



TORRES FINANCIAL SERVICES, LLC

Form ADV Part 2A: Firm Brochure

Item 1 - Cover Page

Torres Financial Services, LLC
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San Antonio, Texas 78230
210-342-2700
<https://www.torresfinancial.com/>

Date of Disclosure Brochure: March 2023

This disclosure brochure provides information about the qualifications and business practices of Torres Financial Services, LLC (also referred to as we, us, TFS, and Torres Financial Services throughout this disclosure brochure). If you have any questions about the contents of this disclosure brochure, please contact us at 210-342-2700 or rudy@torresfinancial.com. The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Torres Financial Services is also available on the Internet at www.adviserinfo.sec.gov. You can view our firm's information on this website by searching for Torres Financial Services, Inc. or our firm's CRD number 114486.

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

TORRES ADVISORY GROUP

FORM ADV PART 2A: *FIRM BROCHURE*

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TORRES FINANCIAL SERVICES, LLC

Item 2 – Material Changes

This disclosure brochure is a significant update to our previous disclosure brochure which was last updated and filed with the Annual Amendment to Form ADV on March 19, 2021. The following material changes have been made since that edition.

Item 4 – *Advisory Business has been updated for the following.*

- Anna Torres’s name has been added because she is a 15% owner and the General Counsel for the firm.
- The description of advisory services has been completely re-written to better describe and explain our Wealth Management Services which is combination of asset management, investment consulting and financial planning.
- A new section describing our fiduciary status and conflicts associated with retirement plan rollover recommendations has been added.

Item 5 – *Fees and Compensation* has been rewritten and updated to better describe our fee schedules, fee billing procedures and other fees and expenses associated with our services.

Item 6 – *Performance-Based Fees and Side-by-Side Management* has been updated to explain we do not charge or accept performance-based fees.

Item 7 – *Types of Clients* has been updated to disclose there are no minimum investment amounts required for establishing an account managed by our firm.

Item 8 – *Methods of Analysis, Investment Strategies and Risk of Loss* has been rewritten and completely updated.

Item 10 – *Other Financial Industry Activities and Affiliations* has been updated to include descriptions for (1) Torres Advisory and Consulting Services, Inc., (2) the insurance services of our investment adviser representatives when acting in their separate capacities as insurance agents, and (3) the legal services of Anna Gordon Torres, Attorney at Law, PC.

Item 12 – *Brokerage Practices* has been completely updated to explain our brokerage practices including our relationship with Pershing LLC. We have also added language explaining when we allow “client-directed” brokerage arrangements and have included a description for our block trading policy.



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Item 13 – *Review of Accounts* has been updated to explain the position and performance reports we provide to clients.

Item 15 – *Custody* was updated to explain Torres Financial Services is deemed to have custody of client funds and securities whenever Torres Financial Services is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody Torres Financial Services will ever maintain.

Item 19 – *Requirements for State-Registered Firms* has been updated to include all information (including the educational background and business experience of our management personnel) required for this item.

We will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after our firm’s fiscal year ends. Our firm’s fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time we will also offer or provide a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes, as necessary.

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TORRES FINANCIAL SERVICES, LLC

Item 4 – Advisory Business

Torres Financial Services is an investment adviser registered with the State of Texas and is a corporation formed under the laws of the State of Texas.

- Rodolfo “Rudy” Torres Jr. is the Chief Compliance Officer (CCO), Chief Executive Officer (CEO) and President of Torres Financial Services. Rodolfo “Rudy” Torres Jr. owns 85% of Torres Financial Services. Full details of the education and business background of Rodolfo “Rudy” Torres Jr. are provided at Item 19 of this Disclosure Brochure.
- Anna Torres owns 15% of Torres Financial Services and works as General Counsel for the firm.
- Torres Financial Services has been in business and registered as an investment adviser since July 1999.

Introduction

The investment advisory services of Torres Financial Services are provided to you through an appropriately licensed individual who is an investment adviser representative of Torres Financial Services (referred to as your investment adviser representative throughout this brochure).

Description of Advisory Services – Wealth Management Services

The following are descriptions of the primary advisory services of Torres Financial Services. Please understand that a written agreement, which details the exact terms of the service, must be signed by you and Torres Financial Services before we can provide you the services described below.

Torres Financial Services provides advisory services in the form of Wealth Management Services which can be described as range of combined asset management (see below), investment consulting (see below) and financial planning (see below). Through this service, we essentially combine our Asset Management Services with consulting on other “non-managed” accounts while also developing financial planning and advice.

Asset Management Services – Torres Financial Services offers asset management services, which involves Torres Financial Services providing you with continuous and ongoing supervision over your specified accounts.

You must appoint our firm as your investment adviser of record on specified accounts (collectively, the “Account”). The Account consists only of separate account(s) held by qualified custodian(s) under your



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name. The qualified custodians maintain physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

The Account is managed by us based on your financial situation, investment objectives and risk tolerance. We actively monitor the Account and provide advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the Account.

We will need to obtain certain information from you to determine your financial situation and investment objectives. You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective, changes to your investment time horizon, and whether you wish to impose or modify existing investment restrictions; however we will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. We are always reasonably available to consult with you relative to the status of your Account. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities.

It is important that you understand that we manage investments for other clients and give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

Investment Consulting - We also provide advisory services in the form of oral and written investment consulting services. Similar to our Asset Management Services, we review and analyze investment holdings in light of the specific type of account, but we will not be involved with implementing any recommendations. Clients receiving this service must understand that Torres Financial Services may or may not provide on-going reviews of accounts through this service and information about such accounts is limited to information provided exclusively by the client. Clients always have the sole discretion to



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accept or reject our advice. The client must implement all trades in such accounts because Torres Financial Services will not have discretion over such account.

Investment consulting services can cover, but are not limited to, the following topics: portfolio analysis, asset allocation strategies, and specific investment recommendations, and other investments to include and or not limited to, buying or selling of real estate, businesses, ranches, mineral interests, and other types of investments. We provide consulting services on accounts and other investment holdings owned by the client but not included under our Asset Management Services previously explained. These are accounts for which trading authorization is not granted to Torres Financial Services. Examples include a client's 401(k) or other retirement account, 529 college planning account, and other accounts held "away" from our platform. Clients must understand that Torres Financial Services does not provide on-going reviews of such accounts, and information about such accounts is limited to information provided exclusively by the client.

Clients are free to implement any or all of the recommendations made by Torres Financial Services with another financial institution and are not obligated in any manner to implement the advice of Torres Financial Services through our firm.

Financial Planning Services - Torres Financial Services offers financial planning services, which involve preparing a written financial plan covering specific or multiple topics. We provide full written financial plans, which typically address the following topics: Each client determines the topics to be addressed in the financial plan. Topics can include, but are not limited to,

- Cash flow budgeting, planning & management
- College education planning;
- Disability income planning;
- Investment planning;
- Margin loans and transactions;
- Debt planning;
- Life insurance planning;
- Retirement planning;
- Health care planning,
- Business planning,
- Business development,
- Business purchase and sale,
- Real estate,
- Ranches, and



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- Other areas of concern to the client.

When providing financial planning services, the role of your investment adviser representative is to find solutions to help you understand your overall financial situation and help you set financial objectives. We also provide modular written financial plans which only cover those specific areas of concern mutually agreed upon. A modular written financial plan is limited or segmented and does not involve the creation of a full written financial plan. You should be aware that there are important issues that may not be taken into consideration when your investment adviser representative develops his or her analysis and recommendations under a modular written financial plan. Written financial plans prepared by us do not include specific recommendations of individual securities.

Our financial planning services do not involve implementing any transaction on your behalf or the active and ongoing monitoring or management of your investments or accounts unless provided under our Asset Management Services described above. You have the sole responsibility for determining whether to implement our financial planning recommendations.

Employee Retirement Plan & Rollover Recommendations - When Torres Financial Services provides investment advice about your retirement plan account or individual retirement account (“IRA”) including whether to maintain investments and/or proceeds in the retirement plan account, roll over such investment/proceeds from the retirement plan account to a IRA or make a distribution from the retirement plan account, we acknowledge that Torres Financial Services is a “fiduciary” within the meaning of Title I of the Employee Retirement Income Security Act (“ERISA”) and/or the Internal Revenue Code (“IRC”) as applicable, which are laws governing retirement accounts. The way Torres Financial Services makes money creates conflicts with your interests so Torres Financial Services operates under a special rule that requires Torres Financial Services to act in your best interest and not put our interest ahead of you.

Under this special rule’s provisions, Torres Financial Services must as a fiduciary to a retirement plan account or IRA under ERISA/IRC:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put the financial interests of Torres Financial Services ahead of you when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that Torres Financial Services gives advice that is in your best interest;



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- Charge no more than is reasonable for the services of Torres Financial Services; and
 - Give Client basic information about conflicts of interest.

To the extent we recommend you roll over your account from a current retirement plan account to an individual retirement account managed by Torres Financial Services, please know that Torres Financial Services and our investment adviser representatives have a conflict of interest.

Torres Financial Services can earn increased investment advisory fees by recommending that you roll over your account at the retirement plan to an IRA managed by Torres Financial Services. We will earn fewer investment advisory fees if you do not roll over the funds in the retirement plan to an IRA managed by Torres Financial Services. This includes providing advisory services to employee retirement accounts, such as 401K's, 403B, 403B7, TIAA CREFF, TSP, and other retirement plans.

Thus, our investment adviser representatives have an economic incentive to recommend a rollover of funds from a retirement plan to an IRA which is a conflict of interest because our recommendation that you open an IRA account to be managed by our firm can be based on our economic incentive and not based exclusively on whether or not moving the IRA to our management program is in your overall best interest.

We have taken steps to manage this conflict of interest. We have adopted an impartial conduct standard whereby our investment adviser representatives will (i) provide investment advice to a retirement plan participant regarding a rollover of funds from the retirement plan in accordance with the fiduciary status described below, (ii) not recommend investments which result in Torres Financial Services receiving unreasonable compensation related to the rollover of funds from the retirement plan to an IRA, and (iii) fully disclose compensation received by Torres Financial Services and our supervised persons and any material conflicts of interest related to recommending the rollover of funds from the retirement plan to an IRA and refrain from making any materially misleading statements regarding such rollover.

When providing advice to a retirement plan account or IRA, our investment advisor representatives will act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives, risk, tolerance, financial circumstances, and a client's needs, without regard to the financial or other interests of Torres Financial Services or our affiliated personnel.



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Limits Advice to Certain Types of Investments

Torres Financial Services provides investment advice on the following types of investments:

- Stocks,
- Bonds,
- Mutual funds,
- Exchange Traded Funds (ETFs) including Leveraged ETFs,
- Real Estate Investment Trusts (REITs),
- Certificates of deposit,
- Money market funds,
- Government securities, and obligations, debt securities, and other securities,
- Options-Covered Call and Protective Put options,
- Cash, and
- Insurance products- Life Insurance, and Annuities

Although we generally provide advice only on the products previously listed, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

It is not our typical investment strategy to attempt to time the market, but we may increase cash holdings modestly as deemed appropriate based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)

Tailor Advisory Services to Individual Needs of Clients

Torres Financial Services' advisory services are always provided based on your individual needs and objectives. This means, for example, that when we provide asset management services, you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information. Our financial planning services are always provided based on your individual needs. When providing financial planning services, we work with you on a one-on-one basis through interviews and questionnaires to determine your investment



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objectives and suitability information.

We will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

Client Assets Managed by Torres Financial Services

The amount of clients' assets managed by Torres Financial Services totaled \$47,126,814 as of December 31, 2022. \$46,651,713 is managed on a discretionary basis and \$475,101 is managed on a nondiscretionary basis.

Item 5 - Fees and Compensation

In addition to the information provided in Item 4 – Advisory Business, this section provides additional details regarding our firm's services along with descriptions of each service's fees and compensation arrangements. It should be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms will be outlined in the agreement between you and Torres Financial Services.

Wealth Management Services

Fees charged for our wealth management services are charged based on a percentage of assets under management, billed in advance (at the start of the billing period) on a quarterly calendar basis and calculated based on the fair market value of your account as of the last business day of the previous billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period. If asset management services are commenced in the middle of the billing period, then the prorated fee for that billing period is based on the value of the Account when services commence and is due immediately and will be deducted from Account.

The asset management services continue in effect until terminated by either party (i.e., Torres Financial Services or you) by providing written notice of termination to the other party. Any prepaid, unearned fees will be refunded by Torres Financial Services during the following quarter. Fee refunds for investment management services will be determined on a pro rata basis using the number of days services are actually provided during the final period, and any planning and consulting service fees will be deducted



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from the management services and a net amount will be refunded during the following quarter.

Fees charged for our asset management services are negotiable based on the investment adviser representative providing the services, the type of client, the complexity of the client's situation, the potential for additional account deposits, the relationship of the client with the investment adviser representative, and the total amount of assets under management for the client, and other variables. We also provide fee waivers and fee reductions in some situations.

- **The annual fee for asset management services is between .85% and 2.75%.**

The majority of our clients are charged an annual fee between 2.00% and 2.50% but we have some clients being charged as low as 0.85% and some being charged as high as 2.75%.

Torres Financial Services believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs and the tenure of our senior advisors. However, our annual investment advisory fee may be higher or lower than that charged by other investment advisers offering similar services/programs. In addition to our compensation, you may also incur charges imposed at the investment level (e.g., advisory fees and other fund expenses) and fees for custodial services.

You can choose how to pay your investment advisory fees. The investment advisory fees can be deducted from your account and paid directly to our firm by the qualified custodian(s) of your account or you can pay our firm upon receipt of a billing notice sent directly to you.

If you choose to have the investment advisory fees deducted from your account, you must authorize the qualified custodian(s) of your account to deduct fees from your account and pay such fees directly to Torres Financial Services. Our firm will send you a billing statement prior to the time that fee deduction instruction is sent to the qualified custodian(s) of your account. The billing statement will detail the formula used to calculate the fee, the assets under management and the time period covered.

It is completely your responsibility to review your account statements received from the qualified custodian(s) and verify that appropriate investment advisory fees are being deducted. The qualified custodian(s) will not verify the accuracy of the investment advisory fees deducted.

If you decide to pay us directly, our firm will send you a billing statement.

If you choose to pay the fees after receiving a statement, fees are due upon your receipt of a billing notice



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sent directly to you. The billing notice will detail the formula used to calculate the fee, the assets under management and the time period covered. Fees for the services of our firm will be due immediately after your receipt of the billing notice.

Brokerage expenses and/or transaction fees charged by the qualified custodian (whether billed on an asset-basis or per-transaction basis) are billed directly to you by the qualified custodian. Torres Financial Services does not receive any portion of such commissions or fees from you or the qualified custodian.

In addition, you will incur certain charges imposed by third parties other than Torres Financial Services in connection with investments made through your account including, but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, IRA and qualified retirement plan fees, and charges imposed by the qualified custodian(s) of your account. Management fees charged by Torres Financial Services are separate and distinct from the fees and expenses charged by investment company securities recommended to you. A description of these fees and expenses are available in each investment company security's prospectus. We do not receive any portion of such fees and expenses.

All fees paid to Torres Financial Services for services are separate and distinct from the commissions, fees and expenses charged by insurance companies associated with any disability insurance, life insurance and annuities subsequently acquired by you. If you sell or liquidate certain existing securities positions to acquire any insurance or annuity, you may also pay a commission and/or deferred sales charges in addition to the financial planning and consulting fees paid to Torres Financial Services and any commissions, fees and expenses charged by the insurance company for subsequently acquired insurance and/or annuities.

Refer to Item 10 of this brochure for more information about how our advisory personnel are also insurance agents and can sell, for additional compensation in the form of commissions, insurance and annuity products to you.

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

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. Item 6 is not applicable to this Disclosure Brochure because we do not charge or accept performance-based fees.



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Item 7 – Types of Clients

Torres Financial Services generally provides investment advice to natural-person clients (i.e. individuals and high net-worth clients) including their trusts and estates.

You are required to execute a written agreement with Torres Financial Services specifying the particular advisory services in order to establish a client arrangement with Torres Financial Services.

Minimum Investment Amounts Required

Currently, there are no minimum investment amounts or conditions required for establishing an account managed by Torres Financial Services. However, all clients are required to execute an agreement for services in order to establish a client arrangement with Torres Financial Services.

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

Methods of Analysis

Torres Financial Services uses the following methods of analysis in formulating investment advice:

- **Fundamental** – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an



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interpretation of which forces will be dominant. This interpretation may be wrong and could therefore lead to an unfavorable investment decision.

- Technical – This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

Investment Strategies

Torres Financial Services uses the following investment strategies when managing client assets and/or providing investment advice:

- Long term purchases – Investments held at least a year.
- Short term purchases – Investments sold within a year.



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- Growth & Income – Our primary investment strategy for each client will always start with a growth and income analysis and objective. Growth and income is a way to explain the strategy of selecting both growth and value investments to create a dual strategy of both capital appreciation (growth) and current income generated through dividends or interest payments. We can use stocks, bonds, mutual funds and ETFs for such strategies.
- Value-Investing – We follow a value-investing strategy that attempts to acquire at reasonable valuations publicly traded businesses that can deliver sustainable excess returns. We focus on a long-only strategy. Long term strategies are designed to identify and select investments to be held for multiple years. We will also invest in value oriented special situations with shorter expected holding periods. Value Investing can be described as a strategy of selecting stocks that trade for less than their intrinsic values. Value investors typically seek stocks of companies that they believe the market has undervalued. They believe the market overreacts to good and bad news, resulting in stock price movements that do not correspond with the company's long-term fundamentals. The result is an opportunity for value investors to profit by buying when the price is deflated. Often, value investors select stocks with lower-than-average price-to-book or price-toearnings ratios and/or high dividend yields. The risks associated with value-investing include incorrectly analyzing and overestimating the intrinsic value of a business, concentration risk, under performance relative to major benchmarks, macro-economic risks, investing in value traps i.e. businesses that remain perpetually undervalued, and lost purchasing power on cash holdings in the case of inflation.
- Margin transactions – When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest of the purchase price from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from Torres Financial Services.
- Option writing including cover options, uncovered options or spreading strategies - Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.

Do Not Primarily Recommend One Type of Security

We do not primarily recommend one type of security to clients. Instead, we recommend any product or investment that may be suitable for each client relative to that client's specific circumstances and needs.



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Risk of Loss

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- **Management Risk** – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- **Market Risk** – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- **Equity (Stock) Market Risk** – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- **Company Risk** – When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.



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- Fixed Income Risk – When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk – Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- Liquidity Risk – Occurs when an individual investor, business, or financial institution cannot meet its short-term debt obligations. The investor or entity might be unable to convert an asset into cash without giving up capital and income due to a lack of buyers or an inefficient market.
- Concentration Risk - The potential for a loss in value of an investment portfolio or a financial institution when an individual or group of exposures move together in an unfavorable direction. The implication of concentration risk is that it generates such a significant loss that recovery is unlikely. The portfolio will be liquidated or the institution will face bankruptcy.
- Credit Risk - The default of an individual debtor or a group of debtors in the same sector can be detrimental without sufficient diversification.
- Liquidity Risk - The difficulties in liquidating, purchasing, or switching investment assets quickly are common problems for a large investment portfolio. Concentration risk is usually calculated by comparing the liquidity of assets to their risk exposure.
- Real Estate Investment Trust (REITs) – Real estate investments will be subject to the risks generally inherent to the ownership of real property and loans, including: uncertainty of cash flow to meet fixed and other obligations; uncertainty in capital markets as it relates to both procurements of equity and debt; adverse changes in local market conditions, population trends, neighborhood values, community conditions, general economic conditions, local employment conditions,



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interest rates, and real estate tax rates; changes in fiscal policies; changes in applicable laws and regulations (including tax laws); uninsured losses; delays in foreclosure; borrower bankruptcy and related legal expenses; and other risks that are beyond the control of Torres Financial Services. There can be no assurance of profitable operations because the cost of owning the properties may exceed the income produced, particularly since certain expenses related to real estate and its ownership, such as property taxes, utility costs, maintenance costs and insurance, tend to increase over time and are largely beyond the control of the owner. Moreover, although insurance is expected to be obtained to cover most casualty losses and general liability arising from the properties, no insurance will be available to cover cash deficits from ongoing operations.

- Inverse and Leveraged ETF Risk - Investment adviser representatives of Torres Financial Services can recommend that clients of Torres Financial Services invest in an inverse or leveraged ETF during the course of asset management or investment consulting services provided by Torres Financial Services. The risks involved in purchasing an inverse/leveraged ETF are significant and include low performance and loss of capital, especially in times of market volatility or when the investment is held for more than one trading day.

Torres Financial Services has adopted policies and procedures to mitigate the risk that Torres Financial Services or its investment adviser representatives will recommend an inverse/leveraged ETF when such a recommendation is contrary to a client's best interest. Investment adviser representatives of Torres Financial Services are required to thoroughly document the reasons underlying any recommendation that a client purchase an inverse/leveraged ETF.

- Clients need to understand that an inverse/leveraged ETF will not replicate the market gains or losses of the ETF it is designed to track and is not guaranteed to produce positive returns for the client's account.
- Clients need to understand that an inverse/leveraged ETF may result in higher costs to the client than a traditional ETF.
- Margin Risk - When you purchase securities, you may pay for the securities in full or borrow part of the purchase price from your account custodian or clearing firm. If you intend to borrow funds in connection with your Account, you will be required to open a margin account, which will be carried by the clearing firm. The securities purchased in such an account are the clearing firm's collateral for its loan to you.

If those securities in a margin account decline in value, the value of the collateral supporting this



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loan also declines, and as a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in your account. The brokerage firm may issue a margin call and/or sell other assets in your account.

It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you may maintain, including any margin account that may be established as part of the Asset Management Agreement established between you and Torres Financial Services and held by the account custodian or clearing firm.

These risks include the following:

- You can lose more funds than you deposit in your margin account.
- The account custodian or clearing firm can force the sale of securities or other assets in your account.
- The account custodian or clearing firm can sell your securities or other assets without contacting you.
- You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call.
- The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities.
- The account custodian or clearing firm can increase its "house" maintenance margin requirements at any time and they are not required to provide you advance written notice.
- You are not entitled to an extension of time on a margin call.

Item 9 – Disciplinary Information

Item 9 is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

Item 10 – Other Financial Industry Activities and Affiliations

Torres Financial Services is **not** and does **not** have a related person that is a broker/dealer, municipal securities dealer, government securities dealer or broker, an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), another investment adviser or financial



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planner, a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

We are an independent registered investment adviser and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our representatives provide services outside of their role as investment adviser representatives with us.

Torres Advisory and Consulting Services, Inc.

Torres Advisory and Consulting Services, Inc. (100% owned by Rudy Torres) provides tax preparation, bookkeeping, tax return services, and business advisory services. Torres Financial Services clients in need of such services will be referred to Torres Advisory and Consulting Services, Inc.

Clients should also understand that we have a conflict of interest to recommend Torres Advisory and Consulting Services, Inc. because Rudy Torres is the owner of Torres Financial Services and is a primary service provider for Torres Advisory and Consulting Services, Inc. Although, Torres Financial Services receives no compensation or referral fees for recommending clients to Torres Advisory and Consulting Services, Inc., Rudy Torres and other personnel have a financial incentive to recommend Torres Advisory and Consulting Services, Inc. over other providers offering the same or similar services.

You are not required or obligated to use Torres Advisory and Consulting Services, Inc. and instead can work with any accounting firm or other tax preparation service of your choosing. There are other firms that may be more appropriate for your tax planning needs and other firms that charge lower fees for such services. You are encouraged to conduct your due diligence before deciding to work with Torres Advisory and Consulting Services, Inc. or any other service provider recommended by our firm.

To the extent that you personally engage Torres Advisory and Consulting Services, Inc., you will be responsible for the payment of the fees for their services and Torres Financial Services will not be required to reimburse you for such payments. Fees for the services of Torres Advisory and Consulting Services, Inc. will be in addition to and separate from the fees charged by Torres Financial Services and you will be responsible for the payment of the fees for the services of Torres Advisory and Consulting Services, Inc. In no event will the services of Torres Advisory and Consulting Services, Inc. be engaged without your express approval.



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Insurance Agent

While Torres Financial Services does not sell products or services other than investment advice, clients should be aware that Rudy Torres and some investment adviser representatives are separately licensed as independent insurance agents for various insurance companies and agencies. You can therefore work with an investment adviser representative of Torres Financial Services in his or her separate capacity as an insurance agent. When acting in his or her separate capacity as an insurance agent, the investment adviser representative can recommend and sell, for commissions, life insurance, annuities, Medicare supplemental plans, and other general insurance products to you. As such, your investment adviser representative in his or her separate capacity as an insurance agent, suggest that you implement recommendations of Torres Financial Services by purchasing life insurance, annuities, Medicare coverage or other insurance products. This receipt of commissions creates an incentive for the representative to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as an insurance agent. Your investment adviser representative will also receive other incentive awards for the recommendation/sale of annuities and other insurance products.

Consequently, the advice rendered to you could be biased. You are under no obligation to implement any insurance or annuity transaction through your investment adviser representative in his or her separate capacity as an insurance agent.

Legal Services of Anna Gordon Torres, Attorney At Law, PC.

Anna M. Torres, a minority owner and supervised person of Torres Financial Services, is an attorney, duly licensed in the State of Texas providing legal services through Anna Gordon Torres, Attorney At Law, P.C. (formerly Anna M. Torres & Associates, P.C.). Anna Torres is also the spouse of President, CEO and CCO, Rudy Torres. She is available to provide legal advice or services to clients on matters both related and unrelated to advisory services. When acting in this capacity, she will be compensated on an hourly or fee basis for legal services through her law firm, Anna Gordon Torres, Attorney At Law, P.C.

Anna Gordon Torres, Attorney At Law, P.C. can recommend Torres Financial Services to clients in need of financial planning or investment management services. Torres Financial Services can also recommend Anna Gordon Torres, Attorney At Law, P.C. to advisory clients in need of legal services. Both companies have a conflict of interest when recommending the other due to our affiliation. For example, we can recommend Anna Gordon Torres, Attorney At Law, P.C. when appropriate for our clients that need legal services, even though there are other law firms that provide similar legal services, some for less expensive



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rates. Whenever we recommend Anna Gordon Torres, Attorney At Law, P.C., you are encouraged to consider other law firms as well. No client of Torres Financial Services is obligated to use the services of Anna Gordon Torres, Attorney At Law, P.C.

The services of Torres Financial Services and Anna Gordon Torres, Attorney At Law, P.C. are separate and distinct from one another, each with a separate compensation arrangement typical for the services rendered. There are no referral fee arrangements between Torres Financial Services and Anna Gordon Torres, Attorney At Law, P.C. for these recommendations.

Although Anna M. Torres is an owner and supervised person of Torres Financial Services, Torres Financial Services is not a law firm or an attorney and does not provide legal services or legal advice.

In general, a licensed attorney is regulated by his or her state supreme court through the use of rules of professional conduct, minimum education and examination requirements and a disciplinary process. Unlike a client of an attorney, a client of Torres Financial Services will not receive the advantages of oversight provided by a state supreme court. However, Torres Financial Services is registered with the Texas State Securities Board and complies with securities laws and regulations governing investment advisers and their representatives.

An investment advisory relationship with Torres Financial Services is not provided those legal and professional protections that normally exist under an attorney-client relationship such as the following: (a) privileged communication between an attorney and client; (b) the requirement for an attorney to use a client trust account for safekeeping of fees paid in advance; or (c) prohibitions preventing an attorney from having impermissible relationships with clients, representing other persons with conflicting interests, receiving referral fees from third-party vendors, or prospectively limiting liability for malpractice through a contractual provision in a client agreement.

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

Code of Ethics Summary

An investment adviser is considered a fiduciary and has a fiduciary duty to all clients. Torres Financial Services has established a Code of Ethics to comply with the requirements of the securities laws and regulations that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. Torres Financial Services' Code of Ethics covers all individuals that are classified as "supervised persons". All employees, officers, directors and investment



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adviser representatives are classified as supervised persons. Torres Financial Services requires its supervised persons to consistently act in your best interest in all advisory activities. Torres Financial Services imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm's fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of the Code of Ethics of Torres Financial Services. If you wish to review the Code of Ethics in its entirety, you should send us a written request and upon receipt of your request, we will promptly provide a copy of the Code of Ethics to you.

Affiliate and Employee Personal Securities Transactions Disclosure

Torres Financial Services or supervised persons of the firm buy and sell for their personal accounts, investment products identical to those recommended to clients. This creates a conflict of interest. It is the express policy of Torres Financial Services that all persons associated in any manner with our firm must place clients' interests ahead of their own when implementing personal investments. As is required by our internal procedures manual, Torres Financial Services and its supervised persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry.

We are now and will continue to be in compliance with applicable state and federal rules and regulations. To mitigate conflicts of interest that can occur when access persons manage their personal accounts at the same time Torres Financial Services manages client accounts, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members. Any personnel not observing our policies is subject to sanctions up to and including termination.

Item 12 – Brokerage Practices

If Torres Financial Services assists in the implementation of any recommendations, we are responsible to ensure that the client receives the best execution possible. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions considered, the transaction execution is in your best interest. When considering best execution, we look at a number of factors besides prices and rates including, but not limited to:



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- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with our existing systems, ease of monitoring investments)
 - Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
 - Financial strength, stability, insurability of client accounts and responsibility to us and our clients
 - Reputation and integrity
 - Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back office services, technology and pricing of services offered.

Brokerage Recommendations

If we assist you in the implementation of any recommendations, we recommend the use of Pershing LLC as the broker/dealer for your account. Torres Financial Services is independently owned and operated and not affiliated with Pershing LLC.

An investment adviser receives soft dollar benefits from a broker-dealer when the investment adviser receives research or other products and services in exchange for client securities transactions or maintaining an account balance with the broker-dealer. In our normal use and utilization of the Pershing LLC platform, we receive such benefits from Pershing LLC.

While there is no direct linkage (except in certain circumstances) between the investment advice given to clients and Torres Financial Services' participation in the Pershing LLC program, economic benefits are received by Torres Financial Services which would not be received if we did not give investment advice to clients.

These benefits are used for both research and non-research purposes and allows us to supplement, at no cost, our own research and analysis activities. These benefits include: a dedicated service group and an account services manager dedicated to Torres Financial Services' accounts, access to a real-time order matching system, the ability to "block" clients' trades, electronic download of trades, balances and position information, duplicate and batched client statements, confirmations, year-end summaries, the ability to have advisory fees directly debited from client accounts (in accordance with federal and state requirements), availability of third-party research and technology, access to mutual funds, and other investments that are otherwise generally available only to institutional investors or would require a



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significantly higher minimum investment.

The benefits received through participation in the Pershing LLC program do not depend upon the amount of transactions directed to or amount of assets managed through Pershing LLC.

Research obtained with soft dollars is not necessarily utilized for the specific account that generated the soft dollars. We do not attempt to allocate the relative costs or benefits of research among clients because we believe that, in the aggregate, the research we receive benefits all clients and assists us in fulfilling our overall duty to you.

These arrangements create a conflict of interest to the extent that we would have to pay for some or all of the research and/or services with "hard dollars" if we were unable to obtain the research and services in exchange for commissions in connection with client transactions. Client trades are always implemented based on the goals and objectives of the client and not on any research, products or other incentives available through any broker-dealer or custodian.

Directed Brokerage

Although we recommend, and in some cases require, the use of Pershing LLC, clients are allowed to select the broker-dealer that will be used for their accounts. Clients directing the use of a particular broker/dealer or other custodian must understand that we may not be able to obtain the best prices and execution for the transaction. Under a client-directed brokerage arrangement, clients may receive less favorable prices than would otherwise be the case if the client had not designated a particular broker/dealer or custodian. Directed brokerage account trades are generally placed by Torres Financial Services after effecting trades for other clients of Torres Financial Services. In the event that a client directs Torres Financial Services to use a particular broker or dealer, Torres Financial Services may not be authorized to negotiate commissions and may be unable to obtain volume discounts or best execution. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to clients who direct Torres Financial Services to use a particular broker or dealer versus clients who do not direct the use of a particular broker or dealer. In addition, Torres Financial Services will require a signed authorization form for us to obtain information and create or use an existing username and password for the sole use of managing those accounts with an outside brokerdealer or custodian. This authority will never result in our firm having the ability to transfer money from a client's account to a third-party account.



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Block Trading Policy

We may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by our firm when Torres Financial Services believes such action may prove advantageous to clients. If and when we aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better price execution, and to negotiate more favorable custodial rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently.

Torres Financial Services uses the average price allocation method for transaction allocation.

Under this procedure Torres Financial Services will calculate the average price and transaction charges for each transaction included in a block order and assign the average price and transaction charge to each allocated transaction executed for the client's account.

If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which Torres Financial Services or our associated persons may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, SMC Capital, Inc. Neither we nor our associated persons receive any additional compensation as a result of block trades.

Item 13 – Review of Accounts

Account Reviews and Reviewers

Managed accounts are reviewed internally at least quarterly. While the calendar is the main triggering factor, client reviews can also be conducted at your request. Account reviews will include investment strategy and objectives review and making a change if strategy and objectives have changed. Reviews are conducted by Rudy Torres and your investment adviser representative, with reviews performed in accordance with your investment goals and objectives.

Statements and Reports

For our asset management services, you will be provided with transaction confirmations, notices and statements, on a regular monthly or quarterly basis in writing directly from the qualified custodian.



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Additionally, Torres Financial Services can provide position or performance reports at meetings with you and upon request. These reports are unaudited reports that are generated in house.

Position and performance reports are not included in the overall asset management fee described in Item 5 of this brochure. Instead, for clients requesting these reports, Torres Financial Services charges an additional fee on fixed fee basis that ranges between \$300 - \$500 per report based on the level of customization and information requested for the reports.

You are encouraged to always compare any reports or statements provided by us against the account statements delivered from the qualified custodian. When you have questions about your account statement, you should contact our firm and the qualified custodian preparing the statement.

Item 14 – Client Referrals and Other Compensation

Torres Financial Services does not directly or indirectly compensate any person for client referrals.

The only compensation received from advisory services is the fees charged for providing investment advisory services as described in Item 5 of this Disclosure Brochure. Torres Financial Services receives no other forms of compensation in connection with providing investment advice.

Our investment adviser representatives, in their separate capacities as insurance agents, will also receive other incentive awards for the recommendation/sale of annuities and other insurance products. The receipt of compensation and other incentive benefits can affect their judgment when recommending insurance products to clients. While our investment adviser representatives endeavor at all times to put the interest of his clients first as a part of Torres Financial Services' overall fiduciary duty to clients, clients should be aware that the receipt of commissions and additional compensation itself creates a conflict of interest and may affect our investment adviser representatives' decision making process when making insurance recommendations in their capacity as insurance agents.

Clients may choose any independent insurance agent and insurance company to purchase insurance products. Regardless of the insurance agent selected, the insurance agent or agency will receive normal commissions from the sale.

Please see Item 5, Fees and Compensation, Item 10, Other Financial Industry Activities and Affiliations and Item 12, Brokerage Practices, for additional discussion concerning other compensation.



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Item 15 – Custody

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

Torres Financial Services is deemed to have custody of client funds and securities whenever Torres Financial Services is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody Torres Financial Services will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which Torres Financial Services is deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from Torres Financial Services. When clients have questions about their account statements, they should contact Torres Financial Services or the qualified custodian preparing the statement.

When fees are deducted from an account, Torres Financial Services is responsible for calculating the fee and delivering instructions to the custodian. At the same time Torres Financial Services instructs the custodian to deduct fees from your account; Torres Financial Services will send you an invoice itemizing the fee. Itemization will include the formula used to calculate the fee, the amount of assets under management the fee is based on, and the time period covered by the fee.

Item 16 – Investment Discretion

When providing Asset Management Services, Torres Financial Services maintains trading authorization over your Account and can provide management services on a discretionary basis. When discretionary authority is granted, we will have the authority to determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each



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transaction.

If you decide to grant trading authorization on a non-discretionary basis, we will be required to contact you prior to implementing changes in your account. You will be billed the same management fee and incur the same costs by the custodian as if you had a discretionary account. You will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell
- Portfolio Construction

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if we are not able to reach you or you are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

You will have the ability to place reasonable restrictions on the types of investments that may be purchased in your Account. You can also place reasonable limitations on the discretionary power granted to Torres Financial Services so long as the limitations are specifically set forth or included as an attachment to the client agreement.

Item 17 – Voting Client Securities

Torres Financial Services does not vote proxies on behalf of Clients. We have determined that taking on the responsibilities for voting client securities does not add enough value to the services provided to you to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in Account.

You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided.



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Item 18 – Financial Information

This *Item 18* is not applicable to this brochure. Torres Financial Services does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Torres Financial Services has not been the subject of a bankruptcy petition at any time.

Item 19 – Requirements for State-Registered Advisers

Executive Officer and Management Personnel

Rodolfo V. Torres Jr., President, CEO & CCO

Educational Background:

- St. Mary's University, BBA Finance - Business Finance: 1989
- The University of Texas at San Antonio, MBA Finance: 1992

Business Experience:

- Torres Financial Services, LLC, President, CEO and CCO, 06/1999 to Present; and
- Torres Advisory and Consulting Services, Inc., CEO and President, 05/2018 to Present.

Denton Nerison, Vice President Financial Services & Investment Adviser Representative

Educational Background:

- University of North Dakota, BA - Aviation Administration: 1986
- Webster University, Master of Arts in Management: 1995

Business Experience:

- Torres Financial Services, LLC, Vice President Financial Services and Investment Adviser Representative, 01/2018 to Present;
- Torres Advisory and Consulting Services, Inc., Consultant, 01/2018 to Present; and
- Eagle Strategies, LLC (investment adviser division of New York Life), Investment Adviser Representative, 09/2011 to 01/2018.

Other Business Activities

See *Item 10 – Other Financial Industry Activities and Affiliations*.



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No Performance Based Fees

As previously disclosed in *Item 6*, Torres Financial Services does not charge or accept performance-based fees.

No Arbitrations

Torres Financial Services or any of its associated persons have not been the subject of any client arbitrations or similar legal disputes.

No Arrangement with Issuer of Securities

Torres Financial Services and its management do not have any relationship or arrangement with any issuer of securities.



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Customer Privacy Policy Notice

The information contained in this section will also be disclosed in Fortis Wealth Management's Privacy Policy Statement. This statement will be provided to all clients in accordance with the rules and regulations of the Gramm-Leach-Bliley Act of 1999.

As a registered investment advisor, Torres Financial Services and its investment adviser representatives will gather and develop personal information regarding our clients. This information will be gathered and developed by us for the following purposes:

1. To determine the client's financial goals and objectives
2. To determine the level of advisory services needed and desired by the client
3. To provide the client with specific recommendations regarding advisory services
4. To provide the client with specific recommendations regarding financial products
5. To provide ongoing support and recommendations regarding financial products held in the client's account

Client information that Torres Financial Services will collect may include, but not be limited to the following:

- Information received from clients on financial inventories through consultations with its representatives. This information may include personal and household information such as income, spending habits, investment objectives, financial goals, statements of account and other records concerning the clients' financial conditions and assets, together with information concerning employee benefits and retirement plan interests, wills, trusts, mortgages and tax returns.
- Information developed as part of financial plans, analyses or investment advisory services.
- Information concerning investment advisory account transactions, such as wrap account transactions.
- Information about clients' financial products and services transactions with Torres Financial Services

All information provided by clients to Torres Financial Services (including our investment advisor representatives and administrative personnel), and information and advice furnished by Torres Financial Services to you, is treated as confidential and not disclosed to affiliated or unaffiliated third parties, except as (1) permitted by you with written authorization, (2) shared in a manner necessary to facilitate the advisory services provided by Torres Financial Services or (3) as required by any rule, regulation or law of any regulatory or self-regulatory organization to which Torres Financial Services or our investment



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advisor representatives may be subject. For example: you may ask Torres Financial Services to provide information to your other services providers, such as your accountant, and we are pleased to be of assistance when you direct us to share information. Regulatory and self-regulatory bodies generally conduct routine audits of investment advisers to review books and records, and in the process may review client information. Additionally, your account custodians and their personnel will have access to and review client data for their internal purposes.

When a client account is closed, Torres Financial Services will continue to keep all client information confidential in accordance with the principles stated in its privacy policy. A copy of the Privacy Policy Notice will be delivered to all clients in writing by at least one of the following methods:

- By hand delivering a copy to the client
- Mailing a copy to the client's address on record
- If business is conducted electronically, a notice may be posted on an electronic site as long as the client acknowledges receipt of the Privacy Policy Notice prior to the client obtaining any services or products from Torres Financial Services

A copy of the Privacy Policy Notice will be provided to the client no later than the time a client establishes a relationship with Torres Financial Services, unless this situation would cause a delay in the client obtaining services and the client agrees to accept the notice at a later date. When this situation applies, a copy of the Privacy Policy Statement will be delivered to the client within a reasonable time period following the transaction.

Any time a change is made to the Privacy Policy, the statement to clients will be revised. The revised statement will be given to all affected clients prior to any disclosure of information. In addition, Torres Financial Services will provide a copy of its Privacy Policy Statement to all current and existing clients at least annually.

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CLIENT INITIALS

DATE

CLIENT INITIALS

DATE