**Item 1 Cover Page**

# Professional Financial Management, Inc.

Form ADV Part II Information

March 19, 2018

Professional Financial Management, Inc.
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This brochure provides information about the qualifications and business practices of Professional Financial Management, Inc. (PFM). If you have any questions about the contents of this brochure, please contact us at (920) 687-2600. 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 Professional Financial Management, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

PFM is a Wisconsin Registered Investment Advisor. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 – Material Changes to this Brochure Since Last Annual Update

At least annually, this section will discuss specific material changes that are made to Professional Financial Management, Inc.'s brochure, if any, and provide you with a summary of such changes.

There are no material changes to report since the previous Annual ADV Amendment filed on March 17, 2017.

## Item 3 – Table of Contents

## Contents

## Item 4 - Advisory Business

PFM began operating as an RIA (Registered Investment Advisor) July 1, 2010 with the focus of providing investment management and financial planning advice. As of January 1, 2013, the owners of PFM are: Mark Vander Linden 33.33%, Kirt Rezek 33.33% and Donald Swain 33.33%. PFM offers three levels of service as described below:

Level I – Investment Management

Through its Investment Management service level, PFM offers clients portfolio management and reporting services and may include investment recommendations on a non-discretionary basis for "outside" accounts (Outside accounts generally include employer retirement plans [e.g., 401k, 403b, 457, etc.]). Level I Investment Management clients receive:

- Investment analysis (may incorporate outside accounts)
- Allocation recommendations (may incorporate outside accounts)
- Monthly statements reflecting holdings and transactions (from custodian)
- Quarterly performance reports (from PFM)
- Ongoing account monitoring (may incorporate outside accounts)

The investment portfolio may include stocks, bonds, mutual funds, options, warrants, rights, corporate, municipal or governments bonds, notes or bills, exchange-traded funds (ETFs), exchange-traded notes (ETNs), private placements, and/or convertible securities.

PFM exercises discretionary trading authority while providing investment management services. This means that PFM representatives will have authority to purchase and sell securities of their choice, including the amounts and at the times they believe are suitable for a client's portfolio. ***Note: PFM cannot obtain discretionary authority of outside investment accounts. PFM will make investment recommendations for these accounts; however, the client will need to implement the recommendations.***

The initial asset allocation recommendations are based on the financial information gathered from each client including net worth, income, risk tolerance, investment objectives, investment restrictions and overall financial conditions. Based on this information, investment recommendations are designed to provide an asset mix consistent with the client's objectives. PFM monitors the client's portfolio and its performance in light of the client's stated goals and objectives. The frequency of these reviews is determined by the representative. PFM representatives meet with the client on an as needed basis to discuss the portfolio and other aspects of the service. Clients should be aware that transaction fees may be charged by the brokerage firm processing the transactions.

Level II – Financial Planning

Through its Financial Planning service level, PFM offers clients Investment Management (as outlined above), reporting services, abbreviated financial planning services and investment recommendations on a non-discretionary basis for "outside" accounts (Outside accounts generally include employer retirement plans [e.g., 401k, 403b, 457, etc.]). Through the program, clients receive:

- Investment analysis (incorporating outside accounts)
- Allocation recommendations (incorporating outside accounts)
- Monthly statements reflecting holdings and transactions (from custodian)
- Quarterly performance reports (from PFM)
- Ongoing account monitoring (incorporating outside accounts)
- A detailed cash flow projection*
- Review of the clients' net worth*
- Review of the clients' tax return*
- Education planning projections and funding recommendations*
- Abbreviated retirement projection to include savings recommendations and/or distribution planning*

The investment portfolio may include stocks, bonds, mutual funds, options, warrants, rights, corporate, municipal or governments bonds, notes or bills, exchange-traded funds (ETFs), exchange-traded notes (ETNs), private placements, and/or convertible securities.

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* The financial planning reports are based on the financial information and data provided by each client, which may include: assets, liabilities, income, expenses, tax returns, employee benefits, goals and objectives, risk tolerance, investment objectives and/or investment restrictions.

<u>Level III – Wealth Advisory</u>

Through its Wealth Advisory service level, PFM offers clients Investment Management (as outlined above), reporting services, comprehensive financial planning services and investment recommendations on a non-discretionary basis for “outside” accounts (Outside accounts generally include employer retirement plans [e.g.,. 401k, 403b, 457, etc.]). Through the program, clients receive:

- Investment analysis (incorporating outside accounts)
- Allocation recommendations (incorporating outside accounts)
- Monthly statements reflecting holdings and transactions (from custodian)
- Quarterly performance reports (from PFM)
- Ongoing account monitoring (incorporating outside accounts)
- Documented goals and objectives*
- Written recommendations to meet goals and objectives*
- Written detailed cash flow projection*
- Written net worth statement*
- Review of the clients’ tax return*
- Tax management strategies and techniques
- Education planning projections and funding recommendations*
- Retirement projection(s) with Monte Carlo analysis to include savings recommendations and/or distribution planning*
- Disability projection(s) and disability insurance policy review*
- Life insurance projection(s) and life insurance policy review*
- Long-term care needs analysis and long-term care policy review*
- Home owners, automobile and liability insurance coverage review*
- Estate plan flow chart*
- Review of current estate plan documents*
- Coordination of beneficiary designations*
- Coordination of the efforts of other advisors* (attorney, accountant, insurance agent, etc.)

The investment portfolio may include stocks, bonds, mutual funds, options, warrants, rights, corporate, municipal or governments bonds, notes or bills, exchange-traded funds (ETFs), exchange-traded notes (ETNs), private placements, and/or convertible securities.

PFM exercises discretionary trading authority while providing investment management services. This means that PFM representatives will have authority to purchase and sell securities of their choice, including the amounts and at the times they believe are suitable for a client’s portfolio. ***Note: PFM cannot obtain discretionary authority of outside investment accounts. PFM will make investment recommendations to these accounts; however, the client will need to implement the recommendations.***

The initial asset allocation recommendations are based on the financial information gathered from each client including net worth, income, risk tolerance, investment objectives, investment restrictions and overall financial conditions. Based on this information, investment recommendations are designed to provide an asset mix consistent with the client’s objectives. PFM monitors the client’s portfolio and its performance in light of the client’s stated goals and objectives. The frequency of these reviews is determined by the representative. PFM representatives meet with the client on an as needed basis to discuss the portfolio and other aspects of the service. Clients should be aware that transaction fees may be charged by the brokerage firm processing the transactions.

* The financial planning reports are based on financial information and data provided by each client, which may include: assets, liabilities, income, expenses, goals and objectives, insurance policies, employee benefits, estate plan documents, business contracts, tax returns, pay stubs, risk tolerance, investment objectives and/or investment restrictions.

As of December 31, 2017, PFM managed assets on a discretionary and a non-discretionary basis. A breakout of the assets managed is as follows:

Discretionary - $55,989,614
Non-Discretionary - $18,634,270

## Item 5 – Fees and Compensation

Level I – Investment Management – Fees for the Investment Management service are broken into two levels: managed accounts and outside accounts (Outside accounts generally include employer retirement plans [e.g., 401k, 403b, 457, etc.]). All fees are negotiable.

- Fees for the managed accounts are calculated as a percentage of the total value of investments under PFM's management as set forth in the following table.
- Fees for the outside accounts are calculated as a percentage of the total value of investments under PFM's advisement as set forth in the following table. However, if the combined balances of the managed and outside accounts total $100,000 or more, the outside accounts' annual fee percentage is 50% of the marginal rate.

| **Value of Assets** | **Annual Fee** |
|---|---|
| $0 - $100,000 | 1.20% |
| $100,001 - $500,000 | 1.00% |
| $500,001 - $1,000,000 | 0.90% |
| $1,000,001 - $2,500,000 | 0.80% |
| $2,500,001 - $5,000,000 | 0.70% |
| Over $5,000,000 | 0.60% |

The initial fee is charged from the date the agreement is signed through the end of the first calendar quarter on a prorated basis. Thereafter, fees are payable quarterly in advance based on the market value of the assets at the end of the immediately preceding calendar quarter as specified in the Investment Management Services Agreement. In most cases, PFM deducts fees directly from the investment accounts. However, if a client chooses, PFM could send a bill for payment. ***Note: Fees for outside accounts cannot be deducted directly from the account. Therefore, the client must choose to either have the fees deducted from a taxable managed account or have a bill sent for payment by the client.***

Clients should be aware that mutual funds and exchange traded funds/notes (ETFs/ETNs) also charge customary internal investment management fees and other internal expenses as described in the prospectus of each fund. Thus, clients pay these internal fees to the mutual fund and/or ETF managers and administrators in addition to fees to PFM. Fees relating to transactions may be charged by the brokerage firm processing the transactions. Please refer to Item 12 Brokerage Practices for additional information.

As noted above, fees are charged quarterly in advance. If the Investment Management Services Agreement is terminated before the end of the billing period, the client may be granted a partial refund at PFM's discretion. If a refund is granted, the amount of the refund will be prorated from the date of termination of the contract to the end of the billing period.

Level II – Financial Planning - Fees for the Financial Planning service are broken into three levels: managed accounts, outside accounts (Outside accounts generally include employer retirement plans [e.g., 401k, 403b, 457, etc.]) and financial planning fees. All fees are negotiable.

- Fees for the managed accounts are calculated as a percentage of the total value of investments under PFM's management as set forth in the following table.
- Fees for the outside accounts are calculated as a percentage of the total value of investments under PFM's advisement as set forth in the following table. However, if the combined balances of the managed and outside accounts total $100,000 or more, the outside accounts' annual fee percentage is 50% of the marginal rate.
- Financial planning fees - $50 per quarter.

| **Value of Assets** | **Annual Fee** |
|---|---|
| $0 - $100,000 | 1.20% |
| $100,001 - $500,000 | 1.00% |
| $500,001 - $1,000,000 | 0.90% |
| $1,000,001 - $2,500,000 | 0.80% |
| $2,500,001 - $5,000,000 | 0.70% |
| Over $5,000,000 | 0.60% |

The initial fee is charged from the date the agreement is signed through the end of the first calendar quarter on a prorated basis. Thereafter, fees are payable quarterly in advance based on the market value of the assets at the end of the immediately preceding calendar quarter as specified in the Investment Management Services Agreement. In most cases, PFM deducts fees directly from the investment accounts. However, if a client chooses, PFM could send a bill for payment. ***Note: Fees for outside accounts cannot be deducted directly from the account. Therefore, the client must choose to either have the fees deducted from a taxable managed account or have a bill sent for payment by the client.***

Clients should be aware that mutual funds and exchange traded funds/notes (ETFs/ETNs) also pay customary internal investment management fees and other internal expenses as described in the prospectus of each fund. Thus, clients pay these internal fees to the mutual fund and/or ETF managers and administrators in addition to fees to PFM. Fees relating to transactions may be charged by the brokerage firm processing the transactions. Please refer to Item 12 Brokerage Practices for additional information.

As noted above, fees are charged quarterly in advance. If the Investment Management Services Agreement and/or the Financial Planning and Consulting Service Agreement is terminated before the end of the billing period, the client may be granted a partial refund at PFM's discretion. If a refund is granted, the amount of the refund will be prorated from the date of termination of the contract to the end of the billing period.

<u>Level III – Wealth Advisory</u> - Fees for the Wealth Advisory service are broken into three levels: managed accounts, outside accounts (Outside accounts generally include employer retirement plans [e.g., 401k, 403b, 457, etc.]) and financial planning fees. All fees are negotiable.

- Fees for the managed accounts are calculated as a percentage of the total value of investments under PFM's management as set forth in the following table.
- Fees for the outside accounts are calculated as a percentage of the total value of investments under PFM's advisement as set forth in the following table. However, if the combined balances of the managed and outside accounts total $100,000 or more, the outside accounts' annual fee percentage is 50% of the marginal rate.
- Financial planning fees - $1,500 initial fee and $125 per quarter thereafter.
  **Note:** *If clients wish to forego Investment Management, and only engage PFM for comprehensive financial planning, the fee reverts to a **$4,500** initial fee and **$500** per quarter thereafter.*

| **Value of Assets** | **Annual Fee** |
|---|---|
| $0 - $100,000 | 1.20% |
| $100,001 - $500,000 | 1.00% |
| $500,001 - $1,000,000 | 0.90% |
| $1,000,001 - $2,500,000 | 0.80% |
| $2,500,001 - $5,000,000 | 0.70% |
| Over $5,000,000 | 0.60% |

The initial fee is charged from the date the agreement is signed through the end of the first calendar quarter on a prorated basis. Thereafter, fees are payable quarterly in advance based on the market value of the assets at the end of the immediately preceding calendar quarter as specified in the Investment Management Services Agreement. In most cases, PFM deducts fees directly from the investment accounts. However, if a client chooses, PFM could send a bill for payment. ***Note: Fees for outside accounts cannot be deducted directly from the account. Therefore, the client must choose to either have the fees deducted from a taxable managed account or have a bill sent for payment by the client.***

Clients should be aware that mutual funds and exchange traded funds/notes (ETFs/ETNs) also pay customary internal investment management fees and other internal expenses as described in the prospectus of each fund. Thus, clients pay these internal fees to the mutual fund and/or ETF managers and administrators in addition to fees to PFM. Fees relating to transactions may be charged by the brokerage firm processing the transactions. Please refer to Item 12 Brokerage Practices for additional information.

As noted above, fees are charged quarterly in advance. If the Investment Management Services Agreement and/or the Financial Planning and Consulting Service Agreement is terminated before the end of the billing period, the client may be granted a partial refund at PFM's discretion. If a refund is granted, the amount of the refund will be prorated from the date of termination of the contract to the end of the billing period.

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

PFM does not charge performance-based fees. PFM does not have any management agreements with a third party.

## Item 7 – Types of Clients

PFM provides advice to a wide variety of clients, including individuals, entities, pension and profit sharing plans, trusts, estates and charitable organizations, corporations and other business entities.

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

Methods of Analysis

Our methods of analysis include reviewing fundamental metrics and valuation (both relative and absolute), macroeconomic trends, theses or themes, historical and/or projected correlation tendencies, price and volatility trends, and technical patterns analysis. PFM asset allocation investment recommendations are driven by fundamental factors and are dominated by our perception of client risk tolerance, as well as the client's goals and objectives. At the margin, current valuation levels (relative to historical figures) and capital markets expectations will alter the baseline allocation towards what PFM believes to offer more attractive risk/reward opportunities.

Investment Strategies:

Fixed Income Strategy (FIS)

Our Fixed Income Strategy (including the municipal variant) is generally comprised of a combination of select managed and/or indexed mutual funds, closed-end mutual funds, and/or ETFs. Investments in managed funds involve both the possibility for out-performance, as well as the possibility of significant under-performance versus the strategy's benchmark (Bloomberg

Barclay's U.S. Aggregate Bond Index). Given the nature of how fixed income securities are traded, PFM believes there are considerable economies of scale, as well as preferential bid/offer spreads for fund managers that deal in large volumes. This benefit is passed directly to fund shareholders. PFM also believes that proprietary credit analysis (as performed by the funds' management team) can identify changes in credit conditions or the creditworthiness of borrowers on a more real-time basis, as opposed to waiting for announced changes to credit ratings by the predominant ratings agencies (i.e. S&P or Moody's). The mutual fund format allows for daily liquidity at the stated end-of-day NAV, regardless of the dollar size of the transaction. The primary risks associated with this strategy are related to interest rates, inflation, and to a lesser degree the credit worthiness of the borrower. Exposures and risks associated with any one particular company or issuer are small and generally insignificant. Volatility is relatively low and risk of substantial loss is minimal, nevertheless, loss of principal is possible.

Paid-To-Wait Strategy (PTW)

Our Paid-To-Wait Strategy is generally comprised of a combination of select managed mutual funds with the majority of the portfolio generally targeted toward above-average income producing securities. Investments in managed mutual funds involve both the possibility for out-performance, as well as the possibility of significant under-performance versus the fund's stated investment objective and/or benchmark. Given the nature of how fixed income securities are traded, PFM believes there are considerable economies of scale, as well as preferential bid/offer spreads for fund managers that deal in large volumes. This benefit is passed directly to fund shareholders. PFM also believes that proprietary credit analysis (as performed by the funds' management team) can identify changes in credit conditions or the creditworthiness of borrowers on a more real-time basis, as opposed to waiting for announced changes to credit ratings by the predominant ratings agencies (i.e. S&P or Moody's). The mutual fund format allows for daily liquidity at the stated end-of-day NAV, regardless of the dollar size of the transaction. The primary risks associated with this strategy are related to borrower defaults, international/sovereign/political risk, and to a lesser degree interest rates, inflation, and tracking error effects resulting from imperfect beta exposure hedging. This strategy is benchmarked to an absolute return objective of (substantially) exceeding the returns produced by that of T-Bills on an annualized basis, as well as acting as an equity exposure surrogate in times that PFM believes equities to be high-risk and overvalued. Exposures and risks associated with any one particular company or issuer are small and generally insignificant. Volatility and risks of substantial loss are moderate, and as such, loss of principal is possible.

Relative Equity Strategy (RES)

Our Relative Equity Strategy generally utilizes a "core/satellite" portfolio management style, whereby the core of the portfolio is managed from a mid-to-long term perspective and provides cost effective, broad exposure to the global equity markets. There may be times when this strategy consists solely of core positions. Allocation changes within the core are generally reviewed or updated on a quarterly basis. The remaining (satellite) portion of this strategy is managed from a mid-short term perspective, and is intended to be more focused and concentrated in nature (i.e. specific economic sectors or subsectors, specific country exposures, specific market cap / style exposures, specific currency exposures, etc.). Given the potential for more frequent trading, indexed ETFs or ETNs tend to be the most cost effective vehicle for satellite positions. Some of these vehicles can be fairly concentrated; however, PFM will not buy or sell individual company stocks/bonds in this strategy. The positions within this portion of the portfolio are monitored on a daily and weekly basis. This strategy is benchmarked to the S&P Global Broad Market Index, and its very nature is to assume the material risks that stem from general equity market fluctuations. Exposures and risks associated with any one particular company are small and insignificant. Volatility is relatively high and risk of loss is substantial.

Public Hedged Equity Strategy (PHES)

Our Public Hedged Equity Strategy is designed to provide long term, equity-like investment returns while exhibiting dampened volatility and correlations to traditional equity markets. This strategy is intended to act mainly as a core diversifier for client portfolios, and is to be used in conjunction with our other strategies. Mutual funds, ETFs, and/or ETNs within this strategy will tend to be hedged in some way, provide exposure to real assets (commodities, real estate, etc.), and/or generally exhibit different characteristics than traditional, long-only, equity and fixed income markets. This strategy is managed from a long-term prospective, the underlying funds tend to be equally weighted within the portfolio, and are intended to be traded relatively infrequently. Volatility is moderate to high, and risk of loss is substantial. This strategy is loosely benchmarked to the S&P Global Broad Market Index over complete cycles.

Dividend Income Growth Strategy (DIGS)

Our Dividend Income Growth Strategy is a portfolio comprised mainly of individual U.S. common stocks that generally exhibit a strong history of dividend payment and growth through time. Companies of this nature tend to be large in size (typically greater than $10 Billion), produce stable and growing cash flows, and have a tendency to be less exposed to cyclical variations in the overall economy. Owning individual securities can be more tax efficient than a mutual fund or ETF, as well as more cost effective when the trading commissions generated are lower than the internal OERs of the alternatives. This strategy is benchmarked to the S&P 500 Index, and its very nature is to assume the material risks that stem from general equity market fluctuations. Exposures and risks associated with any one particular company are moderate. Sudden and devastating events for a company's stock value within the strategy would be small, but meaningful to overall performance. Volatility is relatively high and risk of loss is substantial.

Risk of Loss

PFM's methods of analysis and investment strategies are generally constructed and viewed from a historical context. History serves as a guide, however it is possible that valuation multiples, growth rates, taxes consequences, interest rates and/or inflation, etc. may not exhibit the same characteristics in the future. As such PFM believes that diversification remains by and large, the most effective risk management tool for investors, but there can be no assurance that investment objectives and/or planning goals will be achieved. Past performance is not indicative of future results.

## Item 9 – Disciplinary Information

PFM does not have any disciplinary information to report regarding itself or affiliated individuals.

## Item 10 – Other Financial Industry Activities and Affiliations

Neither PFM nor any of its affiliated individuals has any relationship or arrangements with other professionals that are material to our advisory business.

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

Representatives of PFM may buy or sell securities for themselves that they also recommend to clients. Where a transaction for a representative, or an account related to a representative, is contemplated, a client's transaction is given priority. PFM has developed a supervisory procedures system applicable to all persons who have access to confidential client records or to recommendations being made for clients designed to prevent conflicts of interest between the financial interests of clients and the interests of PFM's staff. The procedures require staff to report transactions quarterly and to report all securities positions in which they have a beneficial interest at least annually. These reporting requirements allow supervisors at PFM to determine whether to allow or prohibit certain employee securities purchases and sales based on transactions made, or anticipated to be made, in the same securities for clients' accounts.

## Item 12 – Brokerage Practices

The Custodian and Brokers We Use
PFM does not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see *Item 15 – Custody*, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that our clients utilize Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct

them to. While we recommend that you utilize Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see "*Your Brokerage and Custody Costs*").

How We Select Brokers/Custodians

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our clients
- Availability of other products and services that benefit us, as discussed below (see "*Products and Services Available to Us From Schwab*")

Your Brokerage and Custody Costs

For our clients' accounts that Schwab maintains, Schwab generally does not charge separately for custody services, but is compensated by charging commissions or other fees on trades that it executes or that settle into your Schwab account. This commitment benefits you because the overall commissions you pay are lower than they would be otherwise. In addition to commissions, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most (if not all) of the trades for your account. We have determined that having Schwab execute trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "*How We Select Brokers/Custodians*").

Products and Services Available to Us From Schwab

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage services (trading, custody, reporting, and related services) many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of Schwab's support services:

Services That Benefit You

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

Services That May Not Directly Benefit You

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

Services That Generally Benefit Only Us

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

Our Interest in Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. We may have an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "*How We Select Brokers/Custodians*") and not Schwab's services that benefit only us.

If a client directs PFM to effect transactions through a particular broker/dealer, other than Schwab, PFM may do so under certain circumstances. However, such an instruction may have implications to the client which may include incurring transaction costs and commissions that may be higher or lower than if the instruction had not been given. Also, restricting PFM to particular broker/dealers may limit PFM's ability to include a client account order within block orders to obtain the best price or execution. In addition, if PFM is effecting transactions in a security for clients by means of a block order, as well as an order in the same security for a client who has directed PFM to use a particular broker/dealer, PFM will effect the block order prior to effecting the directed brokerage trade. Thus, clients directing PFM to use a particular broker/dealer may not receive the same average price for securities bought or sold that would be received if the order was part of a block order.

## Item 13 – Review of Accounts

For clients receiving Financial Planning and Consulting Services, a written project report or comprehensive financial plan is prepared in the scope requested by the client during the initial interview and subsequent counseling sessions. Reviews of financial plans and reports are performed from time to time by the representative as requested by a client and as the representative deems appropriate. More than one representative may be involved in the development of a plan and, with the client's permission, the client's legal and accounting professionals may be involved. When outside professionals become involved in the planning process, the cost of the outside professionals is the responsibility of the client.

Clients receiving Investment Management Services receive reports at least quarterly from their account's custodian. The client may receive a written performance report as often as is agreed upon between the client and the advisor, but not more often than quarterly. The client's portfolio is reviewed by the PFM representative at a minimum of quarterly or more frequently as agreed upon by the client and the representative, or more frequently if the representative determines, to ensure the investments in the account are in line with the client's stated investment policy guidelines.

## Item 14 – Client Referrals and Other Compensation

PFM does not currently have any client referral relationships. PFM does not pay any fees to a third party for making referrals to it.

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 – Brokerage Practices*). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

## Item 15 – Custody

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct Schwab to deduct our advisory fees directly from your account. Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them. We also urge you to compare Schwab's account statements with the periodic portfolio reports you will receive from us.

## Item 16 – Investment Discretion

Although PFM generally does not exercise discretion to select brokerage firms, PFM representatives typically recommend the custodial services of Charles Schwab & Co, Inc., member FINRA/SIPC ("Schwab").

When providing Investment Management Services, PFM representatives may exercise discretion when granted authority by clients, and most clients grant discretionary authority to PFM. When doing so, it allows PFM to select the securities to buy and sell, the amount to buy and sell, when to buy and sell, and the commission rate paid without obtaining specific consent from the client for each trade. Clients should be aware that representative may make different recommendations and effect different trades with respect to the same securities to different advisory clients. Commissions and execution of securities transactions implemented through the custodian/broker-dealer recommended by PFM may not be better than the commissions or executions available if the client used another brokerage firm. However, PFM believes the overall level of services and support provided to the client by custodians and broker-dealers PFM recommends outweighs the potentially lower costs, which may be available from other brokerage service providers.

Depending on the service agreement, third-party managers used to manage client accounts or portions of client accounts may be hired or terminated by PFM using discretionary authority granted to PFM by a client. Such third-party managers also have authority granted by the client to purchase and sell securities at their discretion. When exercising discretion, PFM may combine orders for more than one client's account to form a "block" order for the purpose of seeking a better price and or execution. When a block order is executed, the broker/dealer executing the order typically allocates an average execution price to all shares in the block order, which PFM then allocates to each customer's account position on a pro rata basis. Should a block order only be partially filled, available shares are distributed in a manner fair to all accounts. If a client directs PFM to effect transactions through a particular broker/dealer, other than Schwab, PFM may do so under certain circumstances. However, such an instruction may have implications to the client which may include incurring transaction costs and commissions that may be higher or lower than if the instruction had not been given. Also, restricting PFM to particular broker/dealers may limit PFM's ability to include a client account order within block orders to obtain the best price or execution. In addition, if PFM is effecting transactions in a security for clients by means of a block order, as well as an order in the same security for a client who has directed PFM to use a particular broker/dealer, PFM will effect the block order prior to effecting the directed brokerage trade. Thus, clients directing PFM to use a particular broker/dealer may not receive the same average price for securities bought or sold that would be received if the order was part of a block order.

## Item 17 – Voting Client Securities

Neither PFM nor any of its affiliated individuals will vote proxies on behalf of any client. PFM may assist clients by answering any questions they may have on the proxy voting procedures or the nature of the proxy.

## Item 18 – Financial Information

PFM does not receive fees of more than $1,200 six months or more in advance. No further financial information is provided.

## Item 19 – Requirements for State-Registered Advisors

Refer to the attached Schedule(s) 2.B – Brochure Supplements for information about those giving advice on behalf of PFM.

PFM and its representatives are not engaged in any other business activities not described in this brochure.

Neither PFM nor any PFM representatives have been involved in: A). arbitration claim alleging damages in excess of $2,500; B). found liable in a civil, self-regulatory organization, or administrative proceeding; C.) bankruptcy petition.

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**Schedule 2.B – Brochure Supplement**

# Mark Vander Linden, CFP®

March 19, 2018

Professional Financial Management, Inc.
200 W. Elm Drive, Suite B
Little Chute, WI 54140

Phone: 920 687-2600
Fax: 920 687-9163

This brochure supplement provides information about Mark Vander Linden that supplements the Professional Financial Management, Inc. (PFM) brochure. You should have received a copy of that brochure. Please contact PFM at (920) 687-2600 if you did not receive PFM's brochure or if you have any questions about the contents of this supplement.

Additional information about Mark Vander Linden is available on the SEC's website at www.adviserinfo.sec.gov.

## Item 2 – Educational Background and Business Experience

Mark Vander Linden, born 1970, graduated from Lakeland College in Sheboygan, Wisconsin in 1994 with a Bachelor of Business Administration, Major in Finance and Minor in Economics. Mark was awarded the Certified Financial Planner™ (CFP®) designation in 2000.

Mark had been a Financial Advisor with Raymond James Financial Services, Inc. from 2002 until June 2010. Mark started Professional Financial Management, Inc. a licensed investment advisory firm in June 2010 as President.

## Item 3 – Disciplinary Information

Mark Vander Linden does not have any disciplinary information to disclose.

## Item 4 – Other Business Activities

Mark Vander Linden, President of PFM is also a 50% member of VanderKamp Properties, LLC, a limited liability company, which owns real estate including the office where PFM is located. Mark is also the owner of a beef farm called Bit O' Country Ranch. No referral fees or compensation agreements exist should a client have a relationship with either of these business entities.

## Item 5 – Additional Compensation

PFM representatives do not receive any additional economic benefit for providing investment management or financial planning services.

## Item 6 – Supervision

Mark Vander Linden is the President of PFM. As such, he supervises the staff of PFM. PFM as a firm takes a team approach when advising clients. The team consists of Mark Vander Linden, Kirt Rezek and Donald Swain (refer to Kirt Rezek and Donald Swain's Schedule 2.B – Brochure Supplement for additional information). By utilizing a team approach, one specific person is not the supervisor of the others conducting advisory activities.

PFM has established policies and procedures to ensure accurate record keeping and supervision. All client advisory meetings are followed up with "meeting notes" which are reviewed by the compliance officer and then subsequently mailed to the client.

## Item 7 – Requirements for State-Registered Advisors

Neither Mark nor any PFM representatives have been involved in: A). arbitration claim alleging damages in excess of $2,500; B). found liable in a civil, self-regulatory organization, or administrative proceeding; C.) bankruptcy petition.

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the "CFP® marks") are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. ("CFP Board").

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 68,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct.* The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

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**Schedule 2.B – Brochure Supplement**

# Kirt Rezek, CFP®

March 19, 2018

Professional Financial Management, Inc.
200 W. Elm Drive, Suite B
Little Chute, WI 54140

Phone: 920 687-2600
Fax: 920 687-9163

This brochure supplement provides information about Kirt Rezek that supplements the Professional Financial Management, Inc. (PFM) brochure. You should have received a copy of that brochure. Please contact PFM at (920) 687-2600 if you did not receive PFM's brochure or if you have any questions about the contents of this supplement.

Additional information about Kirt Rezek is available on the SEC's website at www.adviserinfo.sec.gov.

## Item 2 – Educational Background and Business Experience

Kirt Rezek, born 1969, graduated from the University of Wisconsin at Oshkosh in 1999 with a Bachelor of Business Administration degree, majoring in Finance. He was awarded the Certified Financial Planner™ (CFP®) designation in 2006.

From January of 2000 until June of 2009 Kirt was a Financial Planning Assistant and then Financial Advisor for Wealth Management, LLC. In October of 2009 he joined a Raymond James Financial Services, Inc. office where he was a Financial Advisor through June 2010. He joined Professional Financial Management, Inc. in June 2010 as a Wealth Advisor.

## Item 3 – Disciplinary Information

Kirt Rezek does not have any disciplinary information to disclose.

## Item 4 – Other Business Activities

Kirt Rezek does not have any other business activities to report.

## Item 5 – Additional Compensation

PFM representatives do not receive any additional economic benefit for providing investment management or financial planning services.

## Item 6 – Supervision

Mark Vander Linden is the President of PFM. As such, he supervises the staff of PFM. PFM as a firm takes a team approach when advising clients. The team consists of Mark Vander Linden, Kirt Rezek and Donald Swain (refer to Mark Vander Linden and Donald Swain's Schedule 2.B – Brochure Supplement for additional information). By utilizing a team approach, one specific person is not the supervisor of the others conducting advisory activities.

PFM has established policies and procedures to ensure accurate record keeping and supervision. All client advisory meetings are followed up with "meeting notes" which are reviewed by the compliance officer and then subsequently mailed to the client.

## Item 7 – Requirements for State-Registered Advisors

Neither Kirt Rezek nor any PFM representatives have been involved in: A). arbitration claim alleging damages in excess of $2,500; B). found liable in a civil, self-regulatory organization, or administrative proceeding; C.) bankruptcy petition.

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the "CFP® marks") are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. ("CFP Board").

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 68,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct.* The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

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**Schedule 2.B – Brochure Supplement**

# Donald A. Swain, CFA

March 19, 2018

Professional Financial Management, Inc.
200 W. Elm Drive, Suite B
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This brochure supplement provides information about Donald Swain that supplements the Professional Financial Management, Inc. (PFM) brochure. You should have received a copy of that brochure. Please contact PFM at (920) 687-2600 if you did not receive PFM's brochure or if you have any questions about the contents of this supplement.

Additional information about Donald Swain is available on the SEC's website at www.adviserinfo.sec.gov.

## Item 2 – Educational Background and Business Experience

Donald Swain, born 1981, graduated from the University of Wisconsin Oshkosh in 2004 with a Bachelor of Business Administration degree, majoring in Finance and Economics. He was awarded the Chartered Financial Analyst® (CFA) designation in 2010.

From May of 2005 through April 2009 he was an Investment Analyst and Account Administrator with Wealth Management, LLC. From October 2009 through June 2010 he was an Investment Analyst/Strategist with a Raymond James Financial Services, Inc. office. He joined Professional Financial Management, Inc. in June 2010 as a Financial Advisor and Investment Analyst/Strategist.

## Item 3 – Disciplinary Information

Donald Swain does not have any disciplinary information to disclose.

## Item 4 – Other Business Activities

Donald Swain does not have any other business activities to report.

## Item 5 – Additional Compensation

PFM representatives do not receive any additional economic benefit for providing investment management or financial planning services.

## Item 6 – Supervision

Mark Vander Linden is the President of PFM. As such, he supervises the staff of PFM. PFM as a firm takes a team approach when advising clients. The team consists of Mark Vander Linden, Kirt Rezek and Donald Swain (refer to Mark Vander Linden and Kirt Rezek's Schedule 2.B – Brochure Supplement for additional information). By utilizing a team approach, one specific person is not the supervisor of the others conducting advisory activities.

PFM has established policies and procedures to ensure accurate record keeping and supervision. All client advisory meetings are followed up with "meeting notes" which are reviewed by the compliance officer and then subsequently mailed to the client.

## Item 7 - Requirements for State-Registered Advisors

Neither Donald Swain nor any PFM representatives have been involved in: A). arbitration claim alleging damages in excess of $2,500; B). found liable in a civil, self-regulatory organization, or administrative proceeding; C.) bankruptcy petition.

The Chartered Financial Analyst® designation, or 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 90,000 CFA charterholders working in 135 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 19 countries 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.

To learn more about the CFA charter, visit www.cfainstitute.org (http://www.cfainstitute.org/).