

# Disclosure Brochure

March 15, 2024



*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of The Marshall Financial Group, Inc. (hereinafter "The Marshall Financial Group" or the "firm"). If you have any questions about the contents of this brochure, please contact Daniel Cairns at (215) 348-9393. 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 The Marshall Financial Group is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The Marshall Financial Group is an SEC registered investment adviser. Registration does not imply any level of skill or training.

## Item 2. Material Changes

In this Item, The Marshall Financial Group is required to discuss any material changes that have been made to the brochure since the firm's last annual amendment on March 17, 2023.

The Firm updated Item 5 to disclose that the annual fee for retirement planning consulting, now ranges between 60 basis points (0.60%) and 25 basis points (0.25%), depending upon the services provided and the amount of assets to be advised on. The Firm can now negotiate a fee rate that differs from the range set forth above.

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## Item 4. Advisory Business

The Marshall Financial Group has been in business as a registered investment adviser since June 1983. The Marshall Financial Group is a corporation wholly owned by The Marshall Financial Group, Inc. Employee Stock Ownership Trust. As of December 31, 2023, The Marshall Financial Group had \$779,192,291 in assets under management, of which \$779,181,688 was managed on a discretionary basis and \$10,603 was managed on a non-discretionary basis.

The Marshall Financial Group offers clients a variety of fee based advisory services, which include wealth management, consulting and investment management. Prior to engaging The Marshall Financial Group to provide any of the foregoing services, the client is required to enter into one or more written agreements with the firm setting forth the relevant terms and conditions of the advisory relationship.

This Disclosure Brochure describes the business of The Marshall Financial Group. Certain sections also describe the activities of the firm's Supervised Persons, which refer to The Marshall Financial Group's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, and any other person who provides investment advice on the firm's behalf and is subject to its supervision or control.

### Wealth Management and Consulting Services

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#### *Wealth Management Services*

The Marshall Financial Group provides its clients with a broad range of comprehensive wealth management services, which generally include:

- Educational Funding;
- Tax Planning;
- Cash Management;
- Debt Consolidation;
- Retirement Planning;
- Investment Management;
- Estate Planning;
- Charitable Giving;
- Risk Management;
- Stock Options Strategies;
- Small Business Planning; and
- Asset Protection Planning.

#### *Wealth Coaching Services*

The Marshall Financial Group offers My Wealth Coach™, which makes available a broad range of limited wealth management services available to clients. These wealth management services are performed on an as requested basis.

In performing any of the above wealth management or consulting services, The Marshall Financial Group is not required to verify any information received from the client or from the client's other professionals

(e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. The firm may recommend the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if The Marshall Financial Group recommends its own services. The client is under no obligation to act upon any of the recommendations made by The Marshall Financial Group under a wealth management or consulting engagement or to engage the services of any such recommended professional, including The Marshall Financial Group itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of The Marshall Financial Group's recommendations. Clients are advised that it remains their responsibility to promptly notify The Marshall Financial Group if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising the firm's previous recommendations and/or services.

### **Investment Management Services**

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The Marshall Financial Group manages its clients' investment portfolios on a discretionary or non-discretionary basis.

The Marshall Financial Group primarily allocates clients' assets among individual debt and equity securities, options, mutual funds, index funds, exchange-traded funds ("ETFs") and *Independent Managers* (as defined below), in accordance with their individual investment objectives. Additionally, the firm may recommend that clients who qualify as accredited investors, as defined by Rule 501 of the Securities Act of 1933, invest in private placement securities, which may include debt, equity and/or pooled investment vehicles. The firm may also provide advice about any type of legacy position or investment otherwise held in clients' investment portfolios, but clients should not assume that these assets are being continuously monitored or otherwise advised on by the Firm unless specifically agreed upon.

In addition, clients may engage The Marshall Financial Group to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts, and assets held through employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, The Marshall Financial Group directs or recommends the allocation of client assets among the various investment options available with the product. Client assets are generally maintained at the underwriting insurance company or the custodian designated by the product's sponsor. The Marshall Financial Group may also advise certain clients to invest in various hard assets, which may include precious metals, gems and/or rare collectible items (e.g., bullion, coins, etc.).

The Marshall Financial Group tailors its advisory services to accommodate the needs of its individual clients and continuously seeks to ensure that its clients' portfolios are managed in a manner consistent with their specific investment profiles. The Marshall Financial Group consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. Clients are advised to promptly notify The Marshall Financial Group if there are

changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if The Marshall Financial Group determines, in its sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to the firm's management efforts.

### **Retirement Plan Consulting Services**

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The Marshall Financial Group provides various consulting services to qualified employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans. Each engagement is individually negotiated and customized. As disclosed in the Advisory Agreement, certain of the foregoing services are provided by The Marshall Financial Group as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In accordance with ERISA Section 408(b)(2), each plan sponsor is provided with a written description of The Marshall Financial Group's fiduciary status, the specific services to be rendered and all direct and indirect compensation the Firm reasonably expects under the engagement.

### **Use of Independent Managers**

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As mentioned above, The Marshall Financial Group recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers ("Independent Managers"), either directly or under a wrap fee program. The Marshall Financial Group evaluates various information about the Independent Managers in which it recommends or selects to manage its clients' portfolios. The firm generally reviews a variety of different resources, which may include the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the firm seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposures. The Marshall Financial Group also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other related factors.

In these situations, The Marshall Financial Group continues to render services to the client relative to the discretionary and/or non-discretionary selection or recommendation of Independent Managers. The Marshall Financial Group generally monitors the performance of those accounts being managed by Independent Managers by reviewing the account statements produced by the Financial Institutions, as well as other performance information furnished by the Independent Managers and/or other third-party providers. In return for these ongoing services, The Marshall Financial Group receives an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated Independent Managers.

The terms and conditions under which the client engages the Independent Managers are set forth in a separate written agreement between The Marshall Financial Group or the client and the designated Independent Managers. In addition to this Disclosure Brochure, the client also receives the written disclosure documents of the designated Independent Managers engaged to manage their assets.

## **Item 5. Fees and Compensation**

The Marshall Financial Group offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management.

### **Wealth Management and Consulting Fees**

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The Marshall Financial Group generally charges a fixed and/or hourly fee to provide clients with wealth management or consulting services. These fees are negotiable, but generally range up to \$5,000 per quarter on a fixed fee basis and from \$200 to \$400 on an hourly basis. The firm may also charge an hourly rate of between \$150 and \$180 for certain administrative services. The Marshall Financial Group's fees are a function of the value of its services, the time anticipates expending on its client's behalf, the complexity of the client's issues, and the overall success of a particular engagement.

The firm's agreement with the client, memorialized in a wealth management agreement for wealth management services and investment management services, sets forth the specific terms and conditions of a particular engagement and describes the scope of the services for both wealth management and investment management. The fees for wealth management and consulting services are charged in arrears. When the firm begins a wealth management engagement with a client, the client and the firm agree for the engagement to continue until one party terminates the agreement. In the event the agreement is terminated, the fee for the final billing period is prorated through the effective date of termination and the outstanding or unearned portion of the fee is charged or refunded to the client as appropriate.

### **Financial Planning/Investment Management/Wealth Coach Clients**

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The Marshall Financial Group has clients that previously signed a letter of engagement agreement and/or investment management agreements prior to March 31, 2021. The Marshall Financial Group reserves the right to offer financial planning letter of engagements and/or investment management service to these clients at their existing terms and conditions. The clients are generally charged a fixed and/or hourly fee to provide clients with financial planning or consulting services. These fees are negotiable, but generally range up to \$20,000 on a fixed fee basis and from \$175 to \$350 on an hourly basis. The firm may also charge an hourly rate of between \$130 and \$175 for certain administrative services. The Marshall Financial Group's fees are a function of the value of its services, the time it anticipates expending on its client's behalf, the complexity of the client's issues, and the overall success of a particular engagement.

The firm's agreement with the client, memorialized in a letter of engagement for financial planning services, sets forth the specific terms and conditions of a particular engagement and describes both the scope of the services and the portion of the fee that is due prior to commencing services. Generally, hourly fees are billed in arrears and fixed fees are payable in advance; however, the firm does not accept fees in excess of \$1,200 more than six months prior to the anticipated completion of its services.

### **Wealth Coaching Fees**

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The Marshall Financial Group charges a fixed fee of \$450 to \$1,200 per quarter to provide clients with the wealth coaching services outlined above (effective for clients signing agreements after March 31, 2021). The wealth coaching fee is charged quarterly in arrears upon execution of an agreement taking the form of a wealth management agreement for wealth coaching services signed by the client and an executive officer of the firm.

When the firm begins a wealth coaching engagement with a client, the client and the firm agree for the engagement to continue until one party terminates the agreement. In the event the agreement is terminated, the fee for the final billing period is prorated through the effective date of termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

In limited circumstances, The Marshall Financial Group may charge a project-based fee to provide clients with the wealth coaching services which may differ from the fee set forth above. These fees will be individually negotiated as memorialized in the executed agreement.

### **Investment Management Fees**

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The Marshall Financial Group provides investment management services for an annual fee based upon a percentage of the assets being managed by The Marshall Financial Group. For clients to whom the Firm provides both investment management and wealth management services/wealth coach services, the tiered fee schedule is as follows:

<b><u>ASSET VALUE</u></b>	<b><u>ANNUAL FEE</u></b>
First \$3,000,000	0.60%
Next \$2,000,000	0.55%
Assets Exceeding \$5,000,000	0.45%

The Firm believes that clients are better serviced when receiving holistic services that include the wealth management and consulting services. In order to encourage clients to engage the Firm for such services, The Marshall Financial Group will accept engagements to provide only investment management services, but the Firm generally imposes an annualized fee schedule with 25 basis points (0.25%) added to each level of the tiered fee schedule above. Therefore, investment management-only clients will pay a higher fee for less services. The Marshall Financial Group's annual fee is prorated and charged quarterly in



arrears, based upon the market value of the assets being managed by The Marshall Financial Group on the last day of the previous quarter. The Marshall Financial Group's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. The Marshall Financial Group does not, however, receive any portion of these commissions, fees and costs. Investment management fees will be memorialized in the firm's wealth management agreement/wealth coach agreement or investment management agreement with the client.

The Firm includes cash in a client's account in determining the valuation for billing purposes. The Firm may, in its sole discretion, not include cash in determining the fee, especially where a client has a high percentage of cash for reasons other than the Firm's investment management decision. Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), The Marshall Financial Group can negotiate a fee rate that differs from the range set forth above. Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage The Marshall Financial Group for additional services for compensation, including rolling over retirement accounts or moving other assets to the Firm's management. Clients retain absolute discretion over all decisions regarding engaging the Firm and are under no obligation to act upon any of the recommendations.

#### **Retirement Plan Consulting Fees**

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The Marshall Financial Group provides retirement plan consulting services for an annual fee based upon a percentage of the assets held within the retirement plan. Each engagement is individually negotiated and tailored to accommodate the needs of the individual plan sponsor, as memorialized in the Agreement. These annual fees vary, based on the scope of the services to be rendered, with a range between 60 basis points (0.60%) and 25 basis points (0.25%), depending upon the services provided and the amount of assets to be advised on. The Marshall Financial Group can negotiate a fee rate that differs from the range set forth above. These fees can be billed quarterly in arrears or billed monthly (1/12<sup>th</sup> per month), in arrears. Fees for clients billed monthly are not prorated for partial months.

#### **Fee Discretion**

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The Marshall Financial Group, in its sole discretion, may negotiate to charge a lesser management fee or exclude certain assets or asset classes from a management fee based upon certain criteria (e.g., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention, *pro bono* activities, etc.).

#### **Fees Charged by Financial Institutions**

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As further discussed in response to Item 12 (below), The Marshall Financial Group generally recommends that clients utilize the brokerage and clearing services of Charles Schwab & Co., Inc., an

SEC registered broker-dealer and member of FINRA, through its Schwab Advisor Services™ division (“Schwab”), for investment management accounts.

The Marshall Financial Group may only implement its investment recommendations after the client has arranged for and furnished The Marshall Financial Group with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, Schwab, any other broker-dealer recommended by The Marshall Financial Group, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the “Financial Institutions”).

Clients may incur certain charges imposed by the Financial Institutions and other third parties such as fees charged by Independent Managers, custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, clients can incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to The Marshall Financial Group’s fee.

#### **Fee Debit**

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The firm’s agreements and the separate agreement with any Financial Institutions generally authorize The Marshall Financial Group or Independent Managers to debit the client’s account for the amount of The Marshall Financial Group’s fees and to directly remit the fees to The Marshall Financial Group or the Independent Managers. Clients can choose which accounts to have the Firm debit the fees from. For example, the client may prefer to have the fees associated with a 529 account withdrawn from a different account. When an account does not have enough cash to pay the fee, the Firm can debit the fee from another account where it has authority when it is in the client’s best interest. This practice can help avoid the need to sell securities for the fee.

Any Financial Institutions recommended by The Marshall Financial Group have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of the fees paid directly to The Marshall Financial Group. Alternatively, clients may elect to have The Marshall Financial Group send a separate invoice for payment.

#### **Fees for Investment Management During Partial Quarters of Service**

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If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets is not adjusted or prorated to account for the amount of days remaining in the quarter. For the initial period of investment management services, fees are calculated on a *pro rata* basis. The investment management agreement between The Marshall Financial Group and the client continues in effect until terminated by either party pursuant to the provisions therein. The Marshall Financial Group’s investment management fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

### **Use of Margin**

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The Marshall Financial Group may recommend that certain clients utilize margin in the client's investment portfolio or other borrowing. The Marshall Financial Group only recommends such borrowing for non-investment needs, such as bridge loans and other financing needs. The Firm's fees are determined based upon the value of the assets being managed gross of any margin or borrowing.

### **Account Additions and Withdrawals**

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Clients may make additions to and withdrawals from their account at any time, subject to The Marshall Financial Group's right to terminate an account. Additions may be in cash or securities provided that the firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to The Marshall Financial Group, subject to the usual and customary securities settlement procedures. However, The Marshall Financial Group designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. The Marshall Financial Group may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

The Marshall Financial Group does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

## **Item 7. Types of Clients**

The Marshall Financial Group provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

### **Minimum Fees for Retirement Plan Services**

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The Marshall Financial Group charges a minimum annualized fee of \$2,500 for its retirement plan consulting services. If the minimum fee is not reached by the end of a calendar year (pro rated for new clients), the difference is billed to the plan sponsor.

In addition, certain Independent Managers can impose more restrictive account requirements and varying billing practices than The Marshall Financial Group. In these instances, The Marshall Financial Group may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

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

### Methods of Analysis

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The Marshall Financial Group's methodology is based primarily on Modern Portfolio Theory ("MPT") and incorporates a combination of largely fundamental, technical and cyclical analytical metrics.

MPT is a mathematical based investment discipline that seeks to quantify expected portfolio returns in relation to corresponding portfolio risk. The basic premise of MPT is that the risk of a particular holding is to be assessed by comparing its price variations against those of the market portfolio. However, MPT disregards certain investment considerations and is based on a series of assumptions that may not necessarily reflect actual market conditions. As such, the factors for which MPT does not account (e.g., tax implications, regulatory constraints and brokerage costs) may negate the upside or add to the actual risk of a particular allocation. Nonetheless, The Marshall Financial Group's investment process is structured in such a way to integrate those assumptions and real life considerations for which MPT analytics do not account.

Fundamental analysis involves an evaluation of an issuer's fundamental financial condition and competitive position. The Marshall Financial Group generally analyzes the financial condition, capabilities of management, earnings capacity, new products and services, as well as the company's markets and position amongst its industry competitors in order to determine the recommendations made to clients. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the examination of past market data rather than specific company information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that The Marshall Financial Group will be able to accurately predict such a reoccurrence.

Cyclical analysis is similar to technical analysis in that it involves the assessment of market conditions at a macro (entire market or economy) or micro (company specific) level, rather than focusing on the overall fundamental analysis of the health of the particular company that The Marshall Financial Group is recommending. The risks with cyclical analysis are similar to those of technical analysis.

### Investment Strategies

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The Marshall Financial Group strives to structure investment portfolios relative to a client's needs and goals.

Modern Portfolio Theory, as recognized by the 1990 Nobel Prize, is the basic tenet under which the Firm manages client portfolios. Expectations around forward return, risk, and asset class correlations influence how client portfolios are initially structured and subsequently managed.

The Marshall Financial Group may prefer to utilize the skill and knowledge of seasoned mutual fund managers in those asset classes where the Firm believes the mutual fund manager has exhibited the ability to provide incremental benefit over investing in a comparable index. In those instances where the Firm believes it benefits the client to utilize an index-like investment, the Firm will recommend using exchange-traded funds (ETFs) or other index-tracking investment vehicles.

No one investment strategy provides a panacea or success. Each one has pluses and minuses (tactical management, indexing, ETFs, illiquid investments, individual stocks, bonds, etc.). The Marshall Financial Group will recommend investment vehicles based on their role or purpose in the overall portfolio.

### **Risks of Loss**

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#### *Mutual Funds and Exchange Traded Funds (ETFs)*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *Options*

Options allow investors to buy or sell a security at a contracted strike price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge against potential losses or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase or decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

### *Market Risks*

The profitability of a significant portion of The Marshall Financial Group's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that The Marshall Financial Group will be able to predict these price movements accurately or capitalize on any such assumptions.

### *Volatility Risks*

The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

### *Equity-Related and Fixed Income Securities*

The Marshall Financial Group may take positions in common stocks traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and economic trends and developments, and the stock prices of such companies may suffer a decline in response.

### *Fixed Income Securities*

Fixed income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations and to price volatility.

### *Use of Independent Managers*

The Marshall Financial Group may recommend the use of Independent Managers. In these situations, The Marshall Financial Group continues to do ongoing due diligence of such managers, but such

recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, The Marshall Financial Group generally may not have the ability to supervise the Independent Managers on a day-to-day basis.

#### *Use of Private Collective Investment Vehicles*

The Marshall Financial Group recommends that certain clients invest in privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each fund's private placement memorandum and/or other documents explaining such risks prior to investing.

#### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

## **Item 9. Disciplinary Information**

The Marshall Financial Group has not been involved in any legal or disciplinary events that are material to a client's evaluation of the firm's advisory business or the integrity of management.

## **Item 10. Other Financial Industry Activities and Affiliations**

This item requires investment advisers to disclose certain financial industry activities and affiliations. The Firm does not have any other financial industry activities or affiliations that need to be disclosed.

## **Item 11. Code of Ethics**

The Marshall Financial Group has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. The Marshall Financial Group's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of The Marshall Financial Group's personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, the Firm's Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact The Marshall Financial Group to request a copy of its Code of Ethics.

## **Item 12. Brokerage Practices**

As discussed in Items 5, The Marshall Financial Group generally recommends that clients utilize the brokerage and clearing services of Charles Schwab & Co., Inc. through its Schwab Advisor Services™ ("Schwab") for investment management accounts.

Factors which The Marshall Financial Group considers in recommending Schwab or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Schwab enables the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Schwab may be higher or lower than those charged by other Financial Institutions.



The commissions paid by The Marshall Financial Group's clients to Schwab comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where The Marshall Financial Group determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. The Marshall Financial Group seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Consistent with obtaining best execution, brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist The Marshall Financial Group in its investment decision-making process. Such research will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because The Marshall Financial Group does not have to produce or pay for the products or services.

The Marshall Financial Group periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

#### **Software and Support Provided by Financial Institutions**

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The Marshall Financial Group receives without cost from Schwab administrative support, computer software, related systems support, as well as other third party support as further described below (together "Support") which allow The Marshall Financial Group to better monitor client accounts maintained at Schwab and otherwise conduct its business. The Marshall Financial Group receives the Support without cost because the Firm renders investment management services to clients that maintain assets at Schwab. The Support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The Support benefits The Marshall Financial Group, but not its clients directly. Clients should be aware that The Marshall Financial Group's receipt of economic benefits such as the Support from a broker-dealer creates a conflict of interest since these benefits will influence the Firm's choice of broker-dealer over another that does not furnish similar software, systems support or services. In fulfilling its duties to its clients, The Marshall Financial Group endeavors at all times to put the interests of its clients first and has determined that the recommendation of Schwab is in the best interest of clients and satisfies the Firm's duty to seek best execution.

Specifically, The Marshall Financial Group receives the following benefits from Schwab: i) receipt of duplicate client confirmations and bundled duplicate statements; ii) access to a trading desk that exclusively services its institutional traders; iii) access to block trading which provides the ability to

aggregate securities transactions and then allocate the appropriate shares to client accounts; iv) access to an electronic communication network for client order entry and account information.

These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain amount of the advisor's clients' assets are maintained in accounts at Schwab Advisor Services. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to the Firm other products and services that benefit the Firm but may not benefit its clients' accounts. These benefits may include national, regional or Firm specific educational events organized and/or sponsored by Schwab. Other potential benefits may include occasional business entertainment of personnel of The Marshall Financial Group by Schwab personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist The Marshall Financial Group in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of the Firm's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of the Firm's accounts, including accounts not maintained at Schwab. Schwab also makes available to The Marshall Financial Group other services intended to help the Firm manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing.

In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to the Firm by independent third parties. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to the Firm. While, as a fiduciary, The Marshall Financial Group endeavors to act in its clients' best interests, the Firm's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefits received and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which creates a potential conflict of interest.

In addition to certain economic benefits received from broker-dealers, the Firm also occasionally receives certain economic benefits (namely payments for travel-related expenses including airfare, accommodations, and meals) when Firm employees travel to due diligence events sponsored by mutual fund companies. A conflict of interest exists as a result of the receipt of such benefits because such benefits could influence the Firm's selection of mutual funds in which its clients may invest. Nonetheless, the Firm will only select those mutual funds for clients that are in the best interest of its clients.

### **Trade Aggregation**

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Transactions for each client generally will be effected independently, unless The Marshall Financial Group decides to purchase or sell the same securities for several clients at approximately the same time. The Marshall Financial Group may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among The Marshall Financial Group's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which The Marshall Financial Group's Supervised Persons may invest, the Firm generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. The Marshall Financial Group does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

## Item 13. Review of Accounts

### Account Reviews

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The Marshall Financial Group monitors its clients' investment portfolios on a continuous and ongoing basis, and conducts regular account reviews at least annually. Such reviews are conducted by one of the firm's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with The Marshall Financial Group and to keep The Marshall Financial Group informed of any changes thereto. The Marshall Financial Group contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations, and to discuss the impact resulting from any changes in their financial situation and/or investment objectives.

### Account Statements and General Reports

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the *Financial Institutions*. Clients in the Program also receive reports from The Marshall Financial Group that may include such relevant account and/or market-related information, such as an inventory of account holdings and account performance on an annual basis or as otherwise agreed. Clients should compare any supplemental reports they receive from The Marshall Financial Group and/or the *Independent Managers* with the account statements they receive from the *Financial Institutions*.

## Item 14. Client Referrals and Other Compensation

### Client Referrals

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The Marshall Financial Group does not provide compensation for client referrals.

### Other Economic Benefit

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The Marshall Financial Group has an arrangement in place where it receives an economic benefit from a third party (non-client) for providing advisory services. This type of relationship poses a conflict of interest and is described at length in Item 12.

## Item 15. Custody

Marshall Financial Group is deemed to have custody of client funds and securities because the Firm is given the ability to debit client accounts for payment of the Firm's fees. As such, client funds and securities are maintained at one or more Financial Institutions that serve as the qualified custodian with

respect to such assets. Such qualified custodians will send account statements to clients at least once per calendar quarter that typically detail any transactions in such account for the relevant period.

In addition, as discussed in Item 13, The Marshall Financial Group also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from The Marshall Financial Group.

### **Surprise Independent Examination**

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As Marshall Financial Group is deemed to have custody over clients' cash or securities (for reasons other than those discussed above), the Firm is required to engage an independent accounting Firm to perform a surprise annual examination of those assets and accounts over which it maintains custody. Any related opinions issued by an independent accounting Firm are filed with the SEC and are publicly available on the SEC's Investment Adviser Public Disclosure website. Marshall Financial Group does not have direct access to client funds as they are maintained with an independent qualified custodian.

### **Standing Letters of Authorization**

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The Marshall Financial Group also has custody due to clients giving the Firm limited power of attorney in a standing letter of authorization ("SLOA") to disburse funds to one or more third parties as specifically designated by the client. In such circumstances, the Firm will implement the steps in the SEC's no-action letter on February 21, 2017 which includes (in summary): i) client will provide instruction for the SLOA to the custodian; ii) client will authorize the Firm to direct transfers to the specific third party; iii) the custodian will perform appropriate verification of the instruction and provide a transfer of funds notice to the client promptly after each transfer; iv) the client will have the ability to terminate or change the instruction; v) the Firm will have no authority or ability to designate or change the identity or any information about the third party; vi) the Firm will keep records showing that the third party is not a related party of the Firm or located at the same address as the Firm; and vii) the custodian will send the client an initial and annual notice confirming the SLOA instructions.

## **Item 16. Investment Discretion**

The Marshall Financial Group may be given the authority to exercise discretion on behalf of clients. The Marshall Financial Group is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. The Marshall Financial Group is given this authority through a power-of-attorney included in the agreement between The Marshall Financial Group and the client. Clients may request a limitation on this authority (e.g., certain securities not to be bought or sold).

The Marshall Financial Group generally takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made.

## Item 17. Voting Client Securities

The Marshall Financial Group does not accept the authority to vote clients' securities (i.e., proxies) on their behalves. Clients receive proxies directly from the *Financial Institutions* where their assets are custodied and may contact the firm at the telephone number on the cover of this brochure with questions about such.

## Item 18. Financial Information

The Marshall Financial Group is not required to disclose any financial information pursuant to this Item due to the following:

- The firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance;
- The firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The firm has not been the subject of a bankruptcy petition at any time during the past ten years.



Prepared by:

