the account in general or Client inquiry. Additionally, compliance department supervisors may periodically review accounts to identify situations that may call for a more detailed review or specific action to be taken on the account.

**C.** Custodian and/or TAMP written account reports and statements include, but not limited to, performance, transactions, balances and any other content that the custodian and/or TAMP constitute as relevant to the account. These written account reports and statements are provided monthly and/or at least quarterly to Client.

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

**A.** SCFIA and its IARs receive an economical benefit via additional compensation from product sponsors. However, such compensation may not be tied to the sales of any products. Compensation includes such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings with IAR, client workshops or events, marketing events or advertising initiatives, including services for identifying prospective clients. Product sponsors also pay for, or reimburse SCFIA for the costs associated with, education or training events that are attended by SCFIA employees and IARs and for SCFIA-sponsored conferences and events. Additionally, SCFIA or its affiliates receive due diligence fees in connection with the purchase of certain alternative investment products. Therefore, a conflict of interest exists to the extent their products may be approved by SCFIA or its affiliates and recommended to clients.

In their capacity as registered representatives of our affiliated broker-dealer, IARs may recommend other investment products that are subject to commission payments and other ongoing fees, including 12b-1 payments or one-time payments to SCFIA, its IAR, and/or

SCFS. Clients may or may not be able to execute transactions in these products at a lower overall cost through another firm not affiliated with any SCF entity. Clients are under no obligation to execute any securities transactions that may be recommended by their IAR through SCFIA or its affiliates.

As noted in Item 5 and Item 12 of this brochure, SCFIA's affiliate broker-dealer SCFS receives 12b-1 fee and revenue sharing payments in conjunction with advisory accounts opened through SCFS' fully disclosed clearing agreement with NFS. These payments are revenues received in addition to any advisory fees a client pays and they create a conflict of interest clients need to be aware of. Clients are encouraged to read these brochure items in detail and contact SCFIA with any questions they may have. SCFIA mitigates this conflict by rebating 12b-1 fees received in conjunction with advisory business to the client account which caused the payment.

SCFIA and its IAR receive solicitor fees for referring clients to TAMPs. Therefore, a conflict of interest exists to the extent SCFIA and its IAR recommend a TAMP's services to clients.

IARs may recommend the purchase of indexed, fixed, or general insurance products through SCFIA's affiliate insurance agency or through an approved outside business activity. SCFIA does not oversee and is not responsible for sales of these products.

SCFIA or IAR receive an economic benefit from Qualified custodians in the form of the support products and services they make available for Client accounts maintained with the custodian. These products and services, how they benefit SCFIA and IAR, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability to use the Qualified Custodians products and services is not based on us giving investment advice, such as buying particular securities for Clients or based on directing client assets to any particular custodian.

With respect to the AssetMark Platform, SCFIA or its IAR may, subject to negotiation with AssetMark, receive certain allowances, reimbursements or services from AssetMark in connection with IAR's investment advisory services to its clients, as described below and in further detail in the Appendix 1 of the AssetMark Platform Disclosure Brochure.

Under AssetMark's Business Development Allowance program, IAR may receive a quarterly business development allowance for reimbursement of qualified marketing/ practice development expenses incurred by the IAR. These amounts vary depending on the value of the assets on the AssetMark Platform held by Clients of the IAR.

IAR may enter into marketing arrangements with AssetMark whereby the IAR receives compensation and/or allowances in amounts based either upon a percentage of the value of new or existing Account assets of Clients referred to AssetMark by IAR, or a flat dollar amount.

AssetMark may sponsor annual conferences for SCFIA and/or its IARs designed to facilitate and promote the success of the Financial Advisory Firm and/or Financial Advisor and/or AssetMark advisory services. Other firms may also sponsor annual conferences or other events for SCFIA and/or its affiliates.

IARs may receive discounted pricing from AssetMark for practice management and marketing related tools and services.

AssetMark offers the Community Inspiration Award to honor selected individuals across the US who have inspired others by supporting charitable organizations in their communities. AssetMark will make a cash donation, subject to the published rules governing the program, to the IAR's nominated charity in accordance with guidelines as outlined in the AssetMark Platform Disclosure Brochure.

**B.** SCFIA compensates various unaffiliated third parties ("Solicitors") to refer SCFIA clients and prospects. Any such arrangements SCFIA enters into will be in compliance with the Investment Advisors Act which requires among other things that clients or prospects referred by a solicitor receive this brochure, a solicitor disclosure statement detailing the terms and amount SCFIA will pay the referring solicitor, and written acknowledgement that these documents were received by the client or prospect either prior to or at the time an advisory agreement is entered into with SCFIA. Advisory fees charged to clients obtained through a solicitor arrangement can be higher than fees charged to clients obtained through other arrangements.

## ITEM 15 CUSTODY

SCFIA does not have any arrangements whereby it accepts or holds client funds or securities. SCFIA has existing relationships with several Qualified Custodians that are solely responsible for accepting and holding all client funds and securities.

However, SCFIA is deemed to have custody of client assets by virtue of standing authorization to deduct advisory fees from client accounts pursuant to a written, executed agreement between SCFIA, its IAR, and Client. SCFIA is also deemed to have custody of client assets by allowing clients to maintain certain first, and third-party standing letters of authorization for client funds and/or securities movement.

SCFIA intends to comply with SEC no-action relief conditions, thereby exempting it from an annual surprise audit. Qualified Custodians assist SCFIA in its compliance with the SEC no-action relief conditions by performing appropriate verification of client cashing instructions. All cashing requests and standing instructions must be provided and authorized by the client in writing. Client maintains the ability to terminate or change any instruction given. SCFIA, its IARs, and associates have no authority or ability to designate or otherwise change any portion of the client's request. All changes must be made by the client in writing via a signed request.

Client's qualified custodian will send the client in writing, an initial notice confirming instructions received, and an annual notice reconfirming the instruction. SCFIA will maintain records showing that the contra-party to any cashing request is not a related party of SCFIA, or located at the same address of SCFIA, or any of its affiliates or IARs.

With regard to the AssetMark Advisor Model Platform, SCFIA does not provide custodial services to its clients. Client assets are held with banks, financial institutions or registered broker-dealers that are "qualified custodians." Clients will receive statements directly from the qualified custodians at least quarterly. We urge clients to carefully review those statements and compare the custodial records to the reports that we provide them. The information in our reports may vary from custodial statements based on accounting procedures,

reporting dates or valuation methodologies of certain securities.

#### **ITEM 16 INVESTMENT DISCRETION**

SCFIA and its IARs may accept discretionary authority to manage securities accounts on behalf of Clients. SCFIA and IAR have the authority to determine, without obtaining specific Client consent, the type of securities and/or amount to be bought or sold. Discretionary trading authority facilitates placing trades in Client accounts on Client's behalf so the IAR may promptly implement the investment policy the Client has approved in writing. Full discretion is accepted upon selecting discretion on the designated agreement.

#### **ITEM 17 VOTING CLIENT SECURITIES**

SCFIA and IARs do not, and cannot be directed by Clients to vote proxies on securities. Clients are expected to vote their own proxies. SCFIA and IARs do not provide proxies to Clients, Clients will receive them directly from the custodian and/or transfer agent. SCFIA and IARs do not provide guidance on proxy voting.

With regard to the AssetMark Advisor Model Platform, the Client retains the right to vote proxies if the Account is invested in a Mutual Fund, ETF or Variable Annuity Investment Solution. If the Account is invested in an IMA, CMA, or UMA Investment Solution, the Client designates the applicable Discretionary Manager as their agent to vote proxies on securities in the Account. Client acknowledges that as a result of this voting designation they are also designating the Discretionary Manager as their agent to receive proxies, proxy solicitation materials, annual reports provided in connection with proxy solicitations and other materials provided in connection with the above actions relating to the assets in the Account. However, the Client retains the right to vote proxies and may do so by notifying SCFIA or its IAR in writing of the desire to vote future proxies.

#### **ITEM 18 FINANCIAL INFORMATION**

**A.** A balance sheet is not required to be provided because SCFIA does not serve as a custodian for Client funds or securities, and does not require prepayment of fees of more than \$1,200 per Client, six months or more in advance.

**B.** SCFIA does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to Clients.

**C.** SCFIA has not been subject to a bankruptcy petition at any time in the past ten years.

SCF Securities, Inc., an affiliate of SCF Investment Advisors, Inc., whose employees provide back office advisory functions for customers and investment advisor representatives of SCF Investment Advisors, Inc., received a Paycheck Protection Plan ("PPP") Loan in the amount of \$400,000 through the Small Business Administration in conjunction with the relief afforded from the CARES Act during the COVID-19 Pandemic. SCF Securities, Inc. received forgiveness for the loan as outlined by the PPP Loan program.

Several individual IARs also elected to participate in the Payroll Protection Plan and received PPP Loans to sustain business continuity and may continue to participate in the PPP program. You may contact your assigned advisory agent to learn the specific details of their participation in the PPP loan program such as the amount of any loan and the purpose of their participation.

#### **ITEM 19 REQUIREMENTS FOR STATE-REGISTERED ADVISORS**

SCFIA is SEC registered and not a state-registered advisor.