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Form ADV Part 2A: Firm Brochure

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This brochure provides information about the qualifications and business practices of Tudor Financial, Inc. If you have any questions about the contents of this brochure, please contact us at (937) 439-9292 or www.tudorfinancial.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. Additional information about Tudor Financial is also available on the SEC's website at www.adviserinfo.sec.gov

Item 2 Material Changes

Since our last annual update was filed in March 2020, the following material change has been made to our disclosure brochure:

- The firm has reached the level of assets under management to the point where we are able to change our primary regulatory authority to the U.S. Securities and Exchange Commission.

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time, we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

Clients and prospective clients can always receive the most current Disclosure Brochure for Tudor Financial by contacting Grant S. Donaldson at (937) 439-9292.

Item 3 Table of Contents

Item 2 Material Changes 2

Item 3 Table of Contents..... 3

Item 4 Advisory Business 4

Item 5 Fees and Compensation 7

Item 6 – Performance-Based Fees 9

Item 7 – Types of Clients..... 9

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss..... 9

Item 9 – Disciplinary Information 15

Item 10 – Other Financial Industry Activities and Affiliations 15

Registered Representative of a Broker-Dealer 15

 Insurance Agent..... 16

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading 16

Code of Ethics Summary 16

Affiliate and Employee Personal Securities Transactions Disclosure..... 17

Item 12 – Brokerage Practices 17

Item 13 – Review of Accounts..... 18

Item 14 – Client Referrals and Other Compensation..... 19

Item 15 – Custody 19

Item 16 – Investment Discretion 19

Item 17 – Voting Client Securities..... 20

Item 18 – Financial Information..... 20

Item 4 Advisory Business

Tudor Financial, Inc. was founded in 1992. The firm has operated and grown consistently since that time. In April 2020 the firm applied to become registered with the U.S. Securities and Exchange Commission. The firm has expanded to provide investment management and comprehensive financial advisory services to individuals, businesses, retirement and pension plans. Clients benefit from the extensive experience of Tudor Financial advisors, the firm's deep research capabilities, a wide range of investment strategy choices and extensive investment in technology.

The principal owner of the firm is Grant S. Donaldson, MS, CPA.

Services offered include:

Investment Management:

Tudor Financial specializes in professional investment management services. The firm is research-driven and can provide an array of strategies structured to provide investment strategies that facilitate long-term client objectives. The firm's investment management services are designed to provide a wide range of investment choices – from conservative income strategies to balanced growth to aggressive growth. The investment securities the firm uses to implement these strategies include no-load mutual funds, individual securities, bonds and exchange-traded funds. Tudor offers investment management services to individuals, families and institutions - for owners and employees in the form of retirement accounts and pooled retirement pension accounts.

Tudor Financial has developed well-researched investment methods over its history and selects the most promising investment securities appropriate for a range of unique client return and risk profiles. The experience includes:

Assessment:

The ***Investment Management*** process begins with a determination of each client's and institution's unique return and risk profile. This initial stage helps assure that investment and strategy recommendations are aligned with client investment experience preferences. The assessment process includes a six-page questionnaire coupled with client discussions. This initial process helps determine the segment(s) of investment choices appropriate for the return and risk profile of each client.

Strategies Aligned With Client/Institution Goals:

Investment Models – Clients receive the benefits of a disciplined approach to investment management. Tudor manages a number of investment strategies designed to accommodate a range of client goals and unique return and risk profiles. Tudor strategies use a variety of investment vehicles including ETF's, mutual funds and individual securities that are aligned to client needs. Client account size, liquidity and risk orientation determine which investment vehicles are appropriate for a portfolio.

Custom Solutions – Clients with larger pools of assets may require customized investment services. Customized solutions are designed and appropriate for larger portfolios of

\$1 million or more. The firm offers sophisticated investment solutions to accommodate unique needs, including tax evaluation and risk management strategies.

Types of Securities:

The firm uses the following types of securities in fee-managed accounts:

Individual Securities Designed for Two Investment Approaches:

1. **Customized strategies for accounts over \$1 million** – Individual securities are ideal for larger portfolios. These securities can include individual stocks, bonds, preferred stocks, convertibles, closed-end funds and other similar securities. These include publicly available securities and currently do not include private equity.
2. **Legacy Growth Strategy** – This is Tudor’s premier and historically successful individual stock strategy designed for accounts \$500,000 or larger. **Legacy Growth** is a value-based, quality stock strategy that filters down to a select group of security candidates. Filtered securities meet very high standards for financial strength and lower risk. There are approximately 2,800 stocks that trade on the New York Stock Exchange - a mere 5% of that universe meets the high quality corporate business and quality stock requirements of this strategy. Important performance-enhancing characteristics of this strategy include dividend-paying companies, stock price stability, company business entrenchment and stability, superior company financial strength and dividend growth. The companies in this strategy most often have a strong franchise in their industry. Additionally, the securities included in the **Legacy Growth Strategy** most often offer exceptional opportunities for growth since they are purchased when the underlying companies and their related stocks are temporarily out-of-favor. This approach has historically enhanced client long-term gains.

Exchange-Traded Funds – ETF’s are investment vehicles that mimic the qualities of mutual funds, but are tradable during market hours. These securities are appropriate for accounts \$50,000 or more since they incur transaction (purchase and sale) costs. Their internal costs are quite low relative to mutual fund alternatives, making them economical investment choices. There are an estimated 1,800 ETF choices available at this writing, with many added and many discontinued each year. The ETF market holds over \$1 trillion of investment assets at this time and continues to grow rapidly due to the aforementioned attractive qualities.

Tudor Financial employs a unique system to screen for only the most liquid ETF’s available, which the firm defines as those with an average daily volume of 250,000 or more. Liquidity is important to minimize costs and assure sufficient buyers and sellers are available when purchases and sales are made. Illiquid ETF’s can be risky in market declines when buyers might be scarce. Out of the entire universe of choices, less than 180 ETF’s meet our liquidity and risk requirements.

1. **ETF Strategies:** Tudor Financial has developed an array of ETF strategies to satisfy a range of investment goals. The general selection process is as follows: ETF information is downloaded, sorted and filtered. ETF candidates that meet our liquidity requirements are then evaluated for risk characteristics. Using the S&P 500 as a benchmark, we establish maximum levels of risk for any ETF candidate (typically no more than 130% of S&P 500 risk). ETF’s that meet liquidity and risk parameters then become potential candidates for Tudor

Financial ETF strategies. Filtered positions are then ranked according to performance in the current economic/financial environment. Highly-ranked ETF's are considered as new portfolio candidates or continue to be maintained in client portfolios. ETF's that decline in the rankings are replaced by higher-ranked ETF alternatives. This process assures that the best-performers are included in each strategy while underperformers are sold over time. Certain strategies will have return/risk characteristics below the S&P 500 while others will have return/risk characteristics similar to the S&P 500. An entire range of growth and risk characteristics are reflected in our spectrum of strategy choices.

The consistency of our process to evaluate liquidity, risk and performance characteristics makes our ETF strategies ideal choices for a wide range of clients. ETF Strategies are discussed in more detail at Item 8. Minimum account recommendation for ETF strategies: \$50,000.

- 2. *ETF Asset Allocation Strategy*** – The firm has developed a unique Asset Allocation strategy that utilizes very cost-effective ETF securities. We call this ***The Spectrum Strategy***. This strategy invests in a very wide and diverse spectrum of investment categories including: Large Cap Domestic Stocks, Full Market Domestic Stocks, Developed International Stocks, Emerging Market Stocks, Corporate Bonds, Diversified Bonds, Real Estate Securities and Commodities. Each category is allocated according to internal evaluations of performance. ***The Spectrum Strategy*** was developed for those that are heavily focused on capital preservation and diversification but have a desire for growth of investment principal over time. Minimum account recommendation: \$100,000 or greater.

No-Load Mutual Funds – No-load mutual funds are those that have no sales charges associated with them. These funds are typically available to many investors; however, our ranking system provides a special method of selection to increase the probability of improved performance over time.

1. The firm employs a mutual fund selection system that reviews the performance of 1,000's of mutual funds. Our filtering process eliminates smaller, less established funds (typically those with under \$100 million in assets). The remaining funds are then divided into five risk categories – funds within the two highest quintiles of risk are eliminated. The remaining three mutual fund return/risk categories are then ranked to find the best-performing no-load mutual fund choices based on the current economic and financial environment.

Highly-ranked no-load mutual funds for each of the strategies are maintained or purchased in appropriate client portfolios. Funds that decline in the rankings are replaced by higher-ranked funds. This process assures that the best-performing funds are included in each strategy, and underperformers are sold over time. Tudor Financial mutual fund strategies are discussed in more detail in Item 8. Minimum mutual fund strategies account recommendation: \$10,000.

Financial Planning Services:

Our advisors include CPA's, CFP's, CLU's, EA's and other credentialed professionals. Our ***Financial Planning Services*** are rendered to clients on a per-hour basis or one-time basis. Fees depend on the complexity and involvement of the services rendered. In many cases, advice is provided to investment management clients for no cost depending on the established relationship of the advisor and client and

level of assets managed. The rates for **Financial Planning Services** vary depending on complexity and experience level of the adviser. **Financial Planning Services** include investment advice, estate planning, tax planning, insurance review and other business and personal financial matters. A typical complete financial plan for established clients includes meetings with a credentialed planning professional, and begins at \$495. **Other Financial Planning Advice:** Our advisors may periodically offer tax and estate planning advice and guidance while working with client tax and legal advisors. Tudor does not engage in tax preparation services. Individual advisors could provide that service if they had appropriate credentials.

Educational Seminars/Newsletters:

The firm offers educational seminars at their facility or other venues on a variety of financial topics that are available to clients and the public. Topics can include estate planning, financial markets, tax planning and others. There is typically no cost for these educational seminars. Additionally, newsletters that include a variety of financial planning topics are mailed on a periodic basis free of charge to existing and prospective clients.

The firm manages approximately \$ 131,942,000 in discretionary assets as of 12/31/2019

Item 5 Fees and Compensation

Fees have been established to be reasonable and incentive-based. Tudor Financial's goal is to provide consistent and proactive money management services at reasonable cost in conjunction with objective and reliable financial advisory services.

The firm's objective is to keep costs of services at reasonable levels. From an investment perspective, for example, the firm can purchase mutual funds on a no-transaction fee basis and will use such funds wherever possible. Additionally, transaction costs to purchase or sell mutual funds, exchange-traded funds and individual securities are based on the size of the trade, and these transaction costs are structured to be very reasonable: transaction costs will typically range from \$35.00 to \$80.00 for even the largest trades. If transaction charges occur, representatives may receive a portion of these costs through a broker/dealer. However, the transaction charges are levied largely to cover costs of the custodial firm/broker-dealer clearing charges. Additionally, no transaction costs are paid to Tudor Financial. Transaction charges will not reduce or have an impact on the management fees associated with a client portfolio. See Brochure 2B for further fee information.

Transaction costs to buy or sell a security may be construed as a conflict of interest since they may generate a small incremental benefit to an adviser; however, the firm follows a long-term successful disciplined program of model portfolios. These models naturally drive the purchase or sell decisions which will limit transactions to those designed to improve results. If they chose to, clients could purchase similar securities from other sources.

Investment management:

Investment management fees based on managed household balances are as follows:

| <u>Portfolio Value</u> | <u>Fee</u> |
|------------------------|------------------|
| \$0 – 500,000 | 1.25% of balance |

| | |
|--------------------------|-------------------------|
| \$500,001 – 3,000,000 | 1.00% of entire balance |
| Greater than \$3,000,000 | .75% of entire balance |

Our investment management fees for the **Legacy Individual Stock Strategies** are:

| <u>Portfolio Value</u> | <u>Fee</u> |
|--------------------------|------------------------|
| \$500,000 – 3,000,000 | .90% of entire balance |
| Greater than \$3,000,000 | .75% of entire balance |

\$35 Transaction Costs

Investment fees are billed or pro-rated quarterly for the time of service rendered and deducted automatically from client accounts. Terminated accounts are pro-rated through the date of service. Fees are charged in arrears – they are charged **after** the end of a quarterly period. At our discretion, we may combine the account values of family members living in the same household. Fees are typically not reduced, but may be negotiated in unusual circumstances. Multiple portfolios aggregated by family members living in the same household could provide an incremental fee benefit.

There may be an annual custodial fee associated with an account – usually these are charges made by the custodian firm holding the assets and the charges are usually for the additional costs associated with retirement accounts. These fees are as low as \$35.00 to \$50.00 annually depending on the complexity of the retirement account. A current custodian of brokerage accounts used by the firm is National Financial Services.

Mutual funds allocated to portfolios have their own underlying costs. Exchange-traded funds also have underlying costs – but these tend to average about half or less the cost of mutual funds.

Load (sales-charge) funds are not included in our fee-based models. Advisers associated with our firm may offer these products outside of our investment models through their affiliation with a commission-based broker-dealer. See Brochure 2B for further details.

Some clients use our **RetirementTrack 401(k) Management Services** to assist with the management of their company-sponsored retirement plans. This service has a fee schedule as follows:

| <u>RetirementTrack 401(k) Management Services</u> | <u>Fee</u> |
|---|--|
| Quarter-End Value | .50% of balance annually = .125% quarterly (min. \$300/yr.) |

RetirementTrack fees can be deducted from an existing brokerage account each quarter, billed as an invoice or through agreement by ACH bank account draws. Clients can choose their preferred method.

Financial Advisory and Guidance Services:

Financial Advisory and Planning Services fees are based on the complexity of each client’s unique circumstances. **Advisory and Planning Services** include ad hoc investment advice, budgeting, estate planning, tax planning, asset protection and other business and personal financial matters. Some financial advisory/planning services are offered for a fixed fee – for example, \$495-895 for a comprehensive financial plan. Fees are ordinarily billed following completion of advisory and planning services.

Our **Financial Advisory and Planning Services** can also be structured to be systematic and consistent year-round. Our approach is proactive – communicating with and advising clients consistently. The fees for these services are most often determined as a monthly amount usually ranging from \$150-400/month. These fees are pro-rated based on the length of time services are offered and will typically be charged by ACH from a client bank account monthly as outlined in the client ACH agreement.

Item 6 – Performance-Based Fees

Performance-based fees are often charged to client accounts in the advisory industry. These fees are charged in addition to management fees. Performance-based fees are charged as a percentage of portfolio gains – performance fees can be, for example, 20% of gains generated in a given period. These fees are in addition to the “regular” management fees based on portfolio size. This practice is common in the hedge fund industry, often charging for both account size and performance. **Our firm does not charge performance-based fees.**

Item 7 – Types of Clients

Our firm and advisers work with individual investors and financial planning clients, high-net worth clients, trusts, small and midsized retirement plans and pension plans. For larger established firms, Tudor manages pooled pension accounts.

Our experience, technology and strategies can accommodate a range of client objectives and risk parameters. The firm has experience with high net worth client investment management and financial planning. The firm also manages a number of company-sponsored pension and retirement plans.

The firm works with existing client advisers such as CPA’s and attorneys. If clients desire a relationship with a CPA or attorney, the firm may refer a client to an established professional.

Although the firm has not established a minimum account size to initiate a client relationship, cost savings and investment flexibility are greater as account size increases.

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

Tudor has developed a number of sophisticated and well-researched methods to analyze the large number of securities and investment choices available. The firm’s methods have developed over time to include the ability to analyze individual securities, ETF’s and mutual funds. The firm can provide performance information to clients over various measurement periods as well.

Investors should be aware that investment in securities involves risk of loss. Securities that trade in open markets are subject to varying degrees of volatility, and investors have varying risk profiles that are unique in response to volatility. Typically, the greater the desire for returns, the more volatility investors will experience – and investors should be prepared for such volatility.

Fully recognizing that investors are unique, the firm offers an array of investment strategies to accommodate a range of investment goals. These strategies use a variety of securities and are designed to closely tie in with the profile of a wide range of investor goals and risk profiles.

The first step in the investment process -

The first step in the investment process is to determine client goals. The firm has an established initial step to ascertain client investment objectives, risk profile and investment timeframe. This process includes a client risk profile questionnaire along with adviser discussions. Especially relevant in this process is determining the client's current financial status, the level of assets accumulated, cash flow estimates, employment and retirement income, investment timeframe and several other important factors.

Evaluating investment security choices -

The firm has developed effective methods of evaluating investment security alternatives for client portfolios. Different investment securities require different evaluation methods. Individual stocks and bonds are evaluated differently from exchange-traded funds which are evaluated differently from mutual funds. The firm has a specific methodology to evaluate each security type.

Portfolio size is a large factor in security choice. Smaller portfolios may hold mutual funds, mid-size portfolios typically hold ETF's and larger portfolios may include individual securities. Tudor has a specific methodology to determine securities appropriate for each portfolio size.

Individual Securities –

1. The ***Legacy Growth Strategy*** is a unique investment approach that has a laser focus on the highest-quality companies in the stock universe. This strategy effectively filters a listing of over 2,800 New York Stock Exchange stocks down to a small select universe of 100-150 blue-chip companies that meet very stringent financial strength and stock quality characteristics – approximately 5 percent of the NYSE stock universe. The 100-150 high-quality blue chip company stock candidates are then filtered further to include only those that provide dividend income, are temporarily out-of-favor, have double-digit stock growth prospects and have the financial strength and quality management to work out of an existing, but most often temporary, challenging period. The financial strength, reputation, quality products and services offered by these blue-chip companies increase the probability of profit growth renewal (and stock price recovery) over time. Company stocks in this universe tend to be less risky and less volatile than the S&P 500 index. An ongoing dividend stream will typically increase returns for the strategy. Investors in this strategy should have at least \$500,000 in investable funds. Our ***Legacy Growth Strategy*** is a premier example of one of our individual stock and income-oriented strategies. See further details below regarding this strategy.
2. Tudor provides portfolios greater than \$1,000,000 with the option of a customized individual security approach. Securities often include individual stocks and income-producing alternatives. To find good quality choices, the firm implements a multi-step security selection process that is based on the evaluation of important security characteristics. The firm may also reference multiple data sources for security evaluation including Value Line, Standard & Poors, Dow Theory Forecasts and other research sources.

Portfolio management process:

Legacy Growth Strategy individual stock investment potential is determined through a firm proprietary system to filter fundamental characteristics of thousands of individual securities. The evaluation steps for security selection are as follows:

- An initial filter screens for securities that have risk levels appropriate for the risk profile of this strategy.
- A review of company dividend policy.
- Investment return potential is evaluated based on current security price levels – equities for ***Legacy Growth*** are typically screened for estimated double-digit multi-year returns.
- Sufficient trading volume is evaluated to assure the securities have sufficient liquidity for purchase and sales.
- Return on capital/financial strength levels are determined to evaluate the effectiveness of corporate management.
- Stock price variability and historical consistency is evaluated.

These factors are designed to filter for high-quality temporarily out-of-favor securities that have better than average return and risk profiles.

Material Risks for this strategy include the short-term risk of principal loss and dividend cuts. See other risks outlined below for all strategies.

The ***Legacy Growth Strategy*** is appropriate for portfolios valued at \$500,000 or more.

Exchange-Traded Funds –

The firm has most recently developed a sophisticated system of exchange-traded fund evaluation. Exchange-traded funds have proliferated in recent years and the firm now uses them extensively to replace the no-load mutual funds that have historically been allocated to portfolios. ETF's now number over 1,800 at the time of this writing and represent an extraordinarily wide range of securities and asset classes.

An evaluation of ETF's begins with an important consideration: liquidity. Many ETF's have been created in recent years, but many do not have sufficient investor support or interest. Many of these illiquid ETF securities will ultimately be merged away when insufficient investor interest makes them cost-ineffective. Also, illiquid ETF's often trade at wider price spreads for purchases and sales, making them more costly. In crucial moments, sufficient liquidity allows for more efficient sales of ETF's while illiquid ETF's may not have significant buyers.

Material Risks for ETF strategies include the short-term risk of principal loss and liquidity risk. See other risks outlined below for all strategies.

Our proprietary process of filtering and selecting ETF Securities is as follows:

- A database of the entire universe of ETF choices is downloaded.

- Those with less than 100,000 average daily trading volume are eliminated to provide the most liquid ETF's. In the current environment, this process results in approximately 350 ETF securities.
- These liquid ETF securities are then sorted by standard deviation, or risk.
- Securities below 130% of (S&P 500) market risk are retained for portfolio evaluation.
- After screening for liquidity and risk, the remaining securities are then ranked according to performance characteristics over multiple periods. This evaluation then results in a performance ranking for each ETF.
- The best performing ETF's over multiple evaluation periods have higher ranking scores, and these candidates are evaluated for purchase. Existing positions held in portfolios that continue to rank highly will be retained. The best-performing ETF securities not currently held in portfolios are placed on a list for consideration. ETF's held in portfolios that decline in the rankings are considered for sale out of portfolios.

This evaluation process slowly and consistently moves portfolio allocations to the best-performing portions of the investment universe given the risk parameters for client strategies.

Mutual Fund Strategies -

The firm has developed a successful and systematic process for mutual fund evaluation and selection:

- Mutual funds for portfolio consideration are first screened for sales charge. Funds with sales charges are then eliminated from investment consideration.
- The remaining no-sales-charge funds (or no-load funds) are then downloaded in database format and are "tranching" or divided into a number of different risk groups. The riskiest funds are then accumulated in one "basket" while successively lower risk funds are added to lower risk baskets.
- The funds within each "basket" or category are then analyzed and sorted to determine the best performers as ranked by three, six, nine and twelve month performance.
- The highest-ranked funds are added to or considered for client portfolios, and funds declining in the rankings are considered for possible sale out of portfolios.
- The firm's fund strategies for clients are limited to the three lowest risk mutual fund categories. The return/risk range of choices for mutual fund strategies is designed to accommodate a range from below market risk to slightly above market risk.

The firm's systematic mutual fund evaluation process results in portfolios that slowly evolve to the best-performing parts of the investment markets. These mutual fund strategies are most appropriate for accounts up to \$50,000. The mutual fund strategies can also accommodate much larger accounts for clients that prefer a mutual fund investment strategy.

Material Risks for mutual fund strategies include the short-term risk of principal loss and liquidity risks. See other risks outlined below for all strategies.

RetirementTrack Services -

The firm provides investment management services for employees participating in their employer's retirement plan. This service is currently designed to actively manage individual retirement accounts based on an asset allocation approach coupled with the firm's proprietary internal ranking system.

Retirement accounts are allocated based on the relative attractiveness of a broad range of investment categories. The firm consistently reviews the asset categories and reallocates based on a changing economic and investment environment.

General Material Risks:

There are several risks associated with the management of investment capital. These apply to each strategy implemented:

Management Risks: Although Tudor Financial employs a diligent investment process based on concrete investment history, there can be no guarantee that the methods employed will result in desired results in the future. This applies to each strategy implemented.

Investment Risks: Investment in securities, including ETF's and mutual funds and the securities they invest in. Clients and prospective clients should be aware that investing in securities involves risk of loss that clients should be prepared to bear.

Risk of Dividend Cuts: Companies may cut their dividends causing investors to sell a stock and a price decline.

ETF/Mutual Fund General Risks: Investing in ETF's/mutual funds carries the risk of capital loss. ETFs/mutual funds are not guaranteed or insured by the FDIC or any other government agency. ETF's and mutual funds may have exposure to derivative instruments, such as futures and forward contracts, options and swaps. The main risk with derivatives is that some types can amplify a gain or loss. Tudor's typical allocation to ETF's and mutual funds does not hold these types of securities.

Market/Systemic Risks: Equity and Fixed Income markets rise and fall daily. When markets decline, the value of a client's investment will fluctuate, which means a client could have short-term principal losses.

Trading/Liquidity Risks: A particular investment may be difficult to purchase or sell or may become difficult to sell after being purchased. This may restrict Tudor's ability to effect transactions; however, Tudor focuses heavily to find securities that are largely liquid.

Custodian Risks: Tudor affiliates with custodians that hold securities on behalf of clients. There is a risk that a custodian could go out of business. However, client securities would be secured by SIPC insurance in such an instance.

Tax Risks: Tax treatment of dividends and gains may change over time based on the changing tax code. There are risks that certain items may be subject to higher or lower taxes over time based on these changes. Also, there is a risk that year-end tax forms may be delayed at times due to regulatory requirements.

Income Security Risks: Many income securities are subject to credit risks. High yield securities are subject to greater credit and liquidity risks. Some of these securities may be considered speculative. Some U.S. government securities are not backed by the full faith and credit the U.S. government. There is no assurance that the U.S. Government will provide financial support to securities of its agencies.

Foreign Risks: Securities, mutual funds and ETF's that hold foreign securities are subject to political, economic, regulatory, differing accounting methods and currency risks. Investors should realize that these risks are different than some domestic security risks.

Managing Risk – The firm investment philosophy includes a large emphasis on risk management. The investment allocation and security selection process or philosophy of a firm is important but represents only one side of the investment equation. The risk management philosophy of an investment firm is

often more crucial than investment allocation decisions. Historical returns are important information; however, Tudor Financial focuses on the idea that risk management is equally important to long-term investment success. As a result, the firm implements an effective multi-layer system of risk management to mitigate the risk of overvalued or generally declining markets.

Our system of risk management is applied to all strategies. Clients can be assured that their existing allocations will be adjusted no matter which investment strategy they choose. The **Risk Management** system is implemented based on two general factors: **Volatility Risk** and **Momentum Risk**. Tudor Financial is unique in its approach to **Risk Management**.

1. Volatility Risk –

Asset classes most often move in a range, with this range frequently fluctuating above or below a long-term trend line. At times, economic and psychological factors overly depress or exuberantly extend investment category values. The degree of fluctuation depends on the asset class and history provides some clues regarding typical levels of fluctuation. More conservative categories – bonds, for example - will typically fluctuate less than stocks over time.

When Tudor clients complete an evaluation questionnaire, the resulting score for determines for many Tudor investment strategies how much of a client’s portfolio is invested in growth-oriented, but more volatile, allocations such as stocks. A score of 85 on the questionnaire would suggest that a portfolio would include approximately an 85% growth allocation with the remainder in less volatile income securities.

This is the **first layer of risk management** for client portfolios.

2. Market/Investment Category Trend Risk -

Investment market categories often move in general trend lines that are positive, flat and sometimes negative. Vacillations for all investment categories, whether domestic or international stocks, bonds, commodities, real estate, as well as many other asset categories, occur in patterns that can extend for months or years but are difficult to predict.

To accommodate these changes in investment markets, Tudor implements a risk management strategy that mitigates the risk of excessive capital loss in **generally declining markets**. This Tudor risk management strategy is known as **Phased Reallocation**.

Phased Reallocation works through the monthly evaluation of investment category trends. Tudor’s internal ranking systems evaluate broad investment category movements and adjust portfolios to factor in the relative strength of various investment/asset categories. The firm incrementally moves portfolio allocations to better-performing asset classes favored in the current environment while underperforming allocations naturally move out over time.

This is the firm’s **second layer of risk management**. This second layer is based on **asset category trends**.

These two effective risk management techniques are unique to the firm and are designed to address both individual client risk preferences and market decline risks.

Item 9 – Disciplinary Information

We have no disciplinary or legal matters to report.

Item 10 – Other Financial Industry Activities and Affiliations

Tudor Financial is **not** and does **not** have a related person that is a broker/dealer, municipal securities dealer, government securities dealer or broker, an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, an insurance company or agency, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

We are an independent registered investment adviser and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our representatives may sell other products or provide services outside of their role as investment adviser representatives with us.

Registered Representative of a Broker-Dealer

Our representatives are also registered representatives of Westminster Financial Securities , LLC. (Westminster Financial Securities), a securities broker-dealer. You may work with your investment adviser representative in his or her separate capacity as a registered representative of Westminster Financial Securities .

As a result of this relationship, Westminster Financial Securities may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about clients of Tudor Financial, even if a client does not establish any account through Westminster Financial Securities . If you would like a copy of the privacy policy of Westminster Financial Securities please contact your investment adviser representative.

When acting in his or her separate capacity as a registered representative, your investment adviser representative may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to you. As such, your investment adviser representative may suggest that you implement investment advice by purchasing securities products through a commission-based brokerage account in addition to or in lieu of a fee-based investment-advisory account. This receipt of commissions creates an incentive to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as a registered representative of a securities broker-dealer. Consequently, the objectivity of the advice rendered to you could be biased.

You are under no obligation to use the services of our representatives in this separate capacity or to use Westminster Financial Securities and can select any broker/dealer you wish to implement securities transactions. If you select our representatives to implement securities transactions in their separate capacity as registered representatives, they must use Westminster Financial Securities . Prior to effecting any such transactions, you are required to enter into a new account agreement with Westminster Financial Securities . The commissions charged by Westminster Financial Securities may be higher or lower than those charged by other broker/dealers. In addition, the registered representatives may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that you maintain the mutual fund investment.

Insurance Agent

You may work with your investment adviser representative in his or her separate capacity as an insurance agent. When acting in his or her separate capacity as an insurance agent, the investment adviser representative may sell, for commissions, general disability insurance, life insurance, annuities, and other insurance products to you. You are under no obligation to implement any insurance or annuity transaction through your investment adviser representative.

Our advisers also maintain a number of professional credentials such as CPA, ChFC, CFP™, CLU and, therefore, may be affiliated with their respective professional organizations.

None of these outside affiliations or sources of products is material to any adviser. Transaction costs from purchase/sale activity through a broker-dealer may provide a small level of revenue to advisers, but this level is not material to the advisers as discussed in Item 5 Fees & Compensation.

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

Code of Ethics Summary

An investment adviser is considered a fiduciary and has a fiduciary duty to all clients. Tudor Financial has established a Code of Ethics to comply with the requirements of the securities laws and regulations that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. Tudor Financial’s Code of Ethics covers all individuals that are classified as “supervised persons”. All employees, officers, directors and investment adviser representatives are classified as supervised persons. Tudor Financial requires its supervised persons to consistently act in your best interest in all advisory activities. Tudor Financial imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm’s fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of the Code of Ethics of Tudor Financial. If you wish to review the Code of Ethics in its entirety, you should send us a written request and upon receipt of your request, we will promptly provide a copy of the Code of Ethics to you.

Affiliate and Employee Personal Securities Transactions Disclosure

It may be possible that Tudor Financial or supervised persons of the firm may buy and sell for their personal investments, investment products identical to those recommended to clients. This creates a conflict of interest. It is the express policy of Tudor Financial that all persons associated in any manner with our firm must place clients' interests ahead of their own when implementing personal investments. As is required by our internal procedures manual, Tudor Financial and its supervised persons will not buy or sell securities for their personal investments where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry.

We are now and will continue to be in compliance with applicable state and federal rules and regulations. To mitigate conflicts of interest that can occur when access persons manage their personal accounts at the same time Tudor Financial manages client accounts, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members (collectively, supervised persons):

- Supervised persons cannot prefer their own interests to that of the client.
- Supervised persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry.
- Supervised persons are prohibited from purchasing or selling securities of companies in which any client is deemed an "insider".
- Supervised persons are discouraged from conducting frequent personal trading.
- Supervised persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted to the Chief Compliance Officer of Tudor Financial.

Any Supervised person not observing our policies is subject to sanctions up to and including termination.

Item 12 – Brokerage Practices

If Tudor Financial assists in the implementation of any recommendations, we are responsible to ensure that the client receives the best execution possible. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions considered, the transaction execution is in your best interest. When considering best execution, we look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with our existing systems, ease of monitoring investments)

- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back-office services, technology and pricing of services offered.

You are under no obligation to act on the financial planning recommendations of Tudor Financial . If we assist you in the implementation of any recommendations, we are responsible to ensure that you receive the best execution possible.

In some states, investment representatives must be affiliated with only one broker-dealer to facilitate securities transactions. In our broker-dealer selection process, we evaluate the flexibility, independence, cost, convenience and custodial relationship of the broker-dealer to determine our preference.

We have historically chosen Westminster Financial Securities to facilitate our broker-dealer requirements. They are geographically close, have a connection with one of the largest clearing firms in the world – National Financial Services – and provide flexibility and independence for advisers. Additionally, National Financial Services provides execution scorecards that have shown historically favorable execution qualities benefiting client transactions.

Not all advisers require their clients to direct brokerage. Our current broker-dealer relationship and custodian allow our advisory firm to set low costs for transactions and we currently recommend them to our clients. We receive no “soft dollar” compensation from the broker-dealer, as a result, we have ***no vested interest in and no conflict of interest*** with regard to broker-dealer choice due to soft dollar compensation. Additionally, we currently do not facilitate directed transactions to other broker-dealers and have not received requests in that regard.

In our purchases and sales of specific securities, we often aggregate trades and clients then receive the average price of the transaction. This is done to manage portfolios efficiently – the cost or benefit to clients is typically neutral but creates efficiencies in trading.

Item 13 – Review of Accounts

The firm consistently reviews advisory client accounts to assure proper allocations to investment securities that are appropriate for the return and risk profile of clients. These reviews typically occur quarterly, most often monthly and sometimes even more frequently. A qualified adviser or employee conducts these reviews, the process of which is overseen by the president of the firm.

These reviews are designed to verify current positions, proper allocation levels and appropriate risk parameters of securities included in client accounts.

Regard financial plans, individual advisers establish a set timetable for meetings with clients to review or update client financial plan recommendations. These reviews most often occur at least annually;

however, the client and adviser have great latitude with regard to meeting frequency. We recognize some client circumstance will change more frequently or more extremely than others and, therefore, allow for great review flexibility. Some clients prefer more frequent communication, some less – thus the review timetable is very flexible.

Clients in our fee-based programs receive statements at least quarterly and, at most, monthly. Monthly statements occur when there is activity within an account in a non-quarterly month.

Item 14 – Client Referrals and Other Compensation

Tudor does not typically provide compensation to others for management services. Tudor is structured to provide investment management services using in-house, well-researched methods and strategies.

Tudor does not currently employ solicitors to establish new client relationships. In addition, Tudor does not provide compensation to those that may refer clients to our advisory firm.

Item 15 – Custody

Tudor does not custody (or hold) client assets. The firm does not exceed the \$500 limit for custody of assets that would require additional reporting requirements. The firm maintains, through the broker-dealer a relationship with National Financial Services, a custodian that holds client securities. Clients receive statements from the custodian directly, not from our offices. Investment statements from a third-party custodian provide safeguards to help assure that securities are properly held in client accounts. Statements are mailed or electronically provided to clients at least quarterly and as often as monthly if there is account activity in a non-quarter end month. Tudor Financial, Inc. has custody only with regard to fees charged from client accounts on a quarterly basis.

Item 16 – Investment Discretion

When providing asset management services, Tudor Financial maintains trading authorization over the client's Account and can provide management services on a **discretionary** basis. When discretionary authority is granted, Tudor Financial will have the authority to determine the type of securities and the amount of securities that can be bought or sold for a client's portfolio without obtaining consent for each transaction. However, it is the policy of Tudor Financial to consult with clients prior to making significant changes in the account even when discretionary trading authority is granted.

If a client decides to only grant trading authorization on a **non-discretionary** basis, Tudor Financial will be required to contact the client prior to implementing changes in the account. Therefore, clients will be contacted and required to accept or reject the firm's investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, Tudor Financial will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If a client's accounts are managed on a non-discretionary basis, it is important to understand

that if the firm is not able to reach the client, or the client is slow to respond to the firm's request, it can have an adverse impact on the timing of trade implementations and the firm may not achieve the optimal trading price.

The client will have the ability to place reasonable restrictions on the types of investments that may be purchased in the Account. The client may also place reasonable limitations on the discretionary power granted to Tudor Financial so long as the limitations are specifically set forth or included as an attachment to the client agreement.

Item 17 – Voting Client Securities

We have historically chosen not to have the authority to vote client securities - clients will receive their proxies or other solicitations directly from their custodian or a transfer agent. Clients can feel free to contact us with questions about a solicitation.

Item 18 – Financial Information

We do not require or solicit prepayment of more than \$500 in fees per client, or six months or more in advance and, therefore, are not required to provide a balance sheet for the most recent fiscal year.

Since we charge investment management fees in arrears, we have no impairment with regard to providing our contractual commitments to clients.

Tudor has never been the subject of a bankruptcy petition in any of the last ten years.