



Privacy Policy

Pauley Financial requires that you provide current and accurate financial and personal information. The firm will protect the information you have provided in a manner that is safe, secure and professional. Pauley Financial is committed to protecting your privacy and to safeguarding that information. We want you to know what information we collect and how we use and safeguard that information.

Safeguarding Client Documents

We collect non-public client data about you (such as your name, address, social security number, etc.) in checklists, forms, in written notations, and in documentation provided to us by our clients or their authorized representatives (i.e. attorney, accountant, custodian, etc.) for evaluation, registration, licensing or related consulting services. We also collect information about your brokerage accounts and transactions (such as purchases, sales, account balances, inquiries, etc.) and create internal lists of such data.

We maintain physical, electronic and procedural safeguards that comply with applicable federal or state standards to protect your nonpublic personal information. During regular business hours, access to client records (hard copy and digital) is monitored so that only those with approval may access the files. During hours in which the company is not in operation, the hard copy client records will be locked and access to digital files will be password protected.

No individual who is not so authorized shall obtain or seek to obtain personal and/or financial client information. No individual with authorization to access personal and financial client information shall share that information in any manner without the specific consent of a firm Principal.

Sharing Nonpublic Personal and Financial Information

Pauley Financial is committed to the protection and privacy of its clients' and consumers' personal and financial information. The firm will not share such information with any affiliated or nonaffiliated third party except:

- When necessary to complete a transaction in a client account, such as with the clearing firm or account custodians;
- When required to maintain or service a client account;
- To resolve client disputes or inquiries;
- With persons acting in a fiduciary or representative capacity on behalf of the client;
- With rating agencies, persons assessing compliance with industry standards, or to the attorneys, accountants and auditors of the firm;
- In connection with a sale or merger of Pauley Financial's business;
- To protect against or prevent actual or potential fraud, identity theft, unauthorized transactions, claims or other liability;
- To comply with federal, state or local laws, rules and other applicable legal requirements;

- In connection with a written agreement to provide investment management or advisory services when the information is released for the sole purpose of providing the products or services covered by the agreement;
- In any circumstances with the client's instruction or consent; or
- Pursuant to any other exceptions enumerated in the California Information Privacy Act.

Changes to Our Privacy Policy or Relationship with You

Our policy about obtaining and disclosing information may change from time to time. We will provide you notice of any material change to this policy before we implement the change.

Opt-Out Provisions

It is not a policy of Pauley Financial to share nonpublic personal and financial information with affiliated or unaffiliated third parties except under the circumstances noted above. Since sharing under the circumstances noted above is necessary to service client accounts or is mandated by law, there are no allowances made for clients to opt out.

Requests for Information

For a copy of our Privacy Policy, please contact our Chief Compliance Officer either in writing at info@pauleyfinancial.com, or by phone at (512) 215-4009.



Part 2A of Form ADV: Firm Brochure

Pauley Financial

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March 2018

This brochure provides information about the qualifications and business practices of Pauley Financial Services, Inc. (“Pauley Financial”). If you have any questions about the contents of this brochure, please contact us at 512.215.4009, or bcox@pauleyfinancial.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Pauley Financial is registered with the Securities and Exchange Commission. Registration with a regulatory body does not imply any special skills or training.

Additional information about Pauley Financial is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 Material Changes

The firm has updated its assets under management for year-end 2017 and filed their last amendment, March 2017.

The Firm has made the following changes:

- R. Douglas Pauley is no longer with the firm.

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Item 4 Advisory Business

Pauley Financial is a registered investment adviser with its principal place of business located in Texas. Pauley Financial began conducting business in 1996.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of the company).

- Kim Victoria Pauley
- Brian A. Cox

Pauley Financial offers the following services:

CAPITAL MANAGEMENT SERVICE

This service includes:

- Financial goal planning and tracking
- Debt management
- Cash flow planning
- Employee benefits reviews and recommendations
- Insurance needs analysis and recommendations
- Tax strategy planning and integration with portfolio management (Note: Since the Advisor is not a Tax Attorney, Certified Public Accountant or Enrolled Agent, the firm cannot offer accounting or specific tax advice. The tax strategy planning is intended to identify planning opportunities. Any suggestions made should be discussed with a tax advisor prior to implementation.)
- Estate plan integration (Note: Since the Advisor is not an attorney and cannot offer legal advice or prepare legal documents, the estate planning is intended to help identify gaps and/or planning opportunities as well as integrating your estate plan into your financial plan. Any suggestions made should be discussed with an attorney prior to implementation.)
- Investment planning
- Portfolio volatility tolerance determination
- Asset allocation
- Specific investment recommendations
- Rebalancing recommendations
- Implementation and plan maintenance support
- Ongoing access to the Advisor for the planning areas delineated above in this section.
- Account establishment and/or account transfer assistance
- Ongoing portfolio monitoring
- Asset allocation and transaction recommendations
- Quarterly reports
- Coordination with Client's other advisors
- Donor Advised Fund (if applicable and appropriate)

Investment services are provided on a non-discretionary basis and discretionary basis. Discretion is agreed upon at inception of the client relationship. For non-discretionary accounts, no transactions will be made without the Client's prior approval.

While the Adviser can recommend various insurance products to the Client, the Adviser does not engage in the sale of insurance product nor does the Adviser receive commissions from the sale of insurance products.

FINANCIAL CONSULTING SERVICE (HOURLY SERVICE)

This is an hourly consultation service billed at \$300/hour monthly in arrears.

FINANCIAL CONSULTING SERVICE (BRONZE, SILVER, GOLD, PLATINUM)

Pauley Financial offers planning services designed to meet the specific needs of clients. Clients may select the level of service they need from the services offered below.

BRONZE

This service includes:

- Current Position and Net Worth Analysis
- Emergency Fund/Short-Term Needs Analysis
- Debt Management and Cash Flow Planning
- Goal Planning and Analysis with Access to Advanced Planning Software
- Risk Tolerance Evaluation
- Recommended Target Asset Allocation with a list of Recommended Investment Options
- Qualified Account Recommendations (Traditional IRA, Roth IRA, 401(k), etc.)
- General Insurance Recommendations (Life, Disability, Umbrella and Long-Term Care Insurance)
- Recommended Estate Planning Document Set (documents to be provided by external attorney – above fees do not cover cost of engaging an estate planning attorney)
- Annual Goal Plan Update

SILVER

This service includes:

- Current Position and Net Worth Analysis
- Emergency Fund/Short-Term Needs Analysis
- Debt Management and Cash Flow Planning
- Goal Planning and Analysis with Access to Advanced Planning Software
- Risk Tolerance Evaluation
- Recommended Target Asset Allocation with a list of Recommended Investment Options
- Investment Recommendations for Existing Brokerage Accounts

- Qualified Account Recommendations (Traditional IRA, Roth IRA, 401(k), etc.)
- Tax Return Review with Recommendations
- General Insurance Recommendations (Life, Disability, Umbrella and Long-Term Care)
- Recommended Estate Document Set (documents to be provided by external attorney – above fees do not cover cost of engaging an estate planning attorney)
- Account Titling and Beneficiary Designation Review
- Annual Goal Plan Update

GOLD

This service includes (all or part of this list depending on client needs and complexity):

- Current Position and Net Worth Analysis
- Emergency Fund/Short-Term Needs Analysis
- Debt Management and Cash Flow Planning
- Goal Planning and Analysis with Access to Advanced Planning Software
- Risk Tolerance Evaluation
- Recommended Target Asset Allocation
- Account Consolidation, Investment Policy Statement and Portfolio Implementation
- Quarterly Reporting
- Household Portfolio Rebalancing
- Tax Gain/Loss Harvesting
- Tax Return Review with Recommendations
- Tax Planning and Preparation Reports
- Required Minimum Distributions (RMDs), Roth Conversions and Roth Re-Characterizations
- Charitable Gifting of Appreciated Securities (\$3,000 Minimum)
- Donor Advised Fund (if applicable and appropriate)
- General Insurance Recommendations (Life, Disability, Umbrella and Long-Term Care) and Life/Disability Needs Analysis
- Recommended Estate Document Set (documents to be provided by external attorney – above fees do not cover cost of engaging an estate planning attorney)
- Account Titling and Beneficiary Designation Review
- Annual Goal Plan Update

PLATINUM

This service includes (all or part of this list depending on client needs and complexity):

- Current Position and Net Worth Analysis
- Emergency Fund/Short-Term Needs Analysis
- Goal Planning and Analysis with Access to Advanced Planning Software
- Risk Tolerance Evaluation
- Recommended Target Asset Allocation

- Account Consolidation, Investment Policy Statement and Portfolio Implementation
- Quarterly Reporting
- Household Portfolio Rebalancing
- Tax Gain/Loss Harvesting
- Tax Return Review with Recommendations
- Tax Planning and Preparation Reports
- Required Minimum Distributions (RMDs), Roth Conversions and Roth Re-Characterizations
- Charitable Gifting of Appreciated Securities (\$3,000 Minimum)
- Donor Advised Fund (if applicable and appropriate)
- General Insurance Recommendations (Life, Disability, Umbrella and Long-Term Care) and Life/Disability Needs Analysis
- Recommended Estate Document Set (documents to be provided by external attorney – above fees do not cover cost of engaging an estate planning attorney)
- Account Titling and Beneficiary Designation Review
- Annual Goal Plan Update
- Additional Services based on your needs and complexity to include:
 - Cash Flow and Debt Management Strategies
 - Employee Equity Strategies
 - Coordinated Tax Planning and Preparation Meetings with CPA
 - Current Estate Plan Review
 - Coordinated Estate Plan Meetings
 - Current Insurance Analysis
 - Insurance Broker Coordination
 - “Life Happens” Planning Opportunities

While the Adviser can recommend various insurance products to the Client, the Adviser does not engage in the sale of insurance product nor does the Adviser receive commissions from the sale of insurance products.

For Clients who are seeking a retirement plan solution, we offer the following range of services:

RETIREMENT DEFINED CONTRIBUTION PLAN INVESTMENT ADVISORY CONSULTING

This service includes:

- Recommending a diverse selection of exchange traded funds and/or mutual funds with different expected volatility and return levels
- Selecting, monitoring and changing exchange traded funds and/or mutual funds included in the investment options offered to Plan Participants
- Assisting the Plan Representatives in establishing a relationship with an independent, qualified record-keeper on behalf of the Plan (the “Record-Keeper”)
- The Adviser shall serve as an investment manager of the Plan as defined in Section 3(21) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), when it is providing

the services described above and acknowledges that it is a fiduciary to the Plan in providing such services

- Meet with Plan Participants on a biannual basis to answer questions about the selection of funds provided and to help employees onboard to the Plan

RETIREMENT DEFINED BENEFIT PLAN INVESTMENT ADVISORY CONSULTING

This service includes:

- Advise the Plan Representatives with respect to investments in exchange traded and/or mutual funds to be made in the Account.
- Recommend, monitor and change exchange traded funds and/or mutual funds included in the investment options from time to time as determined by the Adviser with input from the Plan Representatives.
- Assist the Plan Representatives in establishing a relationship with an independent, qualified record-keeper on behalf of the Plan.
- Meet periodically with the Employer and the Plan Representative, at such times as may be reasonably requested by them, concerning the Account.
- Participate in portfolio and performance review meetings with the Employer and the Plan Representatives at least twice yearly, unless otherwise determined by the Employer and the Plan Representatives.

Terms of Service

The Client agrees to furnish all information required by the Advisor to perform the agreed upon services. This entails not only the information required for the initial plans but changes to that information as it occurs so the Advisor can ensure the timely update and integration of the Client's Financial Plan and Investment Plan. Without being advised of changes in the Client's situation, the Advisor will be unable to fulfill the services as agreed upon.

All analyses and recommendations will be on a "best effort" basis, based upon the information submitted by the Client or the Client's advisors. The Client may either follow or disregard wholly or partially any information, recommendation, or advice given by the Advisor.

Assets Under Management

As of 12/31/2017, we actively manage approximately \$112,821,324 of clients' assets.

Item 5 Fees and Compensation

The account value for each account in the portfolio is determined by the account custodian(s) at market close on the last day of the quarter. The portfolio value does not include: savings bonds,

insurance cash values, real estate rental properties, Client's residence and/or other homes. Fees are payable quarterly in arrears. Under certain circumstances fees can be negotiable.

CAPITAL MANAGEMENT SERVICE

Fees – Portfolio Scaled Fees

Portfolio Value	Quarterly Rate	Equivalent Annual Rate
< \$1,000,000	0.25%	1.00% plus
\$1,000,000 through \$3,000,000	0.20%	0.80% plus
\$3,000,000 through \$6,000,000	0.1625%	0.65% plus
\$6,000,000 through \$9,000,000	0.125%	0.50% plus
> \$9,000,000	0.09375%	0.375%

The account value for each account in the portfolio is determined by the account custodian(s) at market close on the last day of the quarter. Fees are payable quarterly in arrears. To cover the cost of the extensive amount of time and effort the firm devotes to developing the initial investment plan for new entities, Pauley Financial will assess a one-time New Client Set-Up Fee of \$1,750 per entity fee that is due at the inception of the engagement. Pauley Financial Fees for donor advised funds are assessed at a flat 0.45% plus fees charged by a third-party administrator.

New Client Set-Up Fee: \$1,750

Minimum Quarterly Fee: \$3,125; quarterly fees are deducted directly from custodian accounts

Minimum Term of Agreement: Six quarters

FINANCIAL CONSULTING SERVICE (BRONZE, SILVER, GOLD/PLATINUM)

For clients who select one of our Financial Consulting Service planning levels, the fees are as follows:

BRONZE

\$1,800 per year assessed \$450 per quarter in arrears from a taxable account at TD Ameritrade for a minimum twelve-month period. Client to provide debit authorization for Automatic Clearing House (ACH) transfer.

SILVER

\$2,400 per year assessed as \$600 per quarter in arrears from a taxable account at TD Ameritrade for a minimum twelve-month period. Client to provide debit authorization for ACH transfer.

GOLD

\$3,600 per year assessed as \$900 per quarter in arrears plus 0.45% of Assets Under Management (AUM) including any assets per a donor advised fund (if applicable) billed directly from custodial accounts at TD Ameritrade for a minimum twelve-month period. Client to provide debit authorization for ACH transfer.

The account value for each account in the portfolio is determined by the account custodian(s) at market close on the last day of the quarter. Asset management fees and planning charges are payable quarterly in arrears. The planning charge fee can change levels as the needs of the Client change. All Client's will agree in writing prior to a change from one planning level to another.

PLATINUM

Planning fee per pricing schedule in the Client Agreement based on client needs and complexity plus 0.45% of Assets Under Management (AUM) including any assets per a donor advised fund (if applicable) assessed quarterly and billed directly from custodial accounts at TD Ameritrade for a minimum twelve-month period. Client to provide debit authorization for ACH transfer.

The account value for each account in the portfolio is determined by the account custodian(s) at market close on the last day of the quarter. Asset management fees and planning charges are payable quarterly in arrears. The planning charge fee can change levels as the needs of the Client change. All Client's will agree in writing prior to a change from one planning level to another.

At the sole discretion of the Advisor, the fees can be negotiable.

FINANCIAL CONSULTING SERVICE (HOURLY SERVICE)

This is an hourly consultation service billed at \$300/hour monthly in arrears.

RETIREMENT PLAN 401(K) AND DEFINED BENEFIT PLAN CONSULTING

The annual fee for advisory services for plans shall be calculated as follows:

Plan Assets	Annual Fee Paid Quarterly in Arrears
401k Plan and/or Defined Benefit Assets Under Management	0.15% - 0.65% depending on plan size and complexity

All fee calculations will be based upon the market value of the plan assets at quarter-end.

Termination of the Advisory Relationship – Capital Management Service: The engagement continues in effect until terminated by either party by written notice to the other with 30 days advance notice. Termination will not affect (i) the validity of any action previously taken by us; (ii) liabilities or

obligations of the parties from transactions initiated before termination of this agreement; or (iii) your obligation to pay advisory fees (minimum of six quarters for Capital Management Service; or, prorated through the date of termination if the minimum requirement is met).

Termination of the Advisory Relationship – Financial Consulting Service: This Agreement will continue in effect until terminated by either party by 30 days written notice to the other. Termination of this Agreement will not affect (i) the validity of any action previously taken by Advisor under this Agreement; (ii) liabilities or obligations of the parties from transactions initiated before termination of this Agreement; or (iii) Client’s obligation to pay consulting fees (if cancellation is sought within first 60 days, a minimum fee of 6 months will be assessed, otherwise Client is obligated to pay 12 month fee). Upon the termination of this Agreement, Advisor will have no obligation to recommend or take any action with regard to the financial plan and/or investments.

Termination of the Advisory Relationship – Retirement 401(k) and Defined Benefit Plan Advisory Service: This Agreement may be terminated at any time, without penalty, by the Plan Representatives or by the Adviser with 60 days’ advance written notice to the other party. On termination of this Agreement, the Plan Representatives will issue to the Adviser written instructions regarding the Plan assets held in the Account, and the Plan Representatives shall be responsible for monitoring the assets in the Account. The Adviser will be under no obligation to the Plan to recommend any action after termination. This Agreement automatically will terminate in the event of its assignment, unless the Plan Representatives on behalf of the Plan consent to its assignment. In the event of a change in control or ownership of the Adviser that would constitute an “assignment” under the Investment Advisers Act of 1940, the Adviser will provide written notice to the Plan Representatives, and the Plan Representatives will be deemed to consent to the assignment on behalf of the Plan, absent written notice of termination of this Agreement by the Plan Representatives within 30 days from the date of such notice of assignment.

Mutual Fund & Exchange Traded Fund (ETF) Fees: All fees paid to us for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds, money market funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee and other fund expenses. You could invest in a mutual fund directly or an ETF through a brokerage account, without our services. In that case, you would not receive the services provided by our firm which are designed, among other things, to assist you in determining which mutual fund or ETF is most appropriate to your financial condition and objectives. Accordingly, you should review both the fees charged by the funds and our fees to fully understand the total amount of fees you would pay and evaluate the advisory services we provide.

Additional Fees and Expenses: In addition to our advisory fees, you are also responsible for the fees and expenses charged by custodians and imposed by broker-dealers, including, but not limited to, wire transfer and electronic fund fees, transfer fees and any transaction charges imposed by a broker-dealer with which we effect transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Grandfathering of Minimum Account Requirements: Pre-existing Capital Management Service clients

are subject to our minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements and rates differ among some clients.

Item 6 Performance-Based Fees and Side-By-Side Management

Pauley Financial does not charge performance-based fees nor engage in side by side management.

Item 7 Types of Clients

Pauley Financial provides advisory services to the following types of clients:

- High net worth individuals and their families
- Individuals
- Charitable organizations
- Pension and profit sharing plans
- Private businesses
- Non-profit C-corp businesses

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets. Furthermore, we have partnered with Astoria Portfolio Advisors, LLC to augment our research capabilities and build portfolios that are designed to align with our clients' risk and return profiles.

Asset Allocation. Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of primarily exchange traded fund securities that represent asset classes to include equities, fixed income, commodities, alternatives and cash to meet clients' investment goals and risk tolerance.

A risk of asset allocation is that you may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for your goals.

Fundamental analysis. In partnering with Astoria, our analysis concentrates on factors that determine value. This strategy would normally encourage purchases in securities that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Quantitative analysis. Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and

implementation of the models.

Mutual Fund and/or ETF Analysis. We utilize macroeconomic models to determine valuations across asset classes and seek to construct appropriate market exposures. Investment decisions are made using economic and fundamental data. We look at the track record of the mutual fund or ETF in an attempt to determine if that fund tracks appropriately with its index. A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager can deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for your portfolio.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

Our advice generally includes recommendations regarding the following securities. We use the following strategy(ies) in managing your account(s), provided that such strategy(ies) are appropriate to your needs and consistent with your investment objectives, risk tolerance, and time horizons, among other considerations:

- Exchange-listed securities
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- Exchange-traded funds (ETFs)

Exchange Traded Funds (ETFs). An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a company going through a bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

Long-term purchases. We purchase securities with the idea of holding them in your account for a year or longer. Typically, we employ this strategy when we want exposure to a particular asset class over time, regardless of the current projection for this class. A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains. Moreover, a security may decline sharply in value before we make the decision to sell. You are reminded that investing in any security entails risk of loss including but not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Our firm and our management personnel have no reportable Industry Activities nor Affiliations to disclose.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Pauley Financial and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly personal securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or participation in an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Our Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to you and prospective clients upon request and at no charge.

Our Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm buy and sell for their personal accounts securities identical to or different from those recommended to our clients. Either of these policies creates a potential conflict of interest with our clients, which we are mitigating through our personal trading policy and monitoring of personal securities trades.

To avoid the possibility of front-running, it is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

- No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
- No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
- We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
- We have established policies requiring the reporting of Code of Ethics violations to our senior management.
- Any individual who violates any of the above restrictions may be subject to sanctions including possible termination of employment with the firm.

Item 12 Brokerage Practices

Pauley Financial has elected to use a single custodian with which to serve clients, TD Ameritrade. Our decision is based on analysis of TD Ameritrade's discounted commission structure, the availability of mutual funds with no transaction fee, trading platforms, electronic reporting, online access for our clients, and financial stability. Not all investment advisors require their clients to open their accounts with a specific custodian. Our choice of one custodian through which we execute our trades can affect our ability to achieve the most favorable execution of your transactions, potentially increasing costs. In recommending TD Ameritrade as custodian and as the securities brokerage firm responsible for executing transactions for your portfolios, we consider at a minimum:

- existing relationship with us,

- financial strength,
- reputation,
- reporting capabilities,
- execution capabilities,
- pricing, and
- types and quality of research.

The determining factor in the selection of a broker-dealer/custodian to execute transactions for your accounts is not the lowest possible transaction cost, but whether they can provide what is in our view the best qualitative execution for your account.

We participate in the institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC /NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD Ameritrade through our participation in the program.

We participate in TD Ameritrade's Institutional customer program and we recommend TD Ameritrade to our clients for custody and brokerage services. There is no direct link between our firm's participation in the program and the investment advice we give to our clients. Along with you, we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors.

These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds and Exchange Traded Funds with no transaction fees and to certain Institutional money managers; and discounts on compliance, marketing, research, and technology.

Some of the products and services made available by TD Ameritrade through the program benefit Pauley Financial and may not benefit our client accounts. These products or services assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. The benefits we receive through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that our receipt of economic benefits creates a conflict of interest and indirectly influences our recommendation of TD Ameritrade for custody and brokerage services. Unless directed otherwise by a client, Pauley Financial migrates client accounts to custody their assets at TD Ameritrade and these client accounts are profitable to TD Ameritrade.

TD Ameritrade is a discount broker-dealer independent of an unaffiliated with Advisor and there is no

employee or agency relationship between TD Ameritrade and Pauley Financial.

Pauley Financial receipt of these benefits does not diminish our duty to act in the best interests of our clients, including seeking best execution of trades for client accounts.

As a matter of policy and practice, Pauley Financial does not generally block client trades and, therefore, we implement client transactions separately for each account. Consequently, certain client trades are executed before others, at a different price. Additionally, our clients do not receive volume discounts available to advisers who block client trades. Many investment advisors do aggregate, or block trades for you.

Item 13 Review of Accounts

CAPITAL MANAGEMENT SERVICE AND FINANCIAL CONSULTING GOLD/PLATINUM SERVICE

REVIEWS: While the underlying securities within all of our Capital Management Service client accounts and FCS Gold and Platinum client accounts are monitored on an ongoing basis, client accounts are reviewed quarterly at a minimum. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, the market, and the political or economic environment. Additionally, we are happy to review the client's portfolio at any time upon his/her request. These accounts are reviewed by one of our advisors.

REPORTS: In addition to the written or electronic monthly statements and confirmations of transactions that Capital Management Service, FCS Gold, and Platinum clients receive from their financial institutions, we provide access to MoneyGuide Pro, a software platform that allows Clients to view their account balances and holdings as those institutions have reported to us.

FINANCIAL CONSULTING BRONZE/SILVER SERVICE

REVIEWS: When needed, we conduct an annual review for Financial Consulting Service Bronze and Silver clients and update their financial goal plan as appropriate.

REPORTS: In addition to the written or electronic monthly statements and confirmations of transactions that Bronze and Silver clients receive from their financial institutions, we provide access to MoneyGuide Pro, a software platform that allows Clients to view their account balances and holdings as those institutions have reported to us.

RETIREMENT PLAN INVESTMENT ADVISORY CONSULTING

REVIEWS: While the underlying funds within all of our Retirement Plan Investment Advisory Consulting plans are monitored on an ongoing basis, retirement plans are reviewed at least annually. More frequent reviews may be triggered by material changes in the funds, the market, and the political

or economic environment. Additionally, we are happy to review the plan upon the request of company management.

These accounts are reviewed by one of our advisors.

REPORTS: Reports are to be provided by the plan participant record keeper.

Item 14 Client Referrals and Other Compensation

It is our policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is our policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients other than benefits discussed above in Item 12.

Item 15 Custody

An investment advisory firm has custody of client funds or securities when it has the authority to access either. We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts, giving us a nominal form of custody of our clients' funds. As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

In addition to the periodic written statements that clients receive directly from their custodians, we also send written account statements directly to our Capital Management Service (CMS) clients and Financial Consulting Service (FCS) Gold and Platinum clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements with those the clients receive from their custodian to ensure that all account transactions, holdings and values are correct and current.

Certain clients have granted us online access to accounts not custodied at TD Ameritrade such as their 401(k) plan or their 403(b)/457 plan. Depending on the sites capabilities, this access allows us to make changes to beneficiaries, address, contribution amounts or investment elections; however, we do not alter account holdings without express, prior authorization from the client. We have these accounts reviewed annually through surprise exam by a non-related third party Public Accounting Oversight Board standard accounting firm. These accounts are considered discretionary since the firm has access to the accounts and are therefore included in our reported discretionary AUM.

Clients also sometimes provide login information to us or directly themselves link other accounts (not managed by Pauley Financial) to their financial plan which allows them access directly to these accounts via their MoneyGuide Pro login. The third-party tool used to provide this account aggregation functionality through MoneyGuide Pro is called Yodlee. Clients sometimes choose to link other assets or liabilities, credit cards, insurance or frequent flier accounts to their plan via the Yodlee system.

Pauley Financial is not managing or including in strategic asset allocation re-balancing any of these accounts, nor does the firm trade or make recommendations on any linked accounts. This information is primarily used by clients to derive an automatically refreshed net worth view that is closer to a client's actual, real-time values. Liabilities and account balances are updated periodically through the Yodlee electronic linkage.

Pauley also has custody of client assets when they have Standing Letters of Authorization signed by the clients to initiate transfers between accounts or to send wires. Pauley has determined that they are in compliance with the SEC's Safe Harbor provisions and will not be required to perform a surprise audit. Any assets subject to these Standing Letters of Authorization will be reported on Pauley's ADV Part I under the custody section as required by regulation.

Item 16 Investment Discretion

As previously disclosed in Item 4 of this brochure, our firm provides discretionary and non-discretionary asset management services. Clients grant us discretionary authority when they sign our advisory agreement and their custodial agreement.

Item 17 Voting Client Securities

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm provides investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues.

Item 18 Financial Information

We have no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of investment management or financial planning fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

We have not been the subject of a bankruptcy petition at any time.