

Part 2A of Form ADV: *Firm Brochure*

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This brochure provides information about the qualifications and business practices of Locke Financial Services, Inc. If you have any questions about the contents of this brochure, please contact us at 847-991-2705 or alocke@lockefinancial.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Locke Financial Services, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 117611.

Item 2 - Material Changes

There have been no material changes to the Part 2A Brochure, since the last annual amendment was filed.

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Item 4 - Advisory Business

Locke Financial Services, Inc. is a registered investment adviser with its principal place of business located in Illinois. Locke Financial Services, Inc. began conducting business in 2001.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company):

Denzil Alan Locke

Locke Financial Services, Inc., offers the following advisory services to our clients:

Our firm provides non-continuous asset management of client funds based on the individual needs of each client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop the client's personal investment policy. We can create and manage a portfolio based on that policy or a client can elect to utilize one of our model portfolios discussed below. During our data-gathering process, we determine each client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we may also review and discuss a client's prior investment history, as well as family composition and background.

INDIVIDUAL PORTFOLIO MANAGEMENT

Once the client's portfolio has been established, we review the portfolio quarterly, and if necessary, rebalance the portfolio on an annual basis, based on the client's individual needs.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Corporate Debt Securities (other than commercial paper)
- Mutual Fund shares
- United States governmental securities
- Corporation Stocks

Because some types of investments involve certain additional degrees of risk, they will only be implemented when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

MODEL PORTFOLIO MANAGEMENT

Our firm also provides portfolio management services to clients using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal.

Once we determine the suitability of each client's portfolio, the portfolio is managed based on the portfolio's goal, rather than on each client's individual needs.

Clients, nevertheless, have the opportunity to place reasonable restrictions on the types of investments to be held in their accounts.

We offer the following model portfolios:

Income Model - This objective primarily emphasizes income generation with little or no concern for capital appreciation or inflation protection. This allocation would be 100% to fixed income investments.

Income with Moderate Growth Model - This objective emphasizes current income through a large allocation to fixed income securities, complemented by a secondary consideration for capital appreciation through a small allocation to equity securities. The allocation for this objective would be 30% to 40% to equities and 60% to 70% to fixed income investments.

Balanced Model - This objective is designed to offer the potential for both capital appreciation and current income through a roughly 50% to 60% allocation to equities and 40% to 50% allocation to fixed income investments.

Balanced with Growth Model - This objective is designed to invest a substantial portion of assets in equities for potential growth, while using income to moderate risk. The expected asset allocation for this objective would be roughly 70% to 80% equities and 20% to 30% fixed income investments.

Growth Model - This objective maximizes total return and protecting against inflation. The portfolio consists of primarily or all equity investments.

Clients retain individual ownership of all securities.

We manage advisory accounts on a discretionary basis. Account supervision is guided by each client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

1. Send annual written reminders to each Model Portfolio Management Services client requesting any updated information regarding changes in the client's financial situation and investment objectives;
2. At least annually, contact each participating client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions;
3. Be reasonably available to consult with the client; and
4. Maintain client suitability information in each client's file.

FINANCIAL PLANNING

We provide financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client.

Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including, as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk.

We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report.

Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

- Exchange-listed securities
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Mutual fund shares
- United States governmental securities

Typically, the financial plan is presented to the client within two months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

AMOUNT OF MANAGED ASSETS

As of December 31, 2024, we were actively managing \$50,000,000 of clients' assets on a discretionary basis and \$0.00 on a non-discretionary basis.

Item 5 - Fees and Compensation

MODEL PORTFOLIO MANAGEMENT FEES

The annualized fee for Model Portfolio Management Services is charged as a percentage of assets under management, according to the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
First \$250,000	1.4%
Next \$500,000	1.25%
Next \$750,000	1.0%
After \$1,500,000	0.85%

Our fees are billed monthly, in arrears, at the end of each month based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous billing period.

Fees billed to investment adviser clients will be slightly higher in months that have 31 days and slightly lower for months with 28 days (or 29 in February of leap years).

Fees will be debited from the account in accordance with the client authorization in the Client Services Agreement.

A minimum of **\$100,000** of assets under management is required for this service. This account size may be negotiable under certain circumstances. Locke Financial Services, Inc. may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

Locke Financial Services, Inc.'s advisory fees are not negotiable.

FINANCIAL PLANNING FEES

Locke Financial Services, Inc.'s Financial Planning fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our Financial Planning fees are calculated and charged on a fixed fee basis, typically ranging from \$500 to \$1,500, depending on the specific arrangement reached with the client.

We may request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will never exceed \$500 for work that will not be completed within six months. The balance is due upon completion of the plan.

GENERAL INFORMATION

Termination of the Advisory Relationship: In Illinois, unless a client has received the firm's disclosure brochure at least 48 hours prior to signing the investment advisory contract, the investment advisory contract may be terminated by the client within five (5) business days of signing the contract without incurring any advisory fees.

Thereafter, either party may terminate the advisory agreement with 30 days written notice. Upon termination, fees will be prorated to the date of termination and the unearned portion will be refunded.

Mutual Fund Fees: All fees paid to Locke Financial Services, Inc. for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker-dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager affects transactions for the client's account(s).

Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Grandfathering of Minimum Account Requirements: Pre-existing advisory clients are subject to Locke Financial Services, Inc.'s minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

ERISA Accounts: Locke Financial Services, Inc. is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively.

As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Locke Financial Services, Inc. may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$500 more than six months in advance of services rendered.

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

Locke Financial Services, Inc. does not charge performance-based fees.

Item 7 - Types of Clients

Locke Financial Services, Inc. provides advisory services to the following types of clients:

- Individuals
- High Net Worth Individuals – Individuals who are “qualified clients” under rule 205-3 of the Advisers Act of 1940 or are “qualified purchasers”
- Pension and Profit-Sharing Plans (401k)

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

METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Asset Allocation. Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

Mutual Fund and/or ETF Analysis. We look at the experience and track record of the manager of the mutual fund or ETF to attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions.

We also look at the underlying assets in a mutual fund or ETF to attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs to attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future.

In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data.

While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long-term purchases. We purchase securities with the idea of holding them in the client's account for a year or longer. Typically, we employ this strategy when:

- We believe the securities to be currently undervalued, and/or
- We want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Item 9 - Disciplinary Information

Alan Locke has a disciplinary history including a customer dispute and a regulatory issue involving the Illinois Secretary of State Securities Department. Details can be found through [Broker Check](#) or the [Investment Adviser Public Disclosure](#) site by performing by name searches.

Item 10 - Other Financial Industry Activities and Affiliations

Alan Locke offers tax preparation services. A conflict of interest is created whenever associated persons of the Adviser recommend products or services to a client for which the associated person receives compensation.

However, clients are under no obligation to utilize these services and are free to select any provider of tax preparation services that they may wish to employ.

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

The Adviser has adopted a Code of Ethics that sets forth standards of conduct expected of advisory personnel and to address conflicts that arise from personal trading by advisory personnel. Advisory personnel are obligated to adhere to the Code of Ethics, and applicable securities and other laws.

The Code covers a range of topics that may include: general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code, review and

enforcement processes, amendments to Form ADV and supervisory procedures. The Adviser will provide a copy of the Code to any client or prospective client upon request.

Item 12 - Brokerage Practices

Locke Financial Services, Inc., does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

Clients may specify which broker-dealer to use or the Adviser may make recommendations. Generally, these recommendations are based on the Adviser's perception of the breadth of services offered and quality of execution. The Adviser seeks to obtain the overall best execution for its clients, taking into account a number of factors, including: price, clearance, settlement, reputation, financial strength and stability, efficiency of execution and error resolution, block trading and block positioning capabilities, special execution capabilities, willingness to execute related or unrelated difficult transactions in the future, order of call, on-line access to computerized data regarding client accounts, the availability of stocks to borrow for short sale transactions, the competitiveness of commission rates in comparison to other brokers satisfying the Adviser's other selection criteria and other matters involved in the receipt of brokerage services.

The client may pay commissions or fees that are higher or lower than those that may be obtained from elsewhere for similar services. Clients are advised that they are under no obligation to act on the recommendations of the Adviser.

Locke Financial Services, Inc.'s has a duty to act in the best interests of our clients, including seeking best execution of trades for client accounts.

Item 13 - Review of Accounts

FINANCIAL PLANNING SERVICES

REVIEWS: While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

REPORTS: Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

Item 14 - Client Referrals and Other Compensation

It is Locke Financial Services, Inc.'s policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is Locke Financial Services, Inc.'s policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Item 15 - Custody

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

Our firm does not have actual or constructive custody of client accounts.

Item 16 - Investment Discretion

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

As previously disclosed in Item 4 of this brochure, our firm provides discretionary asset management services.

Item 17 - Voting Client Securities

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining

to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

Item - 18 Financial Information

As an advisory firm that maintains discretionary authority, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. Locke Financial Services, Inc. has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$500 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Locke Financial Services, Inc. has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19 - Requirements for State Registered Advisers

Item 19.A – Management Biographical Information

Refer to Item 2 and the Part 2B Supplement for management person information.

Item 19.B – Outside Business Activities

Alan Locke offers tax preparation services. He spends approximately 10% of his time on this business activity.

Item 19.C – Performance Based Fees

Neither the Adviser nor any supervised person of the Adviser is compensated for advisory services with performance-based fees.

Item 19.D – Arbitration Claims, Litigation and Other Proceedings

Neither the Adviser nor any management person has been found liable as a result of any arbitration claim, or civil, self-regulatory organization, or administrative proceeding.

Item 19.E – Relationships with Issuers of Securities

Neither the Adviser nor any management persons has any relationship or arrangement with any issuer of securities.