



S. Harris Financial Group

## **S Harris Financial Group, LLC**

### **Form ADV Part 2A – Disclosure Brochure**

**Effective: March 24, 2025**

This Form ADV Part 2A (“Disclosure Brochure”) provides information about the qualifications and business practices of S Harris Financial Group, LLC (“SHFG” or the “Advisor”). If you have any questions about the content of this Disclosure Brochure, please contact the Advisor at 210-547-3450.

SHFG is a registered investment advisor with the U.S. Securities and Exchange Commission (“SEC”). The information in this Disclosure Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about SHFG to assist you in determining whether to retain the Advisor.

Additional information about SHFG and its Advisory Persons is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor’s firm name or CRD# 151899.

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## Item 2 – Material Changes

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Form ADV 2 is divided into two parts: *Part 2A (the "Disclosure Brochure")* and *Part 2B (the "Brochure Supplement")*. The Disclosure Brochure provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. The Brochure Supplement provides information about the Advisory Persons of SHFG. For convenience, the Advisor has combined these documents into a single disclosure document.

SHFG believes that communication and transparency are the foundation of its relationship with clients and will continually strive to provide you with complete and accurate information at all times. SHFG encourages all current and prospective clients to read this Disclosure Brochure and discuss any questions you may have with the Advisor.

### Material Changes

The following material changes have been made to this Disclosure Brochure since the initial filing on October 1, 2024: SHFG has transitioned from registration with the State of Texas to registration with the SEC. For more information, please see Item 4.

### Future Changes

From time to time, the Advisor may amend this Disclosure Brochure to reflect changes in business practices, changes in regulations or routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to you annually and if a material change occurs.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 151899. You may also request a copy of this Disclosure Brochure at any time by contacting the Advisor at 210-547-3450.

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## Item 4 – Advisory Services

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### A. Firm Information

S Harris Financial Group, LLC (“SHFG” or the “Advisor”) is a registered investment advisor with the SEC. The Advisor is organized as a Limited Liability Company (LLC) under the laws of Texas. SHFG was founded in September 2009 and is owned and operated by Stephanie Harris (Owner, Partner), and Gary Scott Harris (“Scott Harris”) (Chief Compliance Officer). This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by SHFG.

### B. Advisory Services Offered

SHFG offers investment advisory services to individuals, high net worth individuals and families, and retirement plans (each referred to as a “Client”).

The Advisor serves as a fiduciary to Clients, as defined under the applicable laws and regulations. As a fiduciary, the Advisor upholds a duty of loyalty, fairness and good faith towards each Client and seeks to mitigate potential conflicts of interest. SHFG's fiduciary commitment is further described in the Advisor's Code of Ethics. For more information regarding the Code of Ethics, please see Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

#### Wealth Management Services

SHFG provides customized wealth management services for its Clients. This is achieved through continuous personal Client contact and interaction while providing discretionary investment management services and a broad range of comprehensive financial planning. These services are listed below.

*Investment Management Services* – SHFG provides discretionary investment management services. The Advisor works closely with each Client to identify their investment goals, objectives, risk tolerance and financial situation in order to create a portfolio strategy. The Advisor will then construct an investment portfolio primarily consisting of individual stocks, exchange-traded funds (“ETFs”), mutual funds, bonds, or option contracts to meet the needs of its Clients. The Advisor may retain other types of investments from the Client's legacy portfolio due to fit with the overall portfolio strategy, tax-related reasons, or other reasons as identified between the Advisor and the Client.

SHFG's investment strategies are primarily long-term focused, but the Advisor may buy, sell or re-allocate positions that have been held for less than one year to meet the objectives of the Client or due to market conditions. The Advisor will construct, implement and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by the Client. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to acceptance by the Advisor.

SHFG evaluates and selects investments for inclusion in Client portfolios only after applying its internal due diligence process. SHFG may recommend, on occasion, redistributing investment allocations to diversify the portfolio. SHFG may recommend specific positions to increase sector or asset class weightings. SHFG may recommend employing cash positions as a possible hedge against market movement. SHFG may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position[s] in the portfolio, change in risk tolerance of the Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client's risk tolerance.

*Retirement Accounts* – When the Advisor provides investment advice to Clients regarding ERISA retirement accounts or individual retirement accounts (“IRAs”), the Advisor is a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act (“ERISA”) and/or the Internal Revenue Code (“IRC”), as applicable, which are laws governing retirement accounts. When deemed to be in the Client's best interest, the Advisor will provide investment advice to a Client regarding a distribution from an ERISA retirement account or to roll over the assets to an IRA, or recommend a similar transaction including rollovers from one ERISA sponsored Plan to another, one IRA to another IRA, or from one type of account to another account (e.g. commission-based account to fee-based account). Such a recommendation creates a conflict of interest if the Advisor will earn a new (or increase its current) advisory fee as a

result of the transaction. No client is under any obligation to roll over a retirement account to an account managed by the Advisor.

At no time will SHFG accept or maintain custody of a Client's funds or securities, except for the limited authority as outlined in Item 15 – Custody. All Client assets will be managed within the designated account[s] at the Custodian, pursuant to the terms of the advisory agreement. Please see Item 12 – Brokerage Practices.

*Financial Planning Services* – SHFG provides financial planning and consulting services to Clients as part of its wealth management services. Financial planning may also be offered on a standalone basis. Financial planning services are offered in several areas of a Client's financial situation, depending on the Client's attitudes, goals, objectives, time horizon, and risk tolerance. Generally, such financial planning services involve preparing a formal financial plan which may encompass one or more areas of need including but not limited to cash flow management, debt management, summary of net worth, retirement projections, risk tolerance review, insurance review, tax and estate planning, education planning, and Certified Divorce Financial Analysis.

A financial plan developed for, or financial consultation rendered to the Client will usually include general recommendations for a course of activity or specific actions to be taken by the Client. For example, recommendations may be made that the Client start or revise their investment programs, commence or alter retirement savings, establish education savings and/or charitable giving programs.

The Advisor may also refer Clients to an accountant, attorney or other specialists, as appropriate for their unique situation. The Advisor will provide a written summary of observations, and recommendations. For certain standalone financial planning or ad-hoc engagements, the Advisor may not provide a written summary. For project based engagements, the plans or consultations are typically completed within six (6) months of contract date, assuming all information and documents requested are provided promptly.

Financial planning and consulting recommendations pose a conflict between the interests of the Advisor and the interests of the Client. For example, the Advisor has an incentive to recommend that Clients engage the Advisor for investment management services or to increase the level of investment assets with the Advisor, as it would increase the amount of advisory fees paid to the Advisor. Clients are not obligated to implement any recommendations made by the Advisor or maintain an ongoing relationship with the Advisor. If the Client elects to act on any of the recommendations made by the Advisor, the Client is under no obligation to implement the transaction through the Advisor.

#### Insurance Consulting

The Advisor has a relationship with DPL Financial Partners, LLC ("DPL"). The Advisor provides insurance review, analysis, education, and insurance solutions in collaboration with DPL. DPL is a third-party provider of a platform of insurance consulting services to registered investment advisers that have clients with a current or future need for insurance products. The Advisor has engaged with DPL to gain access to DPL's insurance platform for a fixed annual fee. The Advisor is provided access to fee-based insurance products through DPL's licensed insurance agents who are also registered representatives of The Leaders Group, Inc. ("The Leaders Group"), an unaffiliated SEC-registered broker-dealer and FINRA member. These services include, among others, providing the Advisor with analyses of the current methodology for evaluating Client insurance needs, educating and acting as a resource to the Advisor regarding insurance products generally and specific insurance products owned by Clients or that Clients are considering purchasing, and providing the Advisor access to and product marketing support regarding fee-based products that insurers have agreed to offer to the Advisor's Clients through DPL's platform. For providing platform services to the Advisor, DPL receives service fees from the insurers that offer fee-based products through the platform. These service fees are based on the insurance premiums received by the insurers. DPL is licensed as an insurance producer in Kentucky and other jurisdictions where required to perform the platform services. Its representatives are also licensed as insurance producers, appointed as insurance agents of the insurers offering their products through the platform, and registered representatives of The Leaders Group.

#### Certified Divorce Financial Analysis

SHFG provides consulting services specializing in the financial aspects of divorce. SHFG will assist the Client and attorney in understanding the financial implications of their decisions. SHFG will provide consulting services to best

understand the short- and long-term effects of dividing property, analyze pension and retirement plan[s], evaluate the Client's ability to afford the marital home and/or exploring alternative housing options, and recognize the tax consequences of various settlement proposals. SHFG provides a financial consultation to understand the Client's financial situation to help identify the Client's future financial goals, develop a budget, set retirement objectives, understand risk tolerance, and identify lifestyle goals. For certain engagements, SHFG will provide mediation and/or litigation support.

#### Retirement Plan Advisory Services

The Advisor provides 3(38) retirement plan advisory services on behalf of the retirement plans (each a "Plan") and the company (the "Plan Sponsor"). The Advisor's retirement plan advisory services are designed to assist the Plan Sponsor in meeting its fiduciary obligations to the Plan and its Plan Participants. Each engagement is customized to the needs of the Plan and Plan Sponsor. Services generally include plan participant enrollment and education tracking and ongoing investment recommendation and assistance.

These services are provided by the Advisor serving in the capacity as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In accordance with ERISA Section 408(b)(2), the Plan Sponsor is provided with a written description of the Advisor's fiduciary status, the specific services to be rendered and all direct and indirect compensation the Advisor reasonably expects under the engagement.

#### Use of Independent Managers

SHFG will recommend that Clients utilize one or more unaffiliated investment managers or investment platforms (collectively "Independent Managers") for all or a portion of a Client's investment portfolio, based on the Client's needs and objectives. In such instances, the Client will be required to authorize and enter into an investment management agreement with an Independent Manager that defines the terms in which the Independent Manager will provide its services. The Advisor will perform initial and ongoing oversight and due diligence over each Independent Manager to ensure the strategy remains aligned with Client's investment objectives and overall best interest. The Advisor will also assist the Client in the development of the initial policy recommendations and managing the ongoing Client relationship. The Client, prior to entering into an agreement with an Independent Manager, will be provided with the Independent Manager's Form ADV Part 2A - Disclosure Brochure (or a brochure that makes the appropriate disclosures).

### **C. Client Account Management**

Prior to engaging SHFG to provide investment advisory services, each Client is required to enter into one or more agreements with the Advisor that define the terms, conditions, authority and responsibilities of the Advisor and the Client. These services may include:

- Establishing an Investment Strategy – SHFG, in connection with the Client, will develop a strategy that seeks to achieve the Client's goals and objectives.
- Asset Allocation – SHFG will develop a strategic asset allocation that is targeted to meet the investment objectives, time horizon, financial situation and tolerance for risk for each Client.
- Portfolio Construction – SHFG will develop a portfolio for the Client that is intended to meet the stated goals and objectives of the Client.
- Investment Management and Supervision – SHFG will provide investment management and ongoing oversight of the Client's investment portfolio.

### **D. Wrap Fee Programs**

SHFG does not manage or place Client assets into a wrap fee program. Investment management services are provided directly by SHFG.

### **E. Assets Under Management**

As of December 31, 2024, SHFG manages \$351,891,793 in Client assets, \$348,648,373 of which are managed on a discretionary basis and \$3,243,420 on a non-discretionary basis. Clients may request more current information at any time by contacting the Advisor.

## **Item 5 – Fees and Compensation**

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The following paragraphs detail the fee structure and compensation methodology for services provided by the Advisor. Each Client engaging the Advisor for services described herein shall be required to enter into one or more written agreements with the Advisor.

### **A. Fees for Advisory Services**

#### Wealth Management Services

Wealth management fees are paid quarterly in advance pursuant to the terms of the wealth management agreement. Wealth management fees are based on the market value of assets under management at the end of the prior quarter. Certain Clients with a relationship size under \$1,000,000 will be charged a separate annual ongoing financial planning fee paid monthly in advance. Wealth management fees range up to 2.00%. Fees are negotiable based on several factors, including: the scope and complexity of the services to be provided; the level of assets to be managed; and the overall relationship with the Advisor.

The wealth management fee in the first quarter of service is prorated from the inception date of the account[s] to the end of the first quarter. Fees may be negotiable at the sole discretion of the Advisor. The Client's fees will take into consideration the aggregate assets under management with the Advisor. All securities held in accounts managed by SHFG will be independently valued by the Custodian. The Advisor will conduct periodic reviews of the Custodian's valuation to ensure accurate billing.

The Advisor's fee is exclusive of, and in addition to any applicable securities transaction and custody fees, and other related costs and expenses described in Item 5.C below, which may be incurred by the Client. However, the Advisor shall not receive any portion of these commissions, fees, and costs.

#### Financial Planning Services

SHFG offers financial planning services as part of its overall wealth management fee. However, certain Clients with a relationship size under \$1,000,000 will be charged an annual ongoing financial planning fee ranging from \$100 to \$200 per month paid in advance of each month. SHFG also offers standalone financial planning services on an hourly or fixed engagement basis. Hourly fees range from \$300 to \$750 per hour. Fixed engagement fees range from \$8,000 to \$30,000. Fees may be negotiable based on the nature and complexity of the services to be provided and the overall relationship with the Advisor. SHFG also offers specific financial planning services (one-time or on-going) to address specific Client needs, these efforts are priced on a fee based on time and complexity. An estimate for total hours and/or total costs will be provided to the Client prior to engaging for these services.

#### Certified Divorce Financial Analysis

Fees are charged on an hourly basis ranging from \$300 to \$750 per hour. An estimate for total hours and/or total costs will be provided to the Client prior to engaging for these services.

#### Retirement Plan Advisory Services

Retirement plan advisory fees are charged an annual asset-based fee of up to 0.75%. Fees may be billed monthly or quarterly ("Billing Period") in advance or arrears pursuant to the terms of the retirement plan advisory agreement. Retirement plan fees are based on the market value of assets under management at the end of the Billing Period. Fees may be negotiable depending on the size and complexity of the Plan but shall not exceed the fee range stated above.

#### Use of Independent Managers

As noted in Item 4, the Advisor will implement all or a portion of a Client's investment portfolio utilizing one or more Independent Managers. To eliminate any conflict of interest, the Advisor does not earn any compensation from an Independent Manager. The Advisor will only earn its wealth management fee as described above. Independent Managers typically do not offer any fee discounts but may have a breakpoint schedule which will reduce the fee with an increased level of assets placed under management with an Independent Manager. The terms of such fee

arrangements are included in the Independent Manager's disclosure brochure and applicable contract[s] with the Independent Manager. Clients pay the Independent Manager platform fee and investment management fee not to exceed 0.75% annually in addition to the investment advisory fees paid to the Advisor as described above,

## **B. Fee Billing**

### Wealth Management Services

Wealth management fees are calculated by the Advisor or its delegate and deducted from the Client's account[s] at the Custodian. The Advisor shall send an invoice to the Custodian indicating the amount of the fees to be deducted from the Client's account[s] at the beginning of the respective quarter. The amount due is calculated by applying the quarterly rate (annual rate divided by 4) to the total assets under management with SHFG at the end of the prior quarter. Clients may make additions to and withdrawals from account[s] at any time. However, reconciliations are performed on a monthly basis to capture if, at any point, assets in excess of \$10,000 are deposited into or withdrawn from an account after the start of the quarterly billing period. An adjustment will be made in the form of a credit or debit the following billing period to reflect the interim change in portfolio value from the date of the deposit/withdrawal until the end of the quarter. Clients will be provided with a statement, at least quarterly, from the Custodian reflecting deduction of the wealth management fee. Clients are urged to also review and compare the statement provided by the Advisor to the brokerage statement from the Custodian, as the Custodian does not perform a verification of fees. Clients provide written authorization permitting advisory fees to be deducted by SHFG to be paid directly from their account[s] held by the Custodian as part of the wealth management agreement and separate account forms provided by the Custodian.

### Financial Planning Services

Financial planning fees for annual ongoing engagements are invoiced monthly in advance. Financial planning fees for hourly or fixed engagement fees may be invoiced up to fifty percent (50%) of the expected total fee upon execution of the financial planning agreement. The balance shall be invoiced upon completion of the agreed upon deliverable[s]. Fees are paid via check or ACH.

### Certified Divorce Financial Analysis

Fees are invoiced up to one hundred (100%) of the total expected fee upon execution of the agreement. Upon completion of the agreed upon deliverable[s], the Client will be invoiced for any additional hours beyond the initial estimate as applicable.

### Retirement Plan Advisory Services

Retirement plan advisory fees may be directly invoiced to the Plan Sponsor or deducted from the assets of the Plan, depending on the terms of the retirement plan advisory agreement.

### Use of Independent Managers

For Client accounts implemented through an Independent Manager, the Client's overall fees will include SHFG's wealth management fee (as noted above) plus investment management fees and/or platform fees charged by the Independent Manager. The Independent Manager will assume the responsibility for calculating the Independent Manager platform and investment management fees and deducting those fees from the Client's account[s]. SHFG will be responsible for calculating the wealth management fee and deducting from the Client's account[s].

## **C. Other Fees and Expenses**

Clients may incur certain fees or charges imposed by third parties, other than SHFG, in connection with investments made on behalf of the Client's account[s]. The Client is responsible for all custody and securities execution fees charged by the Custodian, as applicable. The Advisor's recommended Custodian does not charge securities transaction fees for ETF and equity trades in a Client's account, provided that the account meets the terms and conditions of the Custodian's brokerage requirements. However, the Custodian typically charges for mutual funds and other types of investments. The fees charged by SHFG are separate and distinct from these custody and execution fees.

In addition, all fees paid to SHFG for investment advisory services are separate and distinct from the expenses charged by mutual funds and ETFs to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A Client may be able to invest in these products directly, without the services of SHFG, but would not

receive the services provided by SHFG which are designed, among other things, to assist the Client in determining which products or services are most appropriate for each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by SHFG to fully understand the total fees to be paid. Please refer to Item 12 – Brokerage Practices for additional information.

#### **D. Advance Payment of Fees and Termination**

##### Wealth Management Services

SHFG is compensated for its wealth management services in advance of the quarter in which services are rendered. Either party may terminate the wealth management agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the wealth management agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. Upon termination, the Advisor will refund any unearned, prepaid wealth management fees from the effective date of termination to the end of the quarter. The Client's wealth management agreement with the Advisor is non-transferable without the Client's prior consent.

##### Financial Planning Services / Certified Divorce Financial Analysis

SHFG requires an advance deposit as described above. Either party may terminate the agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. Upon termination, the Client shall be billed for actual hours logged on the project times the contractual hourly rate. In the case of a fixed fee engagement, the Client shall be billed for the percentage of the engagement scope completed by the Advisor. Upon termination of an annual ongoing engagement, the Advisor will refund any unearned, prepaid planning fees from the effective date of termination to the end of the month. The Client's financial planning agreement with the Advisor is non-transferable without the Client's prior consent.

##### Retirement Plan Advisory Services

The Advisor may be compensated for its services at the beginning of the Billing Period before services are rendered pursuant to the terms of the retirement plan advisory agreement. Either party may request to terminate a retirement plan advisory agreement, at any time, by providing advance written notice to the other party. The Client shall be responsible for fees up to and including the effective date of termination. If the fees are billed in advance, the Advisor will refund any unearned, prepaid retirement plan advisory fees from the effective date of termination to the end of the Billing Period. The Client's retirement plan services agreement with the Advisor is non-transferable without the Client's prior consent.

##### Use of Independent Managers

In the event that a Client should wish to terminate their relationship with the Independent Manager, the terms for the termination will be set forth in the respective agreements between the Client and that Independent Manager. SHFG will assist the Client with the termination and transition as appropriate.

#### **E. Compensation for Sales of Securities**

##### Insurance Agency Affiliation

Certain Advisory Persons are licensed as independent insurance professionals. As an independent insurance professional, an Advisory Person may earn commission-based compensation for selling insurance products, including insurance products offered to Clients. Insurance commissions earned by the Advisory Person are separate and in addition to investment advisory fees. This practice presents a conflict of interest as an Advisory Person who is also an insurance professional will have an incentive to recommend insurance products to the Client for the purpose of generating commissions rather than solely based on the Client's needs. Clients are under no obligation, contractual or otherwise, to purchase insurance products through any Advisory Person affiliated with the Advisor. Please see Item 10 below.

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

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SHFG does not charge performance-based fees for its investment advisory services. The fees charged by SHFG are as described in Item 5 above and are not based upon the capital appreciation of the funds or securities held by any Client.

SHFG does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive or sales quotas to recommend any particular investment options to its Clients.

## **Item 7 – Types of Clients**

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SHFG generally requires a minimum relationship size of \$250,000 to effectively implement its investment process.

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

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### **A. Methods of Analysis**

SHFG employs fundamental and technical analysis methods in developing investment strategies for its Clients. Research and analysis from SHFG are derived from numerous sources, including financial media companies, third-party research materials, Internet sources, and review of company activities, including annual reports, prospectuses, press releases and research prepared by others.

*Fundamental analysis* utilizes economic and business indicators as investment selection criteria. This criteria consists generally of ratios and trends that may indicate the overall strength and financial viability of the entity being analyzed. Assets are deemed suitable if they meet certain criteria to indicate that they are a strong investment with a value discounted by the market. While this type of analysis helps the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in the fundamental analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in Item 13 – Review of Accounts.

*Technical analysis* involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends, which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that SHFG will be able to accurately predict such a reoccurrence. As noted above, SHFG generally employs a long-term investment strategy for its Clients, as consistent with their financial goals. SHFG will typically hold all or a portion of a security for more than a year, but may hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients. At times, SHFG may also buy and sell positions that are more short-term in nature, depending on the goals of the Client and/or the fundamentals of the security, sector or asset class.

### **B. Risk of Loss**

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. SHFG will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

While the methods of analysis help the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in these methods of analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in Item 13 – Review of Accounts.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the

analysis of a Client's account[s]. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis.

The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. The Advisor will work with each Client to determine their tolerance for risk as part of the portfolio construction process. Following are some of the risks associated with the Advisor's investment strategies:

#### Market Risks

The value of a Client's holdings may fluctuate in response to events specific to companies or markets, as well as economic, political, or social events in the U.S. and abroad. This risk is linked to the performance of the overall financial markets.

#### ETF Risks

The performance of ETFs is subject to market risk, including the possible loss of principal. The price of the ETFs will fluctuate with the price of the underlying securities that make up the funds. In addition, ETFs have a trading risk based on the loss of cost efficiency if the ETFs are traded actively and a liquidity risk if the ETFs has a large bid-ask spread and low trading volume. The price of an ETF fluctuates based upon the market movements and may dissociate from the index being tracked by the ETF or the price of the underlying investments. An ETF purchased or sold at one point in the day may have a different price than the same ETF purchased or sold a short time later.

#### Bond Risks

Bonds are subject to specific risks, including the following: (1) interest rate risks, i.e. the risk that bond prices will fall if interest rates rise, and vice versa, the risk depends on two things, the bond's time to maturity, and the coupon rate of the bond. (2) reinvestment risk, i.e. the risk that any profit gained must be reinvested at a lower rate than was previously being earned, (3) inflation risk, i.e. the risk that the cost of living and inflation increase at a rate that exceeds the income investment thereby decreasing the investor's rate of return, (4) credit default risk, i.e. the risk associated with purchasing a debt instrument which includes the possibility of the company defaulting on its repayment obligation, (5) rating downgrades, i.e. the risk associated with a rating agency's downgrade of the company's rating which impacts the investor's confidence in the company's ability to repay its debt and (6) Liquidity Risks, i.e. the risk that a bond may not be sold as quickly as there is no readily available market for the bond.

#### Mutual Fund Risks

The performance of mutual funds is subject to market risk, including the possible loss of principal. The price of the mutual funds will fluctuate with the value of the underlying securities that make up the funds. The price of a mutual fund is typically set daily therefore a mutual fund purchased at one point in the day will typically have the same price as a mutual fund purchased later that same day.

#### Options Contracts

Investments in options contracts have the risk of losing value in a relatively short period of time. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses.

**Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor.**

### **Item 9 – Disciplinary Information**

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**There are no legal, regulatory or disciplinary events involving SHFG or its management persons.** SHFG values the trust Clients place in the Advisor. The Advisor encourages Clients to perform the requisite due diligence on any advisor or service provider that the Client engages. The backgrounds of the Advisor or Advisory Persons are available on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 151899.



## Item 10 – Other Financial Industry Activities and Affiliations

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### Insurance Agency Affiliation

As noted in Item 5, certain Advisory Persons are licensed insurance professionals. Implementations of insurance recommendations are separate and apart from one's role with the Advisor. As an insurance professional, the Advisory Person will receive customary commissions and other related revenues from the various insurance companies whose products are sold. Advisory Persons are not required to offer the products of any particular insurance company. Commissions generated by insurance sales do not offset investment advisory fees. This presents a conflict of interest as Advisory Persons will receive commissions for the implementation of insurance products. Clients are under no obligation to implement any recommendations made by the Advisor or Advisory Persons.

### Use of Independent Managers

As noted in Item 4, the Advisor may implement all or a portion of a Client's investment portfolio with one or more Independent Managers. The Advisor does not receive any compensation nor does this present a material conflict of interest. The Advisor will only earn its investment advisory fee as described in Item 5.A.

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

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### **A. Code of Ethics**

SHFG has implemented a Code of Ethics (the "Code") that defines the Advisor's fiduciary commitment to each Client. This Code applies to all persons associated with SHFG ("Supervised Persons"). The Code was developed to provide general ethical guidelines and specific instructions regarding the Advisor's duties to each Client. SHFG and its Supervised Persons owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of SHFG's Supervised Persons to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code covers a range of topics that address employee ethics and conflicts of interest. To request a copy of the Code, please contact the Advisor at 210-547-3450.

### **B. Personal Trading with Material Interest**

SHFG allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. SHFG does not act as principal in any transactions. In addition, the Advisor does not act as the general partner of a fund, or advise an investment company. SHFG does not have a material interest in any securities traded in Client accounts.

### **C. Personal Trading in Same Securities as Clients**

SHFG allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities that are recommended (purchase or sell) to Clients presents a conflict of interest that, as fiduciaries, must be disclosed to Clients and mitigated through policies and procedures. As noted above, the Advisor has adopted the Code to address insider trading (material non-public information controls); gifts and entertainment; outside business activities and personal securities reporting. When trading for personal accounts, Supervised Persons have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its Clients can be violated if personal trades are made with more advantageous terms than Client trades, or by trading based on material non-public information. This risk is mitigated by SHFG requiring reporting of personal securities trades by its Supervised Persons for review by the Chief Compliance Officer ("CCO") or delegate. The Advisor has also adopted written policies and procedures to detect the misuse of material, non-public information.

### **D. Personal Trading at Same Time as Client**

While SHFG allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, such trades are typically aggregated with Client orders or traded afterwards. **At no time will SHFG, or any Supervised Person of SHFG, transact in any security to the detriment of any Client.**

## Item 12 – Brokerage Practices

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### A. Recommendation of Custodian[s]

SHFG does not have discretionary authority to select the broker-dealer/custodian for custody and execution services. The Client will engage the broker-dealer/custodian (herein the "Custodian") to safeguard Client assets and authorize SHFG to direct trades to the Custodian as agreed upon in the investment advisory agreement. Further, SHFG does not have the discretionary authority to negotiate commissions on behalf of Clients on a trade-by-trade basis.

Where SHFG does not exercise discretion over the selection of the Custodian, it may recommend the Custodian to Clients for custody and execution services. Clients are not obligated to use the Custodian recommended by the Advisor and will not incur any extra fee or cost associated with using a custodian not recommended by SHFG. However, the Advisor may be limited in the services it can provide if the recommended Custodian is not engaged. SHFG may recommend the Custodian based on criteria such as, but not limited to, reasonableness of commissions charged to the Client, services made available to the Client, and its reputation and/or the location of the Custodian's offices.

SHFG will generally recommend that Clients establish their account[s] at Fidelity Clearing & Custody Solutions and related entities of Fidelity Investments, Inc. (collectively "Fidelity"). Fidelity is a FINRA-registered broker-dealer and member SIPC. Fidelity will serve as the Client's "qualified custodian". SHFG maintains an institutional relationship with Fidelity whereby the Advisor receives economic benefits from Fidelity. Please see Item 14 below.

Following are additional details regarding the brokerage practices of the Advisor:

**1. Soft Dollars** - Soft dollars are revenue programs offered by broker-dealers/custodians whereby an advisor enters into an agreement to place security trades with a broker-dealer/custodian in exchange for research and other services. **SHFG does not participate in soft dollar programs sponsored or offered by any broker-dealer/custodian. However, the Advisor receives certain economic benefits from the Custodian. Please see Item 14 below.**

**2. Brokerage Referrals** - SHFG does not receive any compensation from any third party in connection with the recommendation for establishing an account.

**3. Directed Brokerage** - All Clients are serviced on a "directed brokerage basis", where SHFG will place trades within the established account[s] at the Custodian designated by the Client. Further, all Client accounts are traded within their respective account[s]. The Advisor will not engage in any principal transactions (i.e., trade of any security from or to the Advisor's own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client's account[s]). SHFG will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the Custodian.

### B. Aggregating and Allocating Trades

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of the order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the Custodian. SHFG will execute its transactions through the Custodian as authorized by the Client. SHFG may aggregate orders in a block trade or trades when securities are purchased or sold through the Custodian for multiple (discretionary) accounts in the same trading day. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage any particular Clients' accounts.

## **Item 13 – Review of Accounts**

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### **A. Frequency of Reviews**

Securities in Client accounts are monitored on a regular and continuous basis by Advisory Persons and periodically by Scott Harris, Chief Compliance Officer of SHFG. Formal reviews are generally conducted at least annually or more frequently depending on the needs of the Client.

### **B. Causes for Reviews**

In addition to the investment monitoring noted in Item 13.A., each Client account shall be reviewed at least annually. Reviews may be conducted more frequently at the Client's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account[s]. The Client is encouraged to notify SHFG if changes occur in the Client's personal financial situation that might adversely affect the Client's investment plan. Additional reviews may be triggered by material market, economic or political events.

### **C. Review Reports**

The Client will receive brokerage statements no less than quarterly from the Custodian. These brokerage statements are sent directly from the Custodian to the Client. The Client may also establish electronic access to the Custodian's website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client's account[s]. The Advisor may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

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

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### **A. Compensation Received by SHFG**

SHFG is a fee-based advisory firm, that is compensated solely by its Clients and not from any investment product. SHFG does not receive commissions or other compensation from product sponsors, broker-dealers or any un-related third party. SHFG may refer Clients to various unaffiliated, non-advisory professionals (e.g. attorneys, accountants, estate planners) to provide certain financial services necessary to meet the goals of its Clients. SHFG does not receive compensation for referrals. Likewise, SHFG may receive non-compensated referrals of new Clients from various third-parties.

#### Participation in Institutional Advisor Platform

SHFG has established an institutional relationship with Fidelity to assist the Advisor in managing Client account[s]. The Advisor receives access to software and related support because the Advisor renders investment management services to Clients that maintain assets at Fidelity. The software and related systems support may benefit the Advisor, but not its Clients directly. In fulfilling its duties to its Clients, the Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from a Custodian creates a conflict of interest since these benefits may influence the Advisor's recommendation of this Custodian over one that does not furnish similar software, systems support, or services.

The following benefits are also received from Fidelity: financing services (e.g. margin, securities based lines of credit), receipt of duplicate Client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to Client accounts; access to an electronic communication network for Client order entry and account information, and transition credits to provide financial support to assist with the Client transition to the Fidelity platform.

### **B. Compensation for Client Referrals**

The Advisor does not compensate, either directly or indirectly, any persons who are not supervised persons, for Client referrals.

## **Item 15 – Custody**

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SHFG does not accept or maintain custody of Client accounts, except for the limited circumstances outlined below:

**Deduction of Advisory Fees** - To ensure compliance with regulatory requirements associated with the deduction of advisory fees, all Clients for whom SHFG exercises discretionary authority must hold their assets with a "qualified custodian." Clients are responsible for engaging a "qualified custodian" to safeguard their funds and securities and must instruct SHFG to utilize that Custodian for securities transactions on their behalf. Clients are encouraged to review statements provided by the Custodian and compare to any reports provided by SHFG to ensure accuracy, as the Custodian does not perform this review.

**Money Movement Authorization** - For instances where Clients authorize SHFG to move funds between their accounts, SHFG and the Custodian have implemented safeguards to ensure that all money movement activities are conducted strictly in accordance with the Client's documented instructions.

## **Item 16 – Investment Discretion**

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SHFG generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by SHFG. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of a wealth/investment management agreement containing all applicable limitations to such authority. All discretionary trades made by SHFG will be in accordance with each Client's investment objectives and goals.

## **Item 17 – Voting Client Securities**

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SHFG does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. The Advisor will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting.

## **Item 18 – Financial Information**

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Neither SHFG, nor its management, have any adverse financial situations that would reasonably impair the ability of SHFG to meet all obligations to its Clients. Neither SHFG, nor any of its Advisory Persons, have been subject to a bankruptcy or financial compromise. SHFG is not required to deliver a balance sheet along with this Disclosure Brochure as the Advisor does not collect advance fees of \$1,200 or more for services to be performed six months or more in the future.