

ROSSI FINANCIAL GROUP

Registered Investment Adviser

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Form ADV Part 2
Firm Brochure
March 30, 2020

This brochure provides information about the qualifications and business practices of Rossi Financial Group. If you have any questions about the contents of this brochure, please contact Paul Rossi, Chief Executive Officer, at (916) 730-6366 or email at paul@rossifg.com.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or any state securities administrator. Additional information about Rossi Financial Group is available on the SEC's website at www.adviserinfo.sec.gov. Click on the "Investment Adviser Search" link and then search for "Investment Adviser Firm" using the firm's IARD number, which is 164096.

While the firm and its associates may be registered with the State of California, that registration does not imply an endorsement by any regulatory authority, nor imply a certain level of skill or training on the part of the firm or its associated personnel.

Item 2 - Material Changes

The firm has amended its Form ADV Part 2 from the previous version dated March 25, 2019 brochure due to a change in the firm's reportable assets under management (AUM); please see Item 4.

The firm may at any time update this document and either send a copy of its updated brochure or provide a summary of material changes to its brochure and an offer to send an electronic or hard copy form of the updated brochure. Clients are also able to download this brochure from the SEC's Website: www.adviserinfo.sec.gov or may contact our firm at (916) 730-6366 to request a copy at any time.

As with all firm documents, clients and prospective clients are encouraged to review this brochure in its entirety and are encouraged to ask questions at any time prior to or throughout the engagement.

Important Information

Throughout this document, Rossi Financial Group shall also be referred to as the "firm," "our," "we" or "us." These terms are utilized for the reader's ease of use while reviewing the brochure and are not meant to imply the firm may be larger than it actually may be. The client or prospective client may be also referred to as "you," "your," etc., and refers to a client engagement involving of a single *person* as well as two or more *persons*.

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Item 4 - Advisory Business

Description of the Firm

Paul Richard Rossi, CFA is a sole proprietor operating the California-domiciled registered investment adviser doing business as Rossi Financial Group.¹ Due to the firm's legal structure it is not a subsidiary of, nor does it control, another industry entity. In addition to the firm's 2012 registration with the State of California, Mr. Rossi and others who may be associated with his firm may register or meet certain exemptions to registration in additional jurisdictions in which investment advisory business is conducted. Mr. Rossi serves as the firm's supervisory principal and further information about him may be found in Item 19.²

Description of Advisory Services Offered

Rossi Financial Group provides a range of investment advisory solutions to its clients. For those interested in areas such as cash flow and budgeting, education funding, retirement planning, risk management and estate planning, as well as periodic investment advice, we provide our financial planning and investment consultation services. We provide investment management services through the engagement of third-party institutional investment managers, as well as ongoing and continuous supervision of clients' portfolios through our own investment supervisory services offering. For clients that meet specific criteria (noted in Item 6), we offer a performance-based fee structure via a separate firm brochure which is provided upon request.

To begin, an introductory interview is provided by a qualified representative of our firm to determine the scope of services for your engagement. During or prior to your first meeting, we will provide you with our current Form ADV Part 2 firm brochure that includes our privacy policy statement. The firm will also ensure any material conflicts of interest are disclosed regarding our firm and its associates that could be reasonably expected to impair the rendering of unbiased and objective advice.

Should you wish to engage our firm for its services, we must first enter into a written agreement; thereafter, discussion and analysis will be conducted to determine your financial needs, goals, holdings, etc. Depending on the scope of the engagement, we may require current copies of the following documents early in the process:

- Wills, codicils and trusts,
- Insurance policies,
- Mortgage information,
- Tax returns,
- Current financial specifics including W-2s or 1099s,
- Information on current retirement plans and benefits provided by your employer,
- Statements reflecting current investments in retirement and non-retirement accounts, and
- Completed risk profile questionnaires or other forms provided by our firm.

It is important that the information and financial statements you provide is accurate. We may, but are not obligated to, verify the information you have provided, which will then be used in the financial planning or investment advisory process. Our ability to provide our advisory services depends on access to important information about our clients.

¹ Please refer to the end of this brochure for an explanation of professional designations and their ongoing continuing education requirements.

² In consonance with the SEC's 2010 *General Instructions for Part 2 of Form ADV* (page 22), principal executive information that may be found within Form ADV Part 2B is included in Item 19 of this brochure.

Accordingly, it is necessary that you provide us with an adequate level of information and supporting documentation throughout the term of the engagement, including but not limited to source of funds, income levels, your (or your legal agent's) authority to act on behalf of the account, among other information. This helps us determine the appropriateness of our financial planning or investment strategy for you.

It is also very important that you keep us informed on significant changes that may call for an update to your financial and investment plans. Events such as job changes, retirement, a windfall, marriage or divorce, or the purchase or sale of a home or business can have a large impact on your circumstances and needs. We need to be aware of such events, so we can make the adjustments needed to your plan or advice in order to keep you on track toward your goals.

Financial Planning and Investment Consultation Services

Our services may be broad-based (sometimes coined "comprehensive planning") or more narrowly focused as you desire. If several or all of the services described are provided together through a broad-based plan, the total time needed to complete these services may be less than the time it would take to complete each service separately because of the efficiency gained by combining more than one service.

Cash Flow and Debt Management

We will conduct a review of your income and expenses to determine your current surplus or deficit along with advice on prioritizing how any surplus should be used or how to reduce expenses if they exceed your income. Advice may also be provided on which debts to pay off first based on factors such as the interest rate of the debt and any income tax ramifications. We may also recommend what we believe to be an appropriate cash reserve that should be considered for emergencies and other financial goals, a review of accounts (such as money market funds) for such reserves, plus strategies to save desired amounts.

Risk Management

Our services include an analysis of your exposure to major risks that could have a significant adverse impact on your financial picture, such as premature death, disability, property and casualty losses, or the need for long-term care. Advice is provided on ways to minimize such risks and about weighing the costs of purchasing insurance versus the benefits of doing so and, likewise, the potential costs of not purchasing insurance (self-insuring).

Employee Benefits

We will provide review and analysis as to whether you, as an employee, are taking the maximum advantage possible in your employee benefits. If you are a business owner, we will consider and/or recommend the various benefit programs that can be structured to meet both business and personal retirement goals.

Retirement Planning

Our retirement planning services typically include projections of your likelihood of achieving your financial goals, with financial independence usually the primary objective. For situations where projections show less than the desired results, we may make recommendations that include showing you the impact on those projections by making changes in certain variables (i.e., working longer, saving more, spending less, taking more risk with investments). If you are near retirement or already retired, advice may be given on appropriate distribution strategies to minimize the likelihood of running out of money or having to adversely alter spending during your retirement years.

Tax Planning Strategies

While our firm does not offer tax preparation, we will work with your tax professional to assist in structuring your financial life to identify tax-saving opportunities. Our advice includes ways to minimize current and future income taxes as a part of your overall financial planning picture. For example, we may make recommendations on which type of account(s) or specific investments should be owned based in part on their “tax efficiency,” with consideration that there is always a possibility of future changes to federal, state or local tax laws and rates that may impact your situation.

Education Planning

Our college funding advisory services may include projecting the amount that will be needed to achieve post-secondary education funding goals, along with advice on ways for you to save the desired amount. Recommendations as to savings strategies are included, and advice might also include the “pros-and-cons” of various college savings vehicles that are available.

Estate Planning

This usually includes an analysis of your exposure to estate taxes and your current estate plan, which may include whether you have a will, powers of attorney, trusts and other related documents. Our advice also typically includes ways for you to minimize or avoid future estate taxes by implementing appropriate estate planning strategies such as the use of applicable trusts.

We recommend that you consult with a qualified attorney when you initiate, update, or complete estate planning activities. We may provide you with contact information for attorneys who specialize in estate planning when you wish to hire an attorney for such purposes. From time-to-time, we will participate in meetings or phone calls between you and your attorney with your approval or request.

Investment Consultation

Our investment consultation services may involve providing information on the types of investment vehicles available, employee stock options, investment analysis and strategies, asset selection and portfolio design, as well as assisting you in establishing your own investment account at a selected broker/dealer or custodian (collectively, we term as “service providers”). The strategies and types of investments we may recommend are further discussed in Item 8 of this brochure.

Client-Tailored Services and Client-Imposed Restrictions

Broad-Based v. Modular Planning

A broad-based plan is an endeavor that requires detail, therefore, certain variables can affect the cost involved in the development of the plan: the quality of your own records, complexity and number of current investments, diversity of insurance products and employee benefits you currently hold, size of the potential estate, special needs of the client or their dependents, among others.

While certain broad-based plans may require 10 or more hours to complete; complex plans may require more than 20 hours to complete. Alternatively, we may concentrate on reviewing only a specific area (modular planning), such as college funding, portfolio allocations, or evaluating the sufficiency of your retirement plan. Note that when these services focus only on certain areas of your interest or need, however, your overall situation or needs may not be fully addressed due to limitations you may have established. Whether a broad-based or modular plan, we will present you with a summary of our recommendations, guide you in the implementation of some or all of them, and offer periodic reviews thereafter (see Item 13).

Unless stated to the contrary in your agreement, upon completion of our presentation or delivery of advice through this form of planning service, our financial planning and investment consultation engagement is typically concluded. You are always encouraged to contact our firm at any time in the future to re-engage our services.

Periodic Review

We strongly urge our clients to notify us of any change in their circumstances, and to schedule a review any time there is such a change. An annual review should be considered even if there is not a substantial change, because tax laws, estate laws, and insurance and investment products are rapidly evolving.

In all instances involving our financial planning and investment consultation services, our clients retain full discretion over all implementation decisions and are free to accept or reject any recommendation we make.

Investment Supervisory Services

You may also engage our firm to implement investment strategies that we have recommended to you. Depending on your risk profile, needs, among other considerations, your portfolio may involve the employment of one or more investment strategies, as well as either a broad range or more narrowly focused choice of investment vehicles which is described in further detail in Item 8 of this brochure. We provide our investment supervisory services under a non-discretionary agreement (further defined in Item 16), and our services may include the following:

- Investment strategy,
- Investment policy statement,
- Asset allocation,
- Asset selection,
- Risk tolerance,
- Regular portfolio monitoring, and
- Periodic rebalancing.

Where appropriate, we will prepare an investment policy statement (IPS) or similar document reflecting your investment objectives, time horizon, tolerance for risk, as well as any account constraints you may have for the portfolio. Your IPS will be designed to be specific enough to provide future guidance while allowing flexibility to work with changing market conditions. Since the IPS, to a large extent, will be a product of information and data you have provided, you will be responsible for reviewing and providing final approval of the document/plan.

Third-Party Investment Managers

Following our consultation session and plan development, we may recommend you engage a third-party investment manager to implement a portion of your investment plan. Prior to recommending a third-party investment manager, our firm will conduct what we believe to be an appropriate level of due diligence to include ensuring the firm is appropriately registered or notice-filed within your jurisdiction, if required.

At least annually thereafter, a due diligence review will be performed from both a compliance and performance perspective to determine that the selected third-party manager remains an appropriate fit. We will review each third-party investment manager's performance over an extended period of time and on a continuing basis, as well as at least quarterly to discuss any potential concerns or recommended changes of program third-party managers.

Under this type of engagement, we will gather information from you about your financial situation, investment objectives, reasonable restrictions you may want to impose on the management of the account, and we will then provide this data to the third-party investment manager to develop the portfolio. Third-party managers will invest

on behalf of a client account in accordance with the strategies set forth in their own requisite documents which will be provided to you by our firm prior to your portfolio employing their strategies. The selected third-party investment manager typically assume discretionary authority over an account (see Item 16), and some of these programs may not be available for those clients who prefer an account to be managed under a non-discretionary engagement.

Educational Workshops

We provide Educational Workshops at no cost to attendees on an “as announced” basis for groups desiring general advice on investments and personal finance. Topics may include issues related to financial planning, educational and estate planning, retirement strategies, or various other economic and investment topics. Our workshops are educational in nature and do not involve the sale of insurance or investment products. Information presented will not be based on any one person’s need nor do we provide individualized investment advice to attendees during our general sessions.

General Information

We do not provide legal or accounting services. With your consent, we may work with your other advisers (attorneys, accountant, etc.) to assist with coordination and implementation of accepted strategies. You should be aware that these other advisers will charge you separately for their services and these fees will be in addition to our advisory fees.

Our firm will use its best judgment and good faith effort in rendering its services. Rossi Financial Group cannot warrant or guarantee any particular level of account performance or that your account will be profitable over time. Past performance is not necessarily indicative of future results.

Except as may otherwise be provided by law, our firm will not be liable to the client, heirs, or assignees for any loss an account may suffer by reason of an investment decision made or other action taken or omitted in good faith by our firm with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; any loss arising from our adherence to your direction or that of your legal agent; any act or failure to act by a service provider maintaining an account.

Federal and state securities laws impose liabilities under certain circumstances on persons who act in good faith and, therefore, nothing contained in this document or a client agreement shall constitute a waiver of any rights that a client may have under federal and state securities laws.

Wrap Fee Programs

Our firm does not sponsor or serve as a portfolio manager in any investment program involving wrap fees.

Client Assets Under Management

As of December 31, 2019, our firm managed approximately \$11,600,000 of client assets, all on a non-discretionary basis.³

³ The term “assets under management” and rounding to the nearest \$100,000 are as defined by the SEC’s 2010 *General Instructions for Part 2 of Form ADV*.

Item 5 - Fees and Compensation

Method of Compensation and Fee Schedule

Fixed Fees

Our financial planning and investment consultation services are provided on a fixed-fee basis, typically ranging from \$2,500 to \$25,000 on an annual ongoing basis. The fee will take into consideration such factors as the estimated amount of time dedicated to the engagement, the complexity of your project, your financial profile, and any special requests you may require. We reserve the right to discount our advisory fee for associates of our firm and their immediate family.

Asset-Based Fees

Fees for our asset management programs include those for our investment supervisory services and any third-party investment manager that may be engaged to manage your portfolio. You will be assessed an annualized asset-based fee that will be calculated based on the reporting period ending value of your account. Fees will be billed quarterly and in advance of each service period.

Investment Supervisory Services

Our investment supervisory services engagement fees are based on the reporting period ending value of your account as described in the following table.

Assets Under Management	Asset-Based Fee Range
\$0 - \$500,000	1.50% (150 basis points)
\$500,001 - \$1,000,000	1.25% (125 basis points)
\$1,000,001 and Above	0.90% (90 basis points)

For the benefit of discounting your asset-based fee, we may aggregate investment supervisory services accounts for the same individual or two or more accounts within the same family, or accounts where a family member has power of attorney over another family member's or incompetent person's account. Should, however, investment objectives be substantially different for any two or more household accounts, requiring different investment approaches or operational requirements, we do reserve the right to apply our fee schedule separately to each account.

Third-Party Investment Managers

An annualized fee that our firm will share in part for its consultation services will be charged to your account under a third-party investment manager program. Each program has a stated fee range that will be described to you prior to your investing but will generally range from 0.70% to 2.00% depending upon the program selected, the size of the account, and the services provided. Our firm may receive up to 1.00% of the total advisory fee assessed.

At their discretion and as described within the selected third-party investment manager's advisory brochure, a third-party investment manager may aggregate client accounts for the purpose of discounting fees, similar to that described in the previous section.

Negotiable Fees

The services to be provided to you and their specific fees will be detailed in your engagement agreement. Our published fees may be discounted by our firm but are not negotiable. Third-party investment manager fees are negotiable solely at their own firm's discretion.

We strive to offer fees that are fair and reasonable in light of the experience of the firm and the services to be rendered. Similar services may be made available from other providers, and potentially at a lower fee.

Client Payment of Fees

Fixed Fees

Fees may be paid by check or cashier's check from a US-based bank; cash, money orders, or similar forms of payment for our engagements are not accepted. Fees are generally due upon your receipt of our invoice. Non-continuous service engagements that are greater than three months in duration may be billed quarterly, in arrears.

Asset-Based Fees

Annualized asset-based fees for investment supervisory services and third-party investment management programs will be billed quarterly, in advance. Your first billing cycle will begin once your agreement is executed and your account is funded; fees for a partial period will be prorated accordingly. Fee payments will generally be assessed within 15 days of each billing cycle.

Accounts will be valued in accordance with the values disclosed on the statement the client receives from the custodian for the purpose of verifying the computation of the advisory fee. In the absence of a market value, we may seek an independent third-party opinion or a good faith determination by a qualified associate of our firm.

By signing the firm's advisory agreement, as well as the custodian and third-party investment manager agreements, the client will be authorizing the withdrawal of transactional (see following section), investment supervisory, and third-party investment management fees from their account. All fees will be clearly noted on your statements and we will send you written notice of the fees to be deducted from your account; this includes the total fee assessed, covered time period, calculation formula utilized, and the assets under management on which the fee has been based. The withdrawal of these fees will be accomplished by the selected custodian, not by our firm, and the custodian will remit investment supervisory services and our portion of the third-party investment management fee directly to our firm.

Should a client's investment supervisory services account be held by a custodian with whom our firm does not maintain an agreement, we will invoice either the client or their custodian for the fee payment within 15 days of each billing cycle. The invoice will include the total fee assessed, covered time period, calculation formula utilized, and the basis for the fee according to the contract. Please note that you will be responsible for verifying the accuracy of the fee calculation; the custodian will not verify the accuracy for you.

Additional Client Fees

Any custodial or transactional fees (sometimes termed *brokerage fees*) assessed by selected service providers, individual retirement account fees, or qualified retirement plan account termination fees will be borne by the accountholder and are per those provided in current, separate fee schedules of any selected service provider. Fees paid by our clients to our firm for our advisory services are separate from any transactional charges a client may pay, as well as those for mutual funds, exchange-traded funds (ETFs), exchange-traded notes (ETNs), or other investments of this type.

Further information about our fees in relationship to our business practices are noted in Items 12 and 14 of this document.

Charged Prepayment of Client Fees

Advance Payment for Certain Services

We may require an initial deposit of up to one half of your engagement fee for our financial planning and investment consultation services, which will be defined in your agreement. We require asset-based fees to be paid quarterly and in advance of each period we service the account(s).

Termination of Services

Either party may terminate the agreement at any time, which will typically be in writing. Should you verbally notify our firm of the termination and, if in two business days following this notification we have not received your notice in writing, we will make a written notice of the termination in our records and send you our own termination notice as a substitute.

If our Form ADV Part 2 brochure was not delivered to you at least 48 hours prior to entering into the investment advisory contract, then you have the right to terminate the engagement without penalty within five business days after entering into the agreement. Should you terminate an engagement after this date, you may be assessed fees for any time or charges incurred by our firm in the preparation of your plan or investment allocation, and/or the number of days your investment account had been under the firm and any third-party investment manager's supervision. We will promptly return any unearned amount upon receipt of a written termination notice.

For those clients who utilize our third-party investment management or investment supervisory services, our firm will not be responsible for future allocations, transactional services or investment advice upon receipt of a termination notice. Upon termination, it will be necessary that we inform the custodian and/or third-party investment manager serving the account that the relationship between the firm and the client has been terminated.

External Compensation for the Sale of Securities to Clients

Our firm and any affiliated associate are engaged for fee-only services and we attempt to recommend "no load" investments whenever appropriate. We do not charge or receive a commission or mark-up on your securities transactions, nor will the firm and our associates be paid a commission on your purchase of a securities holding that we recommend.

We do not receive "trailer" or SEC Rule 12b-1 fees from an investment company we may recommend. Fees charged by issuers are detailed in prospectuses or product descriptions and you are encouraged to read these documents before investing. Our firm and its associates receive none of these described or similar fees or charges.

You will always have the option to purchase recommended investments through your selected service provider.

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

Our fees will not be based upon a share of capital gains or capital appreciation (growth) of any portion of managed funds, also known as "performance-based fees". Performance based compensation creates an incentive for a firm or their representatives to recommend an investment that may carry a higher degree of risk to a client. We do not use a performance-based fee structure because of the conflict of interest this type of fee structure poses.

Our fees will not be based on side-by-side management, which refers to a firm simultaneously managing accounts that do pay performance-based fees (such as a hedge fund) and those that do not; this type of arrangement, and the conflict of interest it may pose, does not conform to our firm's practices

Item 7 - Types of Clients

We provide our advisory services to individuals, high net worth individuals, trusts, estates, charitable organizations and foundations, businesses of various scale, as well as their pension and profit-sharing plans. Aside from our performance-based fee offering, our firm does not require minimum income levels, minimum level of assets or other conditions for its services. We will inform you in advance of any account minimums or other restrictions of any third-party investment manager you may wish to engage. We reserve the right to waive or reduce certain fees based on unique individual circumstances, special arrangements, or pre-existing relationships. We also reserve the right to decline services to any prospective client for any non-discriminatory reason.

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

Methods of Analysis and Investment Strategies

Method of Analysis

If we are engaged to provide investment advice, we will first gather and consider several factors, including your:

- current financial situation,
- current and long-term needs,
- investment goals and objectives,
- level of investment knowledge,
- tolerance for risk, and
- restrictions, if any, on the management of your portfolio.

We may employ what we believe to be an appropriate blend of fundamental, technical, and cyclical analyses. For example, fundamental analysis may involve evaluating economic factors including interest rates, the current state of the economy, or the future growth of an industry sector. Technical and cyclical analysis may involve studying the historical patterns and trends of securities, markets, or economies as a whole in an effort to determine potential future behaviors, the estimation of price movement, and an evaluation of a transaction before entry into the market in terms of risk and profit potential.

In addition to our own research, the firm's recommendations may also be drawn from research sources that include corporate rating services, timing services, investment analysis and reporting software, materials from economists and other industry professionals, company press releases, annual reports, prospectuses and regulatory filings.

We make asset allocation and investment policy decisions based on these and other factors. We will discuss with you how, in our best judgment, to meet your objectives while at the same time seeking a prudent level of risk exposure.

Investment Strategies

We recognize that each client's needs and goals are different; subsequently, portfolio strategies and underlying investment vehicles may vary. Generally, we ascribe to a Core + Satellite investment strategy which blends

passive (or index) and active investing, where passive investments are used as the basis or “core” of a portfolio and actively-managed investments are added as “satellite” positions.

With this strategy, the portfolio core holdings are indexed to potentially more efficient asset classes, while outlying selections are often limited to active holdings that are attempting to outperform a particular sector, or a selection of particular positions to increase core diversification, or to improve portfolio performance, or reduce risk during downward trends in the market and during times of uncertainty.

For example, the core of a portfolio may be built with low-cost index funds or ETFs/ETNs, satellite holdings would include active holdings with unique strategies that are believed capable of adding value beyond a stated benchmark over a full market cycle. The core may represent the majority of the total portfolio, using primarily index funds or index-based ETFs/ETNs. The remainder of the portfolio may employ mutual funds, ETFs/ETNs, individual securities, real estate investment trusts (REITs), etc., that may take a shorter duration to assist in the over-or-under allocation to specific sectors, regions, assets classes, etc.

Investment Strategy and Method of Analysis Material Risks

Investment Strategy Risks

We believe our strategies and investment recommendations are designed to produce the appropriate potential return for the given level of risk, however, we cannot guarantee that an investment objective or planning goal will be achieved. As an investor you must be able to bear the risk of loss that is associated with your account, which may include the loss of some or your entire principal. In general, risks regarding markets include interest rates, company, and management risk, among others. Examples include:

Company Risk – When investing in securities, there is always a certain level of company or industry-specific risk that is inherent in each company or issuer. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry.

Core + Satellite Strategies – Strategies involving Core + Satellite investing may have the potential to be affected by “active risk” or “tracking error risk,” which might be defined as a deviation from the stated benchmark. If the core portfolio attempts to closely replicate a stated benchmark, the source of the tracking error or deviation may come from a satellite portfolio or position, or from a “sample” or “optimized” index fund or ETF/ETN that may not as closely align the stated benchmark. In these instances, the firm may choose to reduce the weighting of a satellite holding, utilize very active satellites, or use a “replicate index” position as part of its core holdings to minimize the effects of the tracking error in relation to the overall portfolio.

Cyclical Analysis – An economic cycle may not be as predictable as preferred; many fluctuations may occur between long term expansions and contractions. The length of an economic cycle may be difficult to predict with accuracy and therefore the risk of cyclical analyses is the difficulty in predicting economic trends. Consequently, the changing value of securities is affected.

Financial Risk – Excessive borrowing to finance business operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Fundamental Analysis – The challenge involved in employing fundamental analysis is that information obtained may be incorrect; the analysis may not provide an accurate estimate of earnings, which may be the basis for a security’s value. If a security’s price adjusts rapidly to new information, a fundamental analysis may result in unfavorable performance.

Management Risk – An investment with a firm varies with the success and failure of its investment strategies, research, analysis and determination of its portfolio. If an investment strategy were not to produce expected returns, the value of the investment would decrease.

Market Risk – When the stock market as a whole or an industry as a whole falls, it can cause the prices of individual stocks to fall indiscriminately. This is also called systemic or systematic risk.

Passive Market Strategies – If your portfolio employs a passive, efficient markets approach, you will need to consider the potential risk that at times your broader allocation may generate lower-than-expected returns than that from a specific asset, and that the return on each type of asset is a deviation from the average return for the asset class. It is felt that this variance from the “expected return” is generally low under normal market conditions if the portfolio is made up of diverse, low or non-correlated assets.

Research Data – When research and analyses are based on commercially available software, rating services, general market and financial information, or due diligence reviews, a firm is relying on the accuracy and validity of the information or capabilities provided by selected vendors, rating services, market data, and the issuers themselves. Therefore, while our firm makes every effort to determine the accuracy of the information received, we cannot predict the outcome of events or actions taken or not taken, or the validity of all information researched or provided which may or may not affect the advice on or investment management of an account.

Socially Conscious Investing – If you require your portfolio to be invested according to socially conscious principles, you should note that returns on investments of this type may be limited and because of this limitation you may not be able to be as well diversified among various asset classes. The number of publicly traded companies that meet socially conscious investment parameters is also limited, and due to this limitation, there is a probability of similarity or overlap of holdings, especially among socially conscious mutual funds or ETFs. Therefore, there could be a more pronounced positive or negative impact on a socially conscious portfolio, which could be more volatile than a fully diversified portfolio.

Technical Analysis – The risk of investing based on technical analyses is that predicting future price movement is difficult since the current price of a security may reflect all known information. Further, a particular change in the market price of a security may follow a random pattern/data and may not be as predictable as desired.

Security-Specific Material Risks

ETF/ETN and Mutual Fund Risk – ETFs/ETNs and mutual funds may carry additional expenses based on their share of operating expenses and certain brokerage fees, which may result in the potential duplication of certain fees. The risk of owning these types of holdings also reflects the risks of their underlying securities.

Fixed Income Risks – Various forms of fixed income instruments, such as bonds, money market funds, bond funds, and certificates of deposit, may be affected by various forms of risk, including:

- ***Credit Risk*** - The potential risk that an issuer would be unable to pay scheduled interest or repay principal at maturity, sometimes referred to as “default risk.” Credit risk may also occur when an issuer’s ability to make payments of principal and interest when due is interrupted. This may result in a negative impact on all forms of debt instruments, as well as funds or ETF share values that hold these issues. Bondholders are creditors of an issuer and have priority to assets before equity holders (i.e., stockholders) when receiving a payout from liquidation or restructuring. When defaults occur due to bankruptcy, the type of bond held will determine seniority of payment.

- *Duration Risk* - Duration is a measure of a bond's volatility, expressed in years to be repaid by its internal cash flow (interest payments). Bonds with longer durations carry more risk and have higher price volatility than bonds with shorter durations.
- *Interest Rate Risk* - The risk that the value of the fixed income holding will decrease because of an increase in interest rates.
- *Liquidity Risk* - The inability to readily buy or sell an investment for a price close to the true underlying value of the asset due to a lack of buyers or sellers. While certain types of fixed income are generally liquid (i.e., bonds), there are risks which may occur such as when an issue trading on any given period does not readily support buys and sells at an efficient price. Conversely, when trading volume is high, there is also a risk of not being able to purchase a particular issue at the desired price.
- *Reinvestment Risk* – With declining interest rates, investors may have to reinvest interest income or principal at a lower rate.

Index Investing – ETFs/ETNs and indexed funds have the potential to be affected by “active risk” or “tracking error risk,” defined in the earlier paragraph with respect to Core + Satellite risks.

QDI Ratios – While many ETFs, ETNs, and index mutual funds are known for their potential tax-efficiency and higher “qualified dividend income” (QDI) percentages, there are asset classes within these investment vehicles or holding periods within that may not benefit. Shorter holding periods, as well as commodities and currencies (that may be part of an ETF/ETN or mutual fund portfolio), may be considered “non-qualified” under certain tax code provisions. We consider a holding's QDI when tax-efficiency is an important aspect of the client's portfolio.

REITs – Risks involved in REIT investing may include:

- following the sale or distribution of assets an investor may receive less than their principal invested,
- a lack of a public market in certain issues,
- limited liquidity and transferability,
- a fluctuation of value of the assets within the REIT,
- reliance on the investment manager to select and manage assets,
- changes in interest rates, laws, operating expenses, and insurance costs,
- tenant turnover, and
- current market conditions.

Item 9 - Disciplinary Information

Neither the firm nor any member of its management has been involved in a material criminal or civil action in a domestic, foreign or military jurisdiction, an administrative enforcement action, or self-regulatory organization proceeding that would reflect poorly upon our firm's advisory business or the integrity of our firm.

Item 10 - Other Financial Industry Activities and Affiliations

Broker/Dealer or Representative Registration

Neither the firm nor its management is registered, nor is there an application pending to register, as a broker/dealer or a registered representative of a Financial Industry Regulatory Authority (FINRA) or National Futures Association (NFA) broker/dealer.

Futures or Commodity Registration

Neither Rossi Financial Group nor its management is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities.

Material Relationships Maintained by this Advisory Business and Conflicts of Interest

Our policies require our firm and its associates to conduct business activities in a manner that avoids actual or potential conflicts of interest between the firm, its employees and clients, or that may be contrary to law. We will provide disclosure to each client prior to and throughout the term of an engagement regarding any conflicts of interest which might reasonably compromise our impartiality or independence. Neither Rossi Financial Group nor its management is or has a material relationship with any of the following types of entities:

- municipal securities dealer, or government securities dealer or broker,
- banking or thrift institution,
- accountant or accounting firm,
- lawyer or law firm,
- insurance company or agency,
- pension consultant,
- sponsor or syndicator of limited partnerships, or
- 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).

Upon your request, we may provide referrals to various professionals, such as an accountant or attorney. While these referrals are based on our best information, we do not guarantee the quality or adequacy of the work provided by these referred professionals. We do not have an agreement with or receive fees from these professionals for these informal referrals. Any fees charged by these other entities for their services are completely separate from fees charged by our firm.

Mr. Rossi is a California-licensed real estate broker. This business activity does not involve clients of the advisory firm and impacts less than one percent of his time each month.

Recommendation or Selection of Other Investment Advisers and Conflicts of Interest

As noted in Item 4 of this brochure, when appropriate we may provide recommendation to third-party investment managers (who are also required to be registered as investment advisers) to service part of or your entire portfolio and in which both firms inevitably are paid a portion of an advisory fee (see Item 5).

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

Code of Ethics Description

We have adopted a Code of Ethics that establishes policies for ethical conduct for all our personnel. Our firm accepts the obligation not only to comply with all applicable laws and regulations but also to act in an ethical and professionally responsible manner in all professional services and activities. Our policies include prohibitions against insider trading, circulation of industry rumors, and certain political contributions, among others.

Mr. Rossi is a Chartered Financial Analyst (CFA) and also adheres to the CFA Institute's Code of Ethics and Standards of Professional Conduct, which are described in the following paragraphs:

The Code of Ethics maintains that Members and Candidates must:

- *Place the integrity of the profession and the interests of clients above their own interests;*
- *Act with integrity, competence, and respect; and*
- *Maintain and develop their professional competence.*

The Standards of Professional Conduct cover:

- *Professionalism and integrity of the capital markets;*
- *Duties to clients and employers;*
- *Investment analysis and recommendations; and*
- *Conflicts of interest and responsibilities of CFA Institute members and candidates.*

We periodically review and amend our Code of Ethics to ensure that it remains current, and we require all firm access persons to attest to their understanding of and adherence to the Code of Ethics at least annually. Our firm will provide a copy of its Code of Ethics to any client or prospective client upon request.

Privacy Policy Statement

We respect the privacy of all clients and prospective clients ("customers"), both past and present. It is recognized that you have entrusted the firm with non-public personal information, and it is important that all firm access persons and customers are aware of firm policy concerning what may be done with that information.

The firm collects personal information about customers from the following sources:

- Information clients provide to complete their financial plan or investment recommendation,
- Information clients provide in engagement agreements, account applications, and other documents completed in connection with the opening and maintenance of their accounts,
- Information customers provide verbally, and
- Information received from service providers, such as custodians, about client transactions.

The firm does not disclose non-public personal information about our customers to anyone, except in the following circumstances:

- When required to provide services our clients have requested,
- When our customers have specifically authorized us to do so,
- When required during the course of a firm assessment (i.e., independent audit), or
- When permitted or required by law (i.e., periodic regulatory examination).

Within the firm, access is restricted to customer information to staff that need to know that information. All access persons and service providers understand that everything handled in firm offices are confidential and they are instructed to not discuss customer information with someone else that may request information about an account unless they are specifically authorized in writing by the customer to do so. This includes, for example, providing information about a spouse's IRA account or to adult children about parents' accounts, etc.

To ensure security and confidentiality, the firm maintains physical, electronic, and procedural safeguards to protect the privacy of customer information.

The firm will provide you with its privacy policy on an annual basis per federal law and at any time, in advance, if firm privacy policies are expected to change.

Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest

Neither our firm nor its associates are authorized to recommend to a client, or effect a transaction for a client, involving any security in which our firm or a “related person” (associates, their immediate family members, etc.) has a material financial interest, such as in the capacity as an underwriter, adviser to the issuer, etc.

Our associates are prohibited from borrowing from or lending to a client unless the client is an approved financial institution.

Our firm is able to provide a broad range of services to its clients, including financial planning, investment consultation, third-party investment management and investment supervisory services; we may be paid a fee for some or all of these services. Due to our firm and its associate’s ability to offer two or more of these services and possibly be compensated for each aspect of the engagement, a potential conflict of interest may exist. Therefore, we note that you are under no obligation to act on our recommendations and, if you elect to do so, you are under no obligation to complete all of them through our firm or a service provider whom we may recommend.

Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest

Our firm does not trade for its own account (e.g., proprietary trading). The firm’s related persons (i.e., associates, immediate family, etc.) may buy or sell securities the same as, similar to, or different from, those we recommend to clients for their accounts. A recommendation made to one client may be different in nature or in timing from a recommendation made to a different client. Clients often have different objectives and risk tolerances. At no time, however, will our firm or any related party receive preferential treatment over a client.

In an effort to reduce or eliminate certain conflicts of interest involving personal trading (i.e., trading ahead of a client’s order, etc.), our policy requires that we restrict or prohibit related parties’ transactions in specific securities.

Any exceptions or trading pre-clearance must be approved by our firm principal in advance of the transaction in an account, and we maintain the required personal securities transaction records per regulation.

Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest

Please see our response in the previous section termed “Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest.”

Item 12 - Brokerage Practices

Factors Used to Select Broker/Dealers for Client Transactions

Rossi Financial Group does not maintain custody of any of your assets (see Item 15). Your assets must be maintained in an account at a “qualified custodian” (generally a broker/dealer, bank or trust company) that is frequently assessed for its capabilities to serve as a custodian by their respective industry regulatory authority. Our firm is not a custodian, nor do we have an affiliate that is a custodian.

When engaged to provide investment consultation services, we may recommend the service provider with whom your assets are currently maintained. Should you prefer a new service provider, our recommendation of another service provider would be based on your needs, overall cost, and ease of use.

If you have engaged our firm to provide investment management or investment supervisory services, we generally recommend our clients use the institutional services division of Motif Investing, Inc. ("Motif Investing"), or E*TRADE Securities LLC ("E*TRADE Securities"), both firms are FINRA and SIPC members,⁴ and independent SEC-registered broker/dealers. As stated earlier, our firm is independently owned and operated, and is not legally affiliated with Motif Investing, E*TRADE Securities, or any other firm we may recommend.

While we recommend that you use Motif Investing or E*TRADE Securities as your service provider, you will decide whether to do so and will open your account with them by entering into an account agreement directly with them. We do not open the account for you, although we will assist you in doing so. If you do not wish to place your assets with Motif Investing or E*TRADE Securities, then we potentially may not be able to manage your account under our third-party investment management or investment supervisory services engagements.

Motif Investing and E*TRADE Securities offers independent investment advisers various services which include custody of securities, trade execution, clearance and settlement of transactions. Our firm may receive certain benefits from Motif Investing and E*TRADE Securities through participation in their programs (please see Item 14).

We periodically conduct an assessment of any service provider we recommend (including Motif Investing and E*TRADE Securities) which generally involves a review of their range of services, reasonableness of fees, among other items, and in comparison, to their industry peers.

Best Execution

Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed in the earlier paragraph. We recognize our obligation in seeking "best execution" for our clients, however, it is our belief that the determinative factor is not always the lowest possible cost but whether the selected service provider's transactions represent the best "qualitative" execution while taking into consideration the full range of services provided. Therefore, we will seek services involving competitive rates but it may not necessarily correlate into the lowest possible rate for each transaction.

We have determined that having our firm's trades executed through Motif Investing and E*TRADE Securities is consistent with our duty to seek "best execution" of your trades. We also periodically review policies regarding our recommending service providers to our clients in light of our duty to seek "best execution."

Directed Brokerage

We do not require or engage in directed brokerage involving our accounts. As our client, you may direct our firm (in writing) to use another particular broker/dealer to execute some or all transactions for your account. In these circumstances, you will be responsible for negotiating, in advance, the terms and/or arrangements for your account with your selected broker/dealer. We will be limited in our ability to execute trades on your behalf and you may be required to do these on your own.

We will not be obligated to seek better execution services or prices from these other broker/dealers, or be able to aggregate your transactions, should we choose to do so, for execution through other custodians with orders for other accounts managed by our firm. As a result, you may pay higher commissions or other transaction

⁴ Our firm is not, nor required to be, a FINRA or Securities Investor Protection Corporation (SIPC) member. You may learn more about SIPC and how it serves member firms and the investing public by going to their website at <http://www.sipc.org>.

costs, experience greater spreads, or receive less favorable net prices, on transactions for your account than would otherwise be the case. Further, pursuant to our obligation of best execution, we may decline a request to direct brokerage if we believe any directed brokerage arrangement would result in additional operational difficulties or risk to our firm.

Aggregating Securities Transactions

Whenever practical, transactions for our clients will generally be completed at the same time, often termed “aggregated” or “batched” orders. We may, but are not obligated to, aggregate orders in an attempt to obtain better execution, negotiate favorable transaction rates, or to allocate equitably among our client accounts should there be differences in prices and other transaction costs that might have been obtained had such orders been separately placed. We do not receive any additional compensation or remuneration as a result of aggregated transactions.

Commission prices may vary due to account size and/or confirmation receipt method. To the extent that the firm determines to aggregate client orders for the purchase or sale of securities, including securities in which the firm or related party may invest, the firm will generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.*

Client accounts where trade aggregation is not allowed or infeasible may potentially be assessed higher transaction costs than those that are batched.

We review both our trade aggregation procedures and allocation processes on a periodic basis to ensure they remain within stated policies and regulation. We will inform you, in advance, should our trade aggregation and allocation practices change at any point in the future.

Trade Errors

The firm corrects all trade errors through a Trade Error Account maintained by the firm’s custodian and the firm will be responsible for any losses in accounts. Likewise, the firm may also receive any gains resulting from the correction of any trade errors and, therefore, may potentially receive a benefit from this arrangement.

Item 13 - Review of Accounts

Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved

Financial Planning and Investment Consultation Services

You should contact our firm for additional reviews when making decisions about changes in your financial situation (i.e., the loss of a job, retirement, receipt of a significant bonus, an inheritance, the birth of a new child, or other circumstances).

Periodic financial check-ups or reviews are recommended if you are receiving our financial planning and investment consultation services, and we recommend that they occur at least on an annual basis whenever practical.

Reviews will be conducted by your financial planner and normally involve analysis and possible revision of your previous financial plan or investment allocation.

Unless provided for in your engagement agreement, reviews are generally conducted under a new or amended agreement and will be assessed at our current fee rate.

Investment Supervisory Services

Investment supervisory services accounts are reviewed on a periodic basis, typically quarterly or more frequent when necessary. These reviews are completed by your investment adviser representative and firm supervisory personnel (i.e., our designated principal).

Third-Party Investment Managers

For accounts served by a recommended third-party investment manager, we will periodically review reports provided to you by your third-party investment manager and we will contact you at least annually to review your financial situation and objectives. We will communicate information to your third-party investment manager as warranted and assist you in understanding and evaluating the services provided by the third-party manager. In certain instances, you may be able to communicate with your selected third-party investment manager.

Review of Client Accounts on Non-Periodic Basis

Financial Planning and Investment Consultation Services

You are free to contact our firm for additional reviews when there are material changes that occur in your financial situation (i.e., loss of a job, early retirement, receipt of a significant bonus, an inheritance, the birth of a new child, or other circumstances), or should you prefer to change requirements involving your account.

Non-periodic reviews are generally conducted by your financial planner and under a new or amended agreement and will be assessed at our published rate.

Investment Supervisory Services

Additional reviews by your investment adviser representative and/or supervisory personnel may be triggered by news or research related to a specific holding, a change in our view of the investment merits of a holding, or news related to the macroeconomic climate affecting a sector or holding within that sector.

Accounts may be reviewed for an additional holding or when an increase in a current position is under consideration.

Account cash levels above or below what we deem appropriate for the investment environment, given the client's stated tolerance for risk and investment objectives, may also trigger a review.

Third-Party Investment Managers

For non-periodic events, we will communicate information to your third-party investment manager as warranted and in certain circumstances you may be able to communicate directly with the selected third-party investment manager.

Content of Client Provided Reports and Frequency

If you have opened and maintained an investment account on your own or with our assistance, you will receive account statements sent directly from mutual fund companies, transfer agents, custodians or brokerage companies where your investments are held. We urge you to carefully review these statements for accuracy and clarity, and to ask questions when something is not clear.

We may provide portfolio reports if we are engaged to provide periodic asset allocation or investment advice; however, we do not provide ongoing performance reporting under our financial planning and investment consultation services engagements.

For our investment supervisory services accounts, our firm may provide quarterly reports or position performance summary reports, and annual realized gains/loss reports for taxable accounts. Some of our clients may receive additional reports depending on their specific requirements. A client may also receive quarterly portfolio or performance reports directly from their selected third-party investment manager. All firm performance reports (if any are provided) will be in prepared in accordance with appropriate jurisdictional guidance. Clients are urged to carefully review and compare account statements that they have received directly from their service provider with any report received from our firm.

Item 14 - Client Referrals and Other Compensation

Economic Benefit from External Sources and Potential Conflicts of Interest

We may receive an economic benefit from external sources in the form of the support products and services they make available to us and other independent investment advisers. As disclosed under Item 12, our firm participates in Motif Investing's and E*TRADE Securities institutional customer program and we may recommend Motif Investing and E*TRADE Securities to our clients for custody and brokerage services.

There is no direct link between our participation in the program and the investment advice we give our clients, although our firm receives economic benefits through its participation in the program that are typically not available to "retail investors." These benefits include the following products and services (provided either without cost or at a discount):

- receipt of duplicate client statements and confirmations,
- research related products and tools,
- consulting services,
- access to a trading desk serving our clients,
- access to block trading (which provides our ability to aggregate securities transactions for execution and then allocate the appropriate shares to our client's accounts),
- the ability to have advisory fees deducted directly from our client's accounts per our written agreement,
- access to an electronic communications network for client order entry and account information,
- access to mutual funds with no "loads" or transaction fees, and to certain institutional money managers, and
- discounts on marketing, research, technology, and practice management products or services provided to our firm by third party vendors.

Some of the noted products and services made available by Motif Investing and E*TRADE Securities may benefit our firm but may not directly benefit a client account, and certain research and other previously referenced services may qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934. The availability of these services from Motif Investing and E*TRADE Securities benefits our firm because it does not have to produce or purchase them as long as our clients maintain assets in accounts at Motif Investing and E*TRADE Securities. Therefore, there is an appearance of a conflict of interest since our firm may have an incentive to select or recommend Motif Investing and E*TRADE Securities as its custodian based on our firm's interest in receiving these benefits rather than on our clients' interest in receiving favorable trade execution.

As part of our fiduciary duty Rossi Financial Group endeavors at all times to put the interests of our clients first. We believe it is important to mention that the benefit received by our firm through participation in a custodian's program does not depend on the amount of brokerage transactions directed to Motif Investing and E*TRADE Securities, and our selection of Motif Investing and E*TRADE Securities as custodian is in the best interests of our clients since the selection is primarily supported by the scope, quality, and price of their services -- not just those services that benefit only our firm.

Advisory Firm Payments for Client Referrals

We do not engage in solicitation activities as defined by statute.

Investment adviser representatives of our firm may hold individual membership or serve on boards or committees of professional industry associations. Generally, participation in any of these entities require membership fees to be paid, adherence to ethical guidelines, as well as in meeting experiential and educational requirements.

A benefit these entities may provide to the investing public is the availability of online search tools that allow interested parties (prospective clients) to search for individual participants within a selected state or region. These passive websites may provide means for interested persons to contact a participant via electronic mail, telephone number, or other contact information, in order to interview the participating member. The public may also choose to telephone association staff to inquire about an individual within their area, and would receive the same or similar information. A portion of these participant's membership fees may be used so that their name will be listed in some or all of these entities' websites (or other listings).

Prospective clients locating our firm or one of our associates via these methods are not actively marketed by the noted associations.

Clients who find us in this way do not pay more for their services than clients referred to us in another fashion, such as by another client. We do not pay these entities for prospective client referrals, nor is there a fee-sharing arrangement reflective of a solicitor engagement.

Item 15 - Custody

Your funds and securities will be maintained by an unaffiliated, qualified custodian, such as a bank, broker/dealer, mutual fund companies, or transfer agent. Your assets are not held by our firm or any of our associates. In keeping with our policy of not having custody of our client funds or securities, we:

- Restrict our firm and associates from serving as trustee or having general power of attorney over a client account.
- Are prohibited from having authority to withdraw securities or cash assets from a client account. Advisory fees will only be withdrawn from a client investment account through a qualified custodian maintaining your account assets, per your prior written approval.
- Do not accept or forward client securities (i.e., stock certificates) erroneously delivered to our firm.
- Will not collect advance fees of \$500 or more for services that are to be performed six months or more into the future.
- Will not authorize any associate to have knowledge of a client's account access information (i.e., online 401(k), brokerage or bank accounts) if such access may result in the firm having control over the client's assets.

You will be provided with transaction confirmations and summary account statements provided directly to you by your selected service provider. Typically, these statements are provided on at least a quarterly basis or as transactions occur. We will not create a statement for you nor be the sole recipient of account statements.

Should you receive periodic reports from our firm that includes investment performance information, you are urged to carefully review and compare your account statements that you have received directly from your service provider with any report from our firm.

Item 16 - Investment Discretion

We provide our investment advisory services (as described in Item 4) under *non-discretionary* account authority. Your prior approval must be made for each transaction with regard to the investment and reinvestment of account assets or for our firm to give instructions to the service provider maintaining your account. In light of the requirement for your pre-approval, you must make yourself available and keep us updated on your contact information so that instructions can be efficiently affected on your behalf.

This authority is granted by the accountholder of record or their legal agent through our firm's client services agreement, as well as Motif Investing's and E*TRADE Securities account opening documents, whom also requires the completion of their limited power of attorney form. Please note that Motif Investing and E*TRADE Securities will specifically limit our firm's authority within the account to the placement of trade orders and the receipt of our advisory fees per your agreement with our firm.

Typically, third-party investment managers serve an account on a *discretionary basis*. Similar to a limited power of attorney, this authority allows their firm to implement investment decisions, such as the purchase or sale of a security on behalf of your account, without requiring your prior authorization for each transaction in order to meet your stated account objectives.

The service provider maintaining your account will specifically limit their authority to the placement of trade orders and the request for the deduction of advisory fees.

We recommend you review the advisory brochure for any prospective third-party investment manager to determine their account authority. Should an investor prefer their third-party investment management account to be managed under a non-discretionary agreement, it is not uncommon for the third-party manager to retain the right to assess a higher investment management fee for their services or to reject or terminate the agreement.

Our firm will retain information about all client account directions, limitations and rescissions that are reviewed and approved by a supervisory principal with our firm.

Item 17 - Voting Client Securities

Proxy Voting

Our firm does not vote proxies on your behalf nor do we offer guidance on how to vote proxies. You will maintain exclusive responsibility for directing the manner in which proxies solicited by issuers of securities that are beneficially owned by you shall be voted, as well as making all other elections relative to mergers, acquisitions, tender offers or other events pertaining to your holdings.

Clients engaging third-party investment managers should review the third-party manager's advisory brochure to determine the proxy voting policy of those firms.

Other Corporate Actions

We will have no power, authority, responsibility, or obligation to take any action with regard to any claim or potential claim in any bankruptcy proceeding, class action securities litigation or other litigation or proceeding relating to securities held at any time in a client account, including, without limitation, to file proofs of claim or other documents related to such proceeding, or to investigate, initiate, supervise or monitor class action or other litigation involving client assets. We will not offer guidance to our clients on these matters.

Receipt of Materials

You may receive proxies or other similar solicitations sent directly from your selected custodian or transfer agent. Should we receive a duplicate copy, note that we do not generally forward these or any correspondence relating to the voting of your securities, class action litigation, or other corporate actions.

Item 18 - Financial Information

Balance Sheet

Our firm will not take physical custody of your assets. Our advisory fee withdrawals must be done through a qualified intermediary (e.g., custodian).

We will not collect fees from you of \$500 or more for services we will perform six months or more in advance.

Neither the firm nor its management serve as general partner for a partnership or trustee for a trust in which the firm's advisory clients are either partners of the partnership or beneficiaries of the trust.

Due to the nature of our firm's services and operational practices, an audited balance sheet is not required by statute nor included with this brochure.

Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients

The firm and its management do not have a financial condition likely to impair our ability to meet our commitment to our clients.

Bankruptcy Petitions during the Past 10 Years

The firm and its management have not been the subject of a bankruptcy petition at any time during the past 10 years. The firm's owner has had a credit compromise involving real estate that is further defined in Item 19.

Item 19 - Requirements for State-Registered Advisers

Regulatory guidance requires the firm to disclose relevant post-secondary education and professional training for each principal executive and associate of the firm through the ADV Part 2 or an advisory brochure supplement, as well as their business experience for at least the past five years.

Principal Executive Officers and Management Persons

Proprietor/Firm Principal (Supervisor)/ Investment Adviser Representative

Paul Richard Rossi (Born 1971)

Educational Background and Business Experience

Educational Background

Bachelor of Science in Business (Finance), California State University, Sacramento; Sacramento, CA

Chartered Financial Analyst (CFA)⁵, CFA Institute; Charlottesville, VA

Real Estate Broker License⁶ (#01849220), California Department of Real Estate; Sacramento, CA

Business Experience

Rossi Financial Group (2012-Present)

El Dorado Hills, CA

Chief Executive Officer/Investment Adviser Representative

Self-Employed (2009-2012)

El Dorado Hills, CA

Private Investor/Commercial Real Estate Adviser

Unemployed (2008-2009)

El Dorado Hills, CA

Citigroup (2007-2008)

Walnut Creek, CA

Account Executive

Fremont Investment & Loan (2003-2007)

Walnut Creek, CA

Account Executive

Bridge Bank (2002-2003)

Palo Alto, CA

Corporate Banking Officer

The Venture Banking Group (2000-2002)

Palo Alto, CA

Corporate Banking Officer

Other Business Activities

Mr. Rossi is a licensed CA real estate broker; however, this activity does not involve advisory firm clients nor does the activity exceed one percent of his time each month. He is not registered, nor has an application pending to register, as a registered representative of a broker/dealer or associated person of a futures commission merchant, commodity pool operator, or commodity trading adviser. Therefore, he does not receive commissions, bonuses or other compensation based on the sale of securities or other investment products, including that as a registered representative of a broker/dealer, and including distribution or service ("trail") fees from the sale of mutual funds. Neither the firm nor a member of its management has a material relationship with the issuer of a security.

Additional Compensation

Our firm also prohibits employees from accepting or receiving additional economic benefit, such as sales awards or other prizes, for providing advisory services to its clients.

Disciplinary Information

Registered investment advisers are required to disclose certain material facts regarding any legal or disciplinary events that would be material to your evaluation of each officer or a supervised person providing investment advice. No reportable information is applicable to this section under published guidelines.

Supervision

Mr. Rossi serves in multiple capacities for Rossi Financial Group: Chief Executive Officer, proprietor, firm principal (supervisor), financial planner and investment adviser representative. We recognize the inability to segregate certain duties may potentially create conflicts of interest; policies and procedures are employed to ensure appropriate recordkeeping and supervision. Questions relative to the firm, its services or this Form ADV Part 2 may be made to the attention of Mr. Rossi at (916) 730-6366.

Additional information about the firm, other advisory firms, or an associated investment adviser representative, including Mr. Rossi, is available on the Internet at www.adviserinfo.sec.gov. A search of this site for firms may be accomplished by firm name or a unique firm identifier, known as an IARD number. The IARD number for Rossi Financial Group is 164096. You may also search Mr. Rossi by name or his reference number, which is 2921763.

The business and disciplinary history, if any, of an investment advisory firm and its representatives may also be obtained by contacting the California Securities Department at (800) 628-7937.

Requirements for State-Registered Advisers

There have been neither arbitration awards nor any sanctions or other matters where Mr. Rossi or the firm had been found liable in any civil, self-regulatory or administrative proceeding.

Mr. Rossi has not been the subject of a bankruptcy petition. You may search Mr. Rossi by name or his reference number (CRD #), which is 2921763.

Business Continuity Plan

Our firm maintains a business continuity plan that is integrated with the entirety of our organization to ensure we appropriately respond to events that pose a significant disruption to its operations. A statement concerning our current plan is available under separate cover.

Professional Designations

⁵The **Chartered Financial Analyst (CFA)** charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute — the largest global association of investment professionals. There are currently more than 130,000 CFA charterholders working in 134 countries. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to, abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

High Ethical Standards

The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, require CFA charterholders to:

- Place their clients' interests ahead of their own
- Maintain independence and objectivity
- Act with integrity
- Maintain and improve their professional competence
- Disclose conflicts of interest and legal matters

Global Recognition

Passing the three CFA exams is a difficult feat that requires extensive study (successful candidates report spending an average of 300 hours of study per level). Earning the CFA charter demonstrates mastery of many of the advanced skills needed for investment analysis and decision making in today's quickly evolving global financial industry. As a result, employers and clients are increasingly seeking CFA charterholders—often making the charter a prerequisite for employment. Additionally, regulatory bodies in 22 countries and territories recognize the CFA charter as a proxy for meeting certain licensing requirements, and more than 125 colleges and universities around the world have incorporated a majority of the CFA Program curriculum into their own finance courses.

Comprehensive and Current Knowledge

The CFA Program curriculum provides a comprehensive framework of knowledge for investment decision making and is firmly grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA Program test a proficiency with a wide range of fundamental and advanced investment topics, including ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning. The CFA Program curriculum is updated every year by experts from around the world to ensure that candidates learn the most relevant and practical new tools, ideas, and investment and wealth management skills to reflect the dynamic and complex nature of the profession.

⁶ **State real estate examinations** are "criterion based;" candidates who pass the exam are considered to have met the minimum competency level. The completion of an industry examination does not constitute or imply a person is "approved" or "endorsed" by a state authority.