



Firm Brochure
Investment Management and
Financial Planning
(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of Anchor Financial Group (AFG). If you have any questions about the contents of this brochure, please contact us at: 714-835-7703, or by email at invest@anchorfg.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC), or by any state securities authority. Additional information about AFG also is available on the SEC's website at www.adviserinfo.sec.gov.

Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of an Advisor provide you with information about which you would use for determining whether to hire or retain an Advisor

February 13, 2024

Anchor Financial Group, Inc.

Item 2 Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

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Item 4 Advisory Business

A. Firm Description

AFG was founded in 1988. AFG provides financial and investment advice. AFG is registered with the Department of Financial Protection and Innovation (DFPI) as a Registered Investment Advisor (RIA). Stephen P. Kiernan and Joseph R. Richard are also registered with the DFPI as Investment Advisor Representatives (IAR) of AFG.

Principal Owners: Stephen P. Kiernan is the 85% stockholder. Joseph A. Richard is 15% stockholder.

B. Types of Advisory Services

AFG provides **personalized confidential financial planning and investment management services**. Advice is provided through consultation with the client and may include determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning. AFG uses sophisticated software to assist with these services.

AFG receives fees only for investment products and may receive commissions for insurance products. AFG also receives fees for financial planning services. AFG directly compensates for client referrals by paying 50% of all advisory fees to solicitors, though this pertains to a very small number of AFG's clients.

Investment advice is an integral part of financial planning. In addition, AFG advises clients regarding cash flow, college planning, retirement planning, tax planning and estate planning.

AFG does not take custody of clients' assets. Instead, clients hire a third party to take custody of assets for the benefit of the clients. The clients always maintains asset control. AFG places trades for clients under a limited power of attorney.

Periodic financial planning and investment advisory reviews are communicated to client to determine if changes are warranted. More frequent reviews of investment holdings occur but are not necessarily communicated to the client unless immediate material changes are recommended.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the client.

C. Tailored Relationships

AFG provides advice to clients based on their individual goals and risk tolerance. Clients may impose restrictions on investing in certain securities or types of securities.

D. Wrap fee programs

AFG does not participate in wrap fee programs.

E. Client assets managed

As of 2/13/2024, AFG manages \$81.2 million in assets for approximately 250 accounts. All of this is managed on a discretionary basis, subject to restrictions.

Item 5 Fees and Compensation

A. Description

The annual Investment Management Agreement fee is based on a percentage of the invested assets. Accounts using custodian “Axos Advisor Services” (hereafter referred to as “Axos”) are charged according to the following schedule:

- 1.25% (annual) on the first \$500,000;
- 1.00% on the assets between \$500,000 and \$5 million;
- 0.9% on assets above \$5 million

Accounts using custodian American Funds Service Company (hereafter referred to as “AFSC”) are charged 0.5% (annual) of account balance.

Annuity accounts placed directly with various insurance/annuity companies are charged 0.5% (annual) of the account balance.

Financial plans are priced according to the degree of complexity associated with the client’s situation. The fee for a financial plan is predicated upon the facts known at the start of the engagement. The fee range is \$1,000 to \$3,500 and is negotiable. Since financial planning is a discovery process, situations occur wherein the client is unaware of certain financial exposures or predicaments.

AFG provides hourly planning services for clients who need advice on a limited scope of work. The hourly rate for limited scope engagements is \$250.

Fees are not negotiable. In accordance with CCR Section 260.238(j), it should be noted that lower fees for comparable services may be available from other sources.

B. Fee Billing

Accounts at Axos: Axos removes AFG's investment advisor fees from Client's account, charged monthly in arrears, and based on the balance at the end of the month. Accounts owned by the same investors – e.g. an IRA and a trust account – will be aggregated for the purpose of calculating these fees.

Accounts at AFSC: Fees are calculated daily based on daily balances, removed from accounts quarterly (calendar quarters) in arrears, then paid to AFG. Fees at termination will be prorated.

Accounts at various annuity/insurance companies: The annuity/insurance company removes AFG's investment advisor fees from Client's account, charged quarterly in arrears, and based on the balance at the end of the quarter.

Fees for financial plans are billed 50% in advance, with the balance due upon delivery of the financial plan.

C. Other Fees

Axos and AFSC, and well as insurance/annuity companies are custodians and charge additional fees for their services. These fees pay for them to custody client assets, perform administrative duties such as wiring money, generate quarterly reports, report to the IRS on retirement accounts, etc.

Mutual funds and other investments in client's accounts charge their own management fee or "expense ratio" for their services as investment managers. These average less than 0.5% per year. These fees are in addition to the fees paid by you to AFG.

D. Paying fees in advance

AFG does not require clients to pay fees in advance.

E. (1-4) Other compensation received by Principal Owners.

Stephen Kiernan and Joseph Richard do not receive any additional compensation for sale of securities or other investment products, other than insurance products as noted elsewhere in this brochure. Clients have the right to purchase similar services and products from other brokers or agents that are not affiliated with AFG.

Item 6 Performance-Based Fees

Performance-Based Fees

AFG does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment with higher risk to the client since a loss will not cost AFG money (since the lowest the fee can go is zero) but can hurt the client.

Item 7 Types of Clients

Description

AFG provides advice to individuals, pension and profit-sharing plans, trusts, estates, and small businesses.

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

A. Methods of Analysis and Investment Strategies

Security analysis methods include primarily fundamental analysis. This means studying anything that can affect the value of investments.

The main sources of information include financial publications. Other sources of information that AFG may use include Morningstar mutual fund information, and various financial software.

AFG's primary investment strategy is to broadly diversify people among enough asset classes and security types to provide investment returns well above "safe" returns offered by fixed accounts such as CDs and money market accounts, without incurring as much risk as investing 100% in the stock market. Some investments may also have limited liquidity (can't buy/sell on a daily basis), which further diversifies the types of risks clients assume.

Investing in securities involves risk of loss that clients should be prepared to bear.

B. Investment Strategy Risk

The main risk of using fundamental analysis is that the performance results generated could vary significantly from expectations. Such analysis heavily relies on historical data and occurrences, would many not accurately reflect future performance.

C. Risk of Loss

AFG uses passively-managed index and exchange-traded funds, actively-managed funds where there are greater opportunities to make a difference, and alternative investments such as non-publicly traded real estate investment trust (REITs), business development companies (BDCs), interval funds and commodity funds (gold, silver, natural gas, etc.) Portfolios are globally diversified to control the risk associated with traditional markets.

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the

terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Item 9 Disciplinary Information

Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients. Neither AFG nor any management person has been convicted of or pled guilty or nolo contendere to any felony.

Item 10 Other Financial Industry Activities and Affiliations

Financial Industry Activities

Both Joseph and Stephen have Life and Health insurance licenses with the State of California. As such, they may occasionally advise clients to purchase insurance products which pay them commissions. This could create a conflict of interest since a product paying a higher commission might not be in the client's best interest. To avoid this, any insurance products paying commission are carefully reviewed by both Joseph and Stephen, and explained to the client, prior to purchase. In addition, since Stephen is a Certified Financial Planner™, he is required to always act in the best interest of a client.

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

Code of Ethics

The employees of AFG have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

AFG and its employees may buy or sell securities that are also held by clients. However, these securities only owned within mutual funds, and any buying or selling will not be great enough to have a material impact on the value of the securities. Therefore, this will not negatively impact the value of client's holdings. Employees comply with the provisions, rules and laws of all entities that regulate AFG.

Item 12 Brokerage Practices

Brokerage Practices

AFG does not have any affiliation with any broker-dealers.

Item 13 Review of Accounts

A. Periodic Reviews

Account reviews are conducted at least annually by Stephen Kiernan and/or Joseph Richard, Portfolio Manager. Account reviews are performed more frequently when market conditions or client wishes dictate.

B. Review Triggers

Other conditions that may trigger a review are changes in the tax laws, new investment information, material changes in account value, and changes in a client's own situation.

C. Regular Reports

Investment Management clients receive quarterly statements from the custodian.

Item 14 Client Referrals and Other Compensation

Client Referrals and Other Compensation

AFG receives referrals from many sources, including other investment advisors. AFG pays advisors 50% of the investment management fees charged. Prior to payment for referrals AFG will determine that the solicitor is either registered as an investment adviser or reported as an investment adviser representative of this investment adviser.

AFG does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

AFG is not compensated in any way other than those already mentioned.

Item 15 Custody

SEC "Custody"

AFG does not take custody of any client's accounts.

Item 16 Investment Discretion

Discretionary Authority for Trading

AFG accepts discretionary authority to manage securities accounts on behalf of clients. AFG has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, AFG cannot materially change the overall risk level in the account as determined by the investment management agreement and risk profile without discussing this with the client.

The client approves the custodian to be used and the commission rates paid to the custodian. AFG does not receive any portion of the transaction fees or commissions paid by the client to the custodian.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades on your behalf.

Item 17 Voting Client Securities

Proxy Votes

Unless the client designates otherwise, AFG has the authority to vote proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy. For investments that do not provide AFG with client proxies to vote, clients will vote their own proxies. AFG will carefully review each proxy to be sure it is voting in the best interest of its clients. AFG's primary goal is to ensure that funds are performing as expected. In most situations, AFG will rely on the board's recommendations, especially when it comes to issues like who the accounting firm should be – which generally is not important to AFG's clients. Since the owners of AFG own the same funds that AFG's clients own, we do not foresee many conflicts of interest regarding our proxy votes.

AFG keeps a record of how we have voted on proxies. This can be provided to clients upon request.

Item 18 Financial Information

Financial Condition

AFG does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

California Department of Financial Protection and Innovation (DFPI): AFG has discretionary authority over client funds and therefore is required by the DFPI to maintain at all times a minimum net worth of \$10,000.

Item 19 Requirements for State-Registered Advisers

Required disclosures

All information and disclosures pertaining to principal executive officers and management persons, other business activities, performance-based fees, any involvement in arbitration and other legal proceedings, and any relationship with issuers of securities has either been disclosed elsewhere in this brochure, including Part 2B Supplemental Brochure, or there is nothing to disclose.

Business Continuity & Succession Planning

General

AFG has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

Backup and Recovery of Books and Records

AFG's books and records are in electronic form and stored on the cloud. Therefore, if the physical location of AFG's business was destroyed, these records would remain intact.

Alternative Method of Communication

AFG's personnel have laptop computers and cell phones which can be operated from any location to continue communicating with clients in the event of a disaster. Important information, including client contact information, is stored on the cloud.

Office Relocation and Disruptions to the Principal Place of Business

AFG's personnel could operate out of their homes if AFG's place of business was uninhabitable for a long period of time. AFG's phone service is a VOIP system which can be operated via cell phones from any location.

(Unexpected) Succession Planning and Transitioning Responsibilities of Key Personnel

If Joseph Richard unexpectedly died or was suddenly disabled, Stephen Kiernan has policies and procedures to explain Joseph's duties. Stephen could perform these duties until he hires someone else to replace Joseph.

If Stephen Kiernan unexpectedly died or was suddenly disabled, Joseph Richard would continue to perform all the day-to-day trading and client communication services that he already provides. Eventually he should probably replace Stephen Kiernan's financial planning duties – most likely by hiring a financial planner. However, this is not necessary for the money-management services of AFG to continue. Stephen's estate planning documents stipulate that Stephen's heirs sell the business to Joseph at a reasonable price.

If Joseph and Stephen both die unexpectedly or were suddenly disabled, all clients can access their investments directly with the custodians and mutual fund companies that hold them. Currently, AFG has no plans to transition the business to a third-party investment manager or financial advisor if such an event occurred.

Information Security Program

Information Security

AFG maintains an information security program to reduce the risk that your personal and confidential information may be breached.

Privacy Notice

AFG is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have given us permission to share with. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.

Brochure Supplement (Part 2B of Form ADV) Dated January 12, 2022

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This brochure supplement provides information about Stephen Kiernan that supplements the Anchor Financial Group brochure. You should have received a copy of that brochure. Please contact Stephen Kiernan if you did not receive Anchor Financial Group's brochure or if you have any questions about the contents of this supplement. Additional information about Stephen Kiernan is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Educational Background & Business Experience

- Date of birth: 1/26/1964
- California State University, Fullerton, CA BA – Business Administration 1987.
- College for Financial Planning, Denver, CO CFP Professional Education Program 1989 (see below for details).
- CEO, President Anchor Financial Group 10/1988 - Present

Item 3 Disciplinary Information: None

Item 4 Other Business Activities: Stephen has a Life and Health insurance license with the State of California. As such, he may occasionally advise clients to purchase insurance products that pays him commissions.

Item 5 Additional Compensation: None

Item 6 Supervision. As the only principals of AFG, Joseph Richard and Stephen Kiernan supervise each other regarding advice given to clients.

Item 7 Requirements for State-Registered Advisers: Nothing to report

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 62,000 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.

Brochure Supplement (Part 2B of Form ADV) Dated January 12, 2022

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This brochure supplement provides information about Joseph Richard that supplements the Anchor Financial Group brochure. You should have received a copy of that brochure. Please contact Stephen Kiernan if you did not receive Anchor Financial Group's brochure or if you have any questions about the contents of this supplement. Additional information about Joseph Richard is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Educational Background & Business Experience

- Date of birth: 2/9/1974
- California State University, Fullerton, CA BA – Business Administration 2002
- Vice President, Anchor Financial Group 10/2005 - Present

Item 3 Disciplinary Information: None

Item 4 Other Business Activities: Joseph has a Life and Health insurance license with the State of California. As such, he may occasionally advise clients to purchase insurance products that pays him commissions.

Item 5 Additional Compensation: None

Item 6 Supervision. As the only principals of AFG, Joseph Richard and Stephen Kiernan supervise each other regarding advice given to clients.

Item 7 Requirements for State-Registered Advisers: Nothing to report