

## A Summary of Your Advisory Relationship with SMB Financial Services, Inc.

SMB Financial Services, Inc. is registered with the Security and Exchange Commission as an investment advisory firm. We are not a broker-dealer. Brokerage services differ from investment advisory services. Furthermore, the fees you pay for brokerage services versus investment advisory services are dissimilar. It is important for you to understand the difference. Please see [www.Investor.gov/CRS](http://www.Investor.gov/CRS) which is an SEC-sponsored website that provides free and simple educational information about investment advisors, broker-dealers, and investing.

This form is intended to aid your understanding of the services SMB Financial Services, Inc. offers and describe significant issues related to these services which you may find important. We have included “Conversation Starters” to encourage the discussion of subjects important to you. The first example is below:

### **Conversation Starters**

- *Given my financial situation, should I choose an investment advisory service? Why or why not?*
- *How will you choose investments to recommend to me?*
- *What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?*

The following provides answers to common questions that will assist you in deciding whether to become a client of SMB Financial Services, Inc.

### **Conversation Starters**

- *Help me understand how these fees and costs might affect my investments.*
- *If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?*

***What investment services can you provide me?***

SMB Financial Services, Inc. offers two types of investment advisory or asset management services to our clients: 1) Discretionary Asset Management (“Non-Wrap Program”); and Discretionary Asset Management (“Wrap Program”). Wrap fee clients engage us to provide asset management services within a Wrap Fee Program sponsored by our custodian. Both our Non-Wrap and Wrap Program services may also include financial planning services.

If we charge an asset-based fee, we perform ongoing monitoring of your account based upon the scope of services described in the investment advisory agreement you sign when you begin working with us. If you have an account and we only provide a one- time financial planning service, such as creating a financial plan, it will not be monitored.

We manage your assets on a discretionary basis or non-discretionary basis. When you authorize us to provide discretionary services, we can buy and sell investments in your account without discussing the purchase or sale with you in advance. In contrast, if we manage your assets on a non-discretionary basis we must obtain your approval prior to making any purchases or sales of investments in your account.

We offer a wide variety of investment products and types of investments. We are not limited to a particular “menu” of offerings like some other investment advisors. Clients have the opportunity to choose from among several levels of risk-based strategies. We actively monitor client accounts and make appropriate changes in light of market circumstances, our expertise and the strategy selected by the client. We do not have an account minimum. However, we may decline to accept clients with smaller portfolios.

More detailed information regarding our services is provided in our Form ADV Part 2A.

***What fees will I pay?***

You will pay a quarterly fee for the advisory services we provide. Typically, our fee is an ongoing fee based on a percentage of your account’s assets. For wrap fee clients, the custodian charges a fee that covers (or “wraps”) all services (including our asset management fee), custody expenses and transaction fees into one fee.

Financial planning services are billed hourly on a quarterly basis as performed or upon completion of the agreed services at a rate of \$200.00 per hour. Project flat fees are paid partially in advance (the lesser of \$450 or 50% of the flat fee) and the remaining balance billed upon completion of the project.

Any fees paid and the frequency charged will be agreed upon by you when you sign SMB Financial Services, Inc.'s investment advisory agreement.

Our Wrap Fee Program is intended to save our clients from paying high brokerage commissions where there is significant trading in a client account. However, a conflict of interest is created because the client pays the same fee to the custodian regardless of the amount of trade activity in the account. If there is little, if any, trading activity a client may benefit from not being in a wrap free program and instead simply pay brokerage commissions separately through a non-wrap program. To avoid this conflict we monitor the fees paid and the amount of trading activity to ensure our clients do not pay unreasonable fees when there is limited trading activity.

You may pay other fees, depending on your account type. These fees include custodian fees, brokerage commissions, account maintenance fees, transactional fees, and other ancillary fees.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

**Conversation Starter**

- *How might your conflicts of interest affect me, and how will you address them?*

**What are your legal obligations to me when acting as my investment advisor? How else does your firm make money and what conflicts of interest do you have?**

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here is an example to help you understand what this means:

When we are paid an asset based management fee, the more assets in your account the more money we will make. This can create a conflict if we take unnecessary risks to increase the assets in your account despite the fact less risky investments may be in your best interests.

**How do your financial professionals make money?**

Our financial professionals receive fees for the investment advisory services they provide. These fees are ongoing and based on a percentage of assets in your account. As noted above, our financial professionals have an incentive to have more assets in your account if they are paid an asset-based fee.

**Conversation Starter**

- *As a financial professional, do you have any disciplinary history? For what type of conduct?*

**Do your financial professionals have legal or disciplinary history?**

No.

**Conversation Starters**

- *Who is my primary contact person?*
- *Is he or she a representative of an investment advisor or broker-dealer?*
- *Who can I talk to if I have concerns about how this person is treating me*

**Additional Information**

For additional information please contact us at 503.387.3222 or via email at [info@smb.financial](mailto:info@smb.financial). You may also visit our website at [www.smb.financial](http://www.smb.financial) and the SEC's Investment Adviser Public Disclosure Website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).