

# Sorfis Investments, LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Sorfis Investments, LLC. If you have any questions about the contents of this brochure, please contact us at (440) 696-0130 or by email at: [joe@sorfis.com](mailto:joe@sorfis.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Sorfis Investments, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Sorfis Investments, LLC's CRD number is: 300363.*

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*Registration as an investment adviser does not imply a certain level of skill or training.*

Version Date 03/06/2024

## Item 2: Material Changes

The material changes in this brochure from the last annual updating amendment of Sorfis Investments, LLC on 02/29/2024 are described below. Material changes relate to Sorfis Investments, LLC's policies, practices or conflicts of interests.

- Sorfis Investments, LLC has updated its primary office address. (Cover page).

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

Sorfis Investments, LLC (hereinafter “Sorfis”) is a Limited Liability Company organized in the State of North Carolina. The firm was formed in July 2018, and the principal owners of the firm are Joseph Thomas Koster and Theresa Grace Pfiester.

### B. Types of Advisory Services

#### *Portfolio Management Services*

The objective of Sorfis is to provide investment management services for individuals, high-net-worth individuals, and institutions. Sorfis provides discretionary portfolio management services aimed at growth over the long term. Sorfis will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client, or via a Risk Questionnaire completed by the client.

Sorfis will also offer non-discretionary services for clients that wish Sorfis to manage a portfolio other than Sorfis’s discretionary investment offerings.

Sorfis seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of Sorfis’s economic, investment or other financial interests. To meet its fiduciary obligations, Sorfis attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, Sorfis’s policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is Sorfis’s policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

When we provide investment advice to clients regarding retirement plan accounts or individual retirement accounts, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with client interests, so we operate under a special rule that requires us to act in clients’ best interest and not put our interests ahead of clients. Under this special rule’s provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);

- Never put our financial interests ahead of clients when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in clients' best interest;
- Charge no more than is reasonable for our services; and
- Give clients basic information about conflicts of interest.

These services are based on the goals, objectives, demographics, time horizon, and/or risk tolerance of the plan and its participants.

### ***Services Limited to Specific Types of Investments***

Sorfis generally limits its investment advice to equities, non-U.S. equities, fixed income securities, ETFs, mutual funds and treasury inflation protected/inflation linked bonds. Sorfis may use other securities as well to help diversify a portfolio or generate additional income when applicable, such as options.

We generally seek to build diversified portfolios for Clients based on their goals and needs. We believe it is important to maintain flexibility in the asset classes in which we invest. As such, we do not commit to having a certain amount of exposure to an asset class at a given time. The amount of exposure to a given asset class will depend on our perception of overall valuations, our ability to find attractive opportunities, and individual client circumstances.

Sorfis offers customized advice to Clients which is centered around one of two core strategies: Diversified Strategy and Absolute Return Strategy (discussed later in Item 8: Methods of Analysis, Investment Strategies, & Risk of Loss). Accounts we manage have one of these strategies guiding the core allocation; however, Clients can always provide us with reasonable restrictions on specific securities or certain types of securities. As we work with Clients, we proactively identify any financial planning needs and attempt to address those needs.

### **C. Client Tailored Services and Client Imposed Restrictions**

Sorfis offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement. Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent Sorfis from properly servicing the client account, or if the restrictions would require Sorfis to deviate from its standard suite of services, Sorfis reserves the right to end the relationship.

## D. Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, and certain other administrative fees. Sorfis does not participate in wrap fee programs.

## E. Assets Under Management

Sorfis has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$ 24,311,251.00	\$ 3,187,397.00	December 2023

# Item 5: Fees and Compensation

## A. Fee Schedule

### *Portfolio Management Fees*

Account Strategy	Assets Under Management	Annual Fees
All Strategies	The first \$10 million of Assets	0.75%
All Strategies	Assets over \$10 million	0.50%

*ETFs and other funds charge fees separate from those charged by Sorfis.*

For Clients using Interactive Brokers LLC as their Custodian, Sorfis uses an average of the daily balance in the client's account throughout the billing period for purposes of determining the market value of the assets upon which the advisory fee is based.

For Clients using Charles Schwab & Co., Inc. Advisor Services as their Custodian, Sorfis uses the end-of-quarter balance of the Client's account for purposes of determining the market value of the assets upon which the advisory fee is based.

Under select circumstances, such as cases when a Client's account requires less frequent trading and rebalancing, and that Client also doesn't require financial or retirement planning advice, we may charge a fixed yearly fee on the account instead of billing as a percentage of assets, if requested by the Client.

These fees are generally negotiable and the final fee schedule will be memorialized in the Client's advisory agreement. Clients may terminate the agreement without penalty for a full refund of Sorfis' fees within five business days of signing the Investment Advisory

Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 30 days' written notice.

## **B. Payment of Fees**

### *Payment of Portfolio Management Fees*

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis. Fees are paid in arrears.

## **C. Client Responsibility For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by Sorfis. Please see Item 12 of this brochure regarding broker-dealer/custodian.

## **D. Prepayment of Fees**

Sorfis collects its fees in arrears. It does not collect fees in advance.

## **E. Outside Compensation For the Sale of Securities to Clients**

Neither Sorfis nor its supervised persons accept any compensation for the sale of investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

Sorfis does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

Sorfis generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Institutions

Sorfis generally requires a \$100,000 minimum account size. Sorfis may, in its sole discretion, raise or lower the minimum requirement with respect to certain clients.

## Item 8: Methods of Analysis, Investment Strategies, & Risk of Loss

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

Sorfis's methods of analysis include Cyclical analysis and Fundamental analysis.

**Cyclical analysis** involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

#### *Investment Strategies*

Sorfis uses long term trading, short term trading and margin transactions.

Clients are generally matched with one of our two investment strategies (described below), based on their goals, objectives, and life situations.

#### *Diversified Strategy*

In this strategy, we design and maintain diversified investment portfolios that are aligned with each client's overall financial plan. This strategy does not aim to outperform specific market indices. Instead, it looks to gain market exposure based on client circumstances and will adjust how it achieves that exposure based on various economic and market considerations. Portfolios will be managed for tax efficiency.

This strategy is mostly focused on investing in Exchange Traded Funds (ETFs), equities, and fixed income securities, although we may also invest in other asset classes, such as mutual funds, Treasury Inflation-Protected Securities (TIPS), or certain option strategies such as covered-call or cash-secured put strategies.

#### *Absolute Return Strategy*

This strategy aims to create portfolios that either outperform the S&P 500 over the long run or match the S&P 500 with lower risk. A key difference between the Diversified Strategy and the Absolute Return Strategy is that the latter uses valuation as a cornerstone when making investment and diversification decisions, especially regarding equities and equity Exchange Traded Funds (ETFs), and the mix between stocks, ETFs, and fixed income securities is based upon valuation and opportunity instead of a target mix of stocks and bonds. The focus will be on individual stocks, both in the United States and internationally, and ETFs, but this strategy may also invest in other assets such as fixed

income securities, mutual funds, and engage in certain option strategies such as covered-call or cash-secured put strategies.

Portfolios in the strategy will hold cash when unable to find attractive places to allocate capital. At times, this cash balance may make up a substantial majority of the portfolio.

#### *Customized Strategies*

For clients with specific needs or goals, we can also create a strategy customized to those specific circumstances.

In all of our strategies, we are not constrained by geography, sector, industry, or market capitalization in seeking investment opportunities for clients. Our strategies may also hold foreign currency positions as a result of buying and selling stocks traded on exchanges outside of the United States. Those foreign currency positions are usually small and temporary holdings.

We may hold cash as part of financial and cash flow planning for certain clients, or when we are unable to find attractive enough opportunities to invest client funds. Client accounts may make use of money market funds to hold cash balances.

A client might not be invested in the same securities as other clients. For example, we may consider a security worth holding for a client who has already bought it, but determine that the same security is not priced low enough in relation to our estimate of its intrinsic value to be an appropriate investment for a new client, or for new additions of capital by existing clients. One outcome of this approach to investing is that newer clients often will not hold some securities that older clients have bought and continue to hold.

Depending on the strategy and goals of a Client, some accounts may have capital not invested in equities for a period of months or years during times that we do not find equities we deem appropriate. At certain times, generally when we believe equities are expensive, we believe we are more likely to refrain from buying equities for you than other investment firms.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **B. Material Risks Involved**

### *Methods of Analysis*

**Cyclical analysis** assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

### *Investment Strategies*

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Short term trading** risks include liquidity, economic stability, and inflation, in addition to the long term trading risks listed above. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

**Margin transactions** use leverage that is borrowed from a brokerage firm as collateral. Sorfis will only utilize margin transactions occasionally when purchasing shares of non-U.S. securities, in order to avoid the need to first purchase the necessary foreign currency, and only when buying those securities for clients with margin accounts.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **C. Risks of Specific Securities Utilized**

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below are not guaranteed or insured by the FDIC or any other government agency.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Non-U.S.** securities present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Because ETFs use "authorized

participants" (APs) as agents to facilitate creations or redemptions (primary market), there is a risk that an AP decides to no longer participate for a particular ETF; however, that risk is mitigated by the fact that other APs can step in to fill the vacancy of the withdrawing AP and ETF transactions predominantly take place in the secondary market without need for an AP. Like other liquid securities, ETF pricing changes throughout the trading day and there can be no guarantee that an ETF is purchased at the optimal time in terms of market movements. Moreover, due to market fluctuations, ETF brokerage costs, differing demand and characteristics of underlying securities, and other factors, the price of an ETF can be lower than the aggregate market price of its cash and component individual securities (net asset value - NAV). An ETF is subject to the same market risks as those of its underlying individual securities, and also has internal expenses that can lower investment returns.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond (fixed income) nature or stock (equity) nature, or a mix of multiple underlying security types.

**Options:** are contracts to purchase a security at a given price, risking that an option may expire out of the money resulting in minimal or no value. An uncovered option is a type of options contract that is not backed by an offsetting position that would help mitigate risk. The risk for a "naked" or uncovered put is not unlimited, whereas the potential loss for an uncovered call option is limitless. Spread option positions entail buying and selling multiple options on the same underlying security, but with different strike prices or expiration dates, which helps limit the risk of other option trading strategies. Option writing also involves risks including but not limited to economic risk, market risk, sector risk, idiosyncratic risk, political/regulatory risk, inflation (purchasing power) risk and interest rate risk.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## Item 9: Disciplinary Information

### A. Criminal or Civil Actions

There are no criminal or civil actions to report.

### B. Administrative Proceedings

There are no administrative proceedings to report.

### C. Self-regulatory Organization (SRO) Proceedings

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither Sorfis nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither Sorfis nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Joseph Koster is a Senior Advisor with Avenel Financial Group. His responsibilities include doing research and analysis for the company. [Avenel Financial Group is not an investment adviser.]

Joseph Koster is also the editor of Value Investing World Newsletter, a newsletter focused on providing reading and other content recommendations to subscribers. There is a free version, as well as a monthly or annual subscription option for those subscribers that want to receive the newsletter more frequently.

### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

Sorfis does not utilize nor select third-party investment advisers.

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

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

Sorfis has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting

Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Sorfis's Code of Ethics is available free upon request to any client or prospective client.

## **B. Recommendations Involving Material Financial Interests**

Sorfis does not recommend that clients buy or sell any security in which a related person to Sorfis or Sorfis has a material financial interest.

## **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of Sorfis may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of Sorfis to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. Sorfis will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

## **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of Sorfis may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of Sorfis to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, Sorfis will never engage in trading that operates to the client's disadvantage if representatives of Sorfis buy or sell securities at or around the same time as clients.

# **Item 12: Brokerage Practices**

## **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on Sorfis's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and Sorfis may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in Sorfis's research efforts. Sorfis will never charge

a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

Sorfis will require clients to use Interactive Brokers LLC, or Charles Schwab & Co., Inc. Advisor Services.

### ***1. Research and Other Soft-Dollar Benefits***

While Sorfis has no formal soft dollars program in which soft dollars are used to pay for third party services, Sorfis may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions (“soft dollar benefits”). Sorfis may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client’s transactions paid for it, and Sorfis does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. Sorfis benefits by not having to produce or pay for the research, products or services, and Sorfis will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that Sorfis’s acceptance of soft dollar benefits may result in higher commissions charged to the client.

### ***2. Brokerage for Client Referrals***

Sorfis receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

Sorfis will require clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

If Sorfis buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, Sorfis would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. Sorfis would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

If Sorfis is buying shares of the same security for Clients in both Interactive Brokers and Charles Schwab accounts, Sorfis will first enter orders to buy shares for clients at the custodian where the fewest number of desired shares will be bought, and then enter orders to buy for clients whose assets are held at the other custodian.

## **Item 13: Review of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All client accounts for Sorfis's advisory services provided on an ongoing basis are reviewed at least quarterly by Joseph Koster, Chief Compliance Officer, with regard to clients' respective investment policies and risk tolerance levels. All accounts at Sorfis are assigned to this reviewer.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of Sorfis's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

Charles Schwab & Co., Inc. Advisor Services provides Sorfis with access to Charles Schwab & Co., Inc. Advisor Services' institutional trading and custody services, which are typically not available to Charles Schwab & Co., Inc. Advisor Services retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them. Charles Schwab & Co., Inc. Advisor Services includes 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 Sorfis client accounts maintained in its custody, Charles Schwab & Co., Inc. Advisor Services 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 Charles Schwab & Co., Inc. Advisor Services or that settle into Charles Schwab & Co., Inc. Advisor Services accounts.

Charles Schwab & Co., Inc. Advisor Services also makes available to Sorfis other products and services that benefit Sorfis but may not benefit its clients' accounts. These benefits may include national, regional or Sorfis specific educational events organized and/or sponsored by Charles Schwab & Co., Inc. Advisor Services. Other potential benefits may include occasional business entertainment of personnel of Sorfis by Charles Schwab & Co., Inc. Advisor Services 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 Sorfis 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, if applicable), provide research, pricing information and other market data, facilitate payment of Sorfis's fees from its clients' accounts (if applicable), 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 Sorfis's accounts. Charles Schwab & Co., Inc. Advisor Services also makes available to Sorfis other services intended to help Sorfis 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, and human capital consultants, insurance and marketing. In addition, Charles Schwab & Co., Inc. Advisor Services may make available, arrange and/or pay vendors for these types of services rendered to Sorfis by independent third parties. Charles Schwab & Co., Inc. Advisor Services 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 Sorfis. Sorfis is independently owned and operated and not affiliated with Charles Schwab & Co., Inc. Advisor Services.

## **B. Compensation to Non - Advisory Personnel for Client Referrals**

Sorfis may retain third parties to act as solicitors/promoters for Sorfis' investment management services. Compensation with respect to the foregoing will be fully disclosed to each client to the extent required by applicable law. Sorfis will ensure each solicitor/promoter is properly exempt or registered in all appropriate jurisdictions.

## **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, Sorfis will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

## **Item 16: Investment Discretion**

Sorfis provides discretionary and non-discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, Sorfis generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share.

## **Item 17: Voting Client Securities (Proxy Voting)**

Sorfis acknowledges its fiduciary obligation to vote proxies on behalf of those clients that have delegated to it, or for which it is deemed to have, proxy voting authority. Sorfis will vote proxies on behalf of a client solely in the best interest of the relevant client. Sorfis has established general guidelines for voting proxies. Sorfis may also abstain from voting if, based on factors such as expense or difficulty of exercise, it determines that a client's interests are better served by abstaining. Further, because proxy proposals and individual company facts and circumstances may vary, Sorfis may vote in a manner that is contrary to the general guidelines if it believes that it would be in a client's best interest to do so. If a proxy proposal presents a conflict of interest between Sorfis and a client, then Sorfis will disclose the conflict of interest to the client prior to the proxy vote and, if participating in the vote, will vote in accordance with the client's wishes.

Clients may obtain a complete copy of the proxy voting policies and procedures by contacting Sorfis in writing and requesting such information. Each client may also request, by contacting Sorfis in writing, information concerning the manner in which proxy votes have been cast with respect to portfolio securities held by the relevant client during the prior annual period. Clients can send written requests to the Chief Compliance Officer at [Joe@Sorfis.com](mailto:Joe@Sorfis.com).

## **Item 18: Financial Information**

### **A. Balance Sheet**

Sorfis neither requires nor solicits prepayment of more than \$500 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither Sorfis nor its management has any financial condition that is likely to reasonably impair Sorfis's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

Sorfis has not been the subject of a bankruptcy petition in the last ten years.

## **Item 19: Requirements For State Registered Advisers**

### **A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background**

Sorfis currently has only one management person: Joseph Thomas Koster. Education and business background can be found on the individual's Form ADV Part 2B brochure supplement.

### **B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)**

Other business activities for each relevant individual can be found on the Form ADV Part 2B brochure supplement for each such individual.

### **C. Calculation of Performance-Based Fees and Degree of Risk to Clients**

Sorfis does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

**D. Material Disciplinary Disclosures for Management Persons of this Firm**

There are no civil, self-regulatory organization, or arbitration proceedings to report under this section.

**E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)**

See Item 10.C and 11.B.