

Item 1 Cover Page

Scherrer Financial Services

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www.scherrerfinancial.com

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This Brochure provides information about the qualifications and business practices of Scherrer Financial Services. ["SFS"]. If you have any questions about the contents of this Brochure, please contact us at (630) 470-9021. 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.

SFS is a registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provides you with information about which you determine to hire or retain an Adviser.

Additional information about SFS 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. The CRD number for SFS is 134126

Item 2 Material Changes

There are changes to the address and phone number.

Our Brochure is available on our web site www.scherrerfinancial.com free of charge. Additional information about SFS is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with SFS who are registered, or are required to be registered, as investment adviser representatives of SFS.

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Item 4 Advisory Business

Founded in 2004, Scherrer Financial Services is a registered Investment Adviser in the State of Illinois. The firm is solely owned by Scott C. Scherrer. As of December 31, 2017, the firm managed approximately \$2,400,000 in discretionary assets.

The firm provides investment management services to individuals. SFS will typically create a portfolio of common and preferred stocks, bonds, annuities, and CDs using a basic allocation model that is adjusted based on the client's circumstances. SFS meets with its clients to determine individual investment objectives, risk tolerances, and appropriate asset mixes. SFS generally selects individual equities for portfolio construction and monitors the performance of equities before and after purchasing for a client. While SFS usually does not purchase mutual funds for clients, it will keep mutual funds transferred into an investment account and will purchase mutual funds if requested by a client. SFS watches multiple stocks and creates lists of stocks and target prices for each client individually. Special consideration is given to the tax implications of holding a particular equity in a certain type of account.

Financial Planning Services:

As a compliment to its investment advisory services, SFS provides advice in the form of financial planning. In general, the financial plan may address any or all of the following areas of concern:

- PERSONAL: Family records, budgeting, personal liability, estate information and financial goals.
- EDUCATION: General assistance in preparing to meet dependent's continuing educational needs.
- TAX & CASH FLOW: Income tax, spending analysis and planning for past, current and future years.
- DEATH & DISABILITY: Cash needs at death, income needs of surviving dependents, estate planning, and disability income analysis.
- RETIREMENT: Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.
- INVESTMENTS: Analysis of investment alternatives and their effect on a client's portfolio.

Information gathered includes a client's current financial status, future goals and attitudes towards risk. Implementation of financial plan recommendations is entirely at the client's discretion. Financial planning recommendations are of a generic nature and are not limited to any specific product or service offered by a broker dealer or insurance company.

Item 5 Fees and Compensation

General Information on Fees

The specific manner in which fees are charged by SFS is established in a client's written agreement with SFS. SFS Clients may authorize their broker to directly debit fees from their accounts or elect to be billed directly for fees on a three-month basis, in arrears, based on the ending asset value. Management fees shall be prorated for each capital contribution and withdrawal made during the applicable period. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any earned, unpaid fees will be due and payable.

SFS will negotiate fees and offer discounts. As of 2016, the only discounted rates in place are for the accounts of the immediate family of Scott C. Scherrer. These accounts require less maintenance and marketing expense than other clients.

SFS's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians and brokers such as custodial fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to SFS's fee, and SFS does not receive any portion of these commissions, fees, or costs.

Advisory Fees

Investment Management Services:

The annual fee for investment management financial planning services will be charged as a percentage of total assets under management, according to the schedule below:

All Portfolios

<i>First \$1,000,000</i>	<i>0.8%</i>
<i>Second million (\$1,000,001 - \$2,000,000)</i>	<i>0.75%</i>
<i>Next three million (\$2,000,001 - \$5,000,000)</i>	<i>0.50%</i>
<i>All assets above \$5,000,000</i>	<i>0.25%</i>

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

SFS does not charge any Performance-Based Fees. Since SFS does not advise mutual funds or hedge funds, there are no conflicts due to side-by-side management.

Item 7 Types of Clients

SFS provides portfolio management services to individuals. SFS does have a \$5,000 minimum for all relationships under management. This minimum may be reduced by SFS in special circumstances. For smaller accounts, the contract specifies the additional risk due to lack of diversification.

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

SFS primarily uses a diversified model for investment based on specifics of the client. For a client that contracts with SFS for full portfolio management, SFS uses fixed income, common stock, covered call options, annuities, and CDs. Money is allocated to the separate categories primarily based on age and years to retirement, Factors that affect the allocations include other sources of future income (pensions) and the risk tolerance of the client. The allocations are based on guidelines that are targets and are not hard and fast rules. In most cases there is no forced rebalancing done, but the guidelines are used to determine where the next new dollar should be invested, or where the next dollar needed should be withdrawn from.

SFS will also manage accounts that are part of a client's overall investment plan. In these cases the client and SFS spell out in the contract the investment goals and allocations. For many clients, SFS is contracted to invest all of the funds in common stocks. In most of these cases, the client chooses to not reveal their other investments and SFS is directed to focus on managing the assets under their control without regard to other investments.

Common Stocks

In selecting common stocks, SFS follows between 50 to 100 stocks for purchase at any time. The approach used is a bottom-up approach. That means that individual companies are evaluated for purchase, not industries or countries. Companies from other countries are also evaluated and may be purchased if there is access to the shares through US or Canadian markets. The companies are evaluated by first reading SEC filings to learn about the company's business. If the business model is understandable and sustainable, the company financials are then looked at for indications of possible problems. Some of these criteria are debt ratio, executive compensation, excessive option grants, and excessive stock buybacks. If a company has no such indications, a buy price is calculated using the dividend rate, earnings per share, book value, and trading range.

A list of stocks is kept for each client. Stocks chosen above are added to the lists. SFS does keep track of special restrictions for each client and only stocks that fit within the restrictions are then added to the list. The buy price for each stock is adjusted over time mainly due to earnings reports or dividend changes. Stocks are bought off of the lists when the client has the free cash and their account is below target for common stocks. Before a stock is purchased, SFS reviews the earlier selection to ensure that the stock still meets the SFS criteria. For each individual client, no more than one company will be purchased in each industry. This can occur, however, if the account was transferred in and already had more than one company in an industry.

Common stocks purchased for a client are then tracked in comparison to a sell target price. This is typically 50% over the purchase price. The sell target is adjusted for dividends and the goal is to provide an overall return of 50%. Once the sell target price is reached, the stock is re-evaluated to see if the price is below what SFS would consider to be a good purchase price. Charts are also used to see what the stock has done in the past year. Stocks are sold on “spikes” and not if they are in a slow growth pattern. Stocks are generally held for longer than a year to avoid short term capital gains. If the stock rises above the sell target before one year has passed, SFS might use covered call option writing to capture some of the gain and delay sale until it is long term.

Fixed Income

Fixed Income securities purchased for clients include Corporate and Government bonds and notes, certificates of deposit, and preferred stock. Other similar types of securities may be recommended. Securities purchased must be investment grade at the time of purchase. Securities are diversified based on industry, maturity date, and call date. Strong consideration is given to the cash flow needs of the client. The issuers of securities are checked to see if they do not have a high level of debt.

The goal of any fixed income purchase is to hold until call or maturity. Sometimes, there is a need to sell early to raise funds. There are also some cases when the security price has advanced and it is in the client’s interest to sell for a capital gain and reinvest in a higher paying security. Consideration is given to the market price, current yield, and yield-to-maturity to determine which securities to sell.

Annuities and Pensions

As part of an overall financial plan, SFS often recommends that a client purchase annuities to provide a future income stream. Income streams provided by employer pension plans are considered to be similar to an income annuity. If an annuity is purchased, SFS does have an insurance license and is likely to be the agent for the insurance company. SFS does do a deep analysis of the products available to determine the best product for the situation of the client. SFS will probably receive a commission. Assets within an annuity are not considered when calculating the quarterly fee.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. All investments present the risk of loss of principal – the risk that the value of securities, when sold or otherwise disposed of, may be less than the price paid for the securities. Even when the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment.

SFS's strategies do not utilize frequent trading, which can increase brokerage and other costs as well as taxes. Although all investments involve risk, SFS's investment advice seeks to limit risk through broad diversification among asset classes. SFS's investment philosophy is designed for investors who desire a buy and hold strategy. International securities are purchased. Investing outside the United States involves additional risks, such as currency fluctuations, periods of illiquidity and price volatility.

Item 9 Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of SFS or the integrity of SFS's management. There have been no reports of any such events..

Item 10 Other Financial Industry Activities and Affiliations

SFS also is licensed to sell life and health insurance products. There are a wide range of products that SFS may sell. SFS operates as an independent agent and holds appointments with many insurance companies. Through relationships with marketing organizations, SFS also has the ability to sell products of other insurance companies if needed. For these activities, commissions are paid by the insurance companies. SFS makes sure clients understand this. SFS is also committed to research different products to find the one that fits the client's needs. In most cases, clients are presented with a list of choices, complete with features, prices, and recommendations based on experience.

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

SFS does not have a Code of Ethics because SFS is a single person company. SFS does have a fiduciary duty to its clients. Client information is kept confidential. There is no insider trading. SFS and its principal, Scott C. Scherrer, may trade the same issues as are being traded for the client. In such situations, a block trade order is made to trade all shares at once to yield a common execution price. In no case will SFS take the other side of a trade, or make transactions from its own account with clients.

SFS strongly thinks that purchasing the same securities that it buys for its clients is validation of its commitment to its clients' best interests as investment decisions made by SFS affects both client and SFS. The personal securities transactions, activities and interests of SFS and Scott C. Scherrer will not interfere with making decisions in the best interest of advisory clients. There is always the possibility that trades will affect the price of a security and therefore SFS or a client may benefit from actions taken on behalf of another client. Since this is the reality of markets, SFS can only work hard to ensure that the intent of a trade was not to move a security price. In the event of a material conflict of interest, SFS and principals must refrain from purchasing or selling securities that are being actively traded for clients.

Item 12 Brokerage Practices

Each client contract does state a broad objective and a generalized investment strategy used to accomplish the objective. The contract may also include restrictions agreed to by the client and SFS based on any criteria. SFS takes the role of investor very seriously and encourages the clients to know what investments they have and treat investments as partial ownership of a company. Clients should not invest in companies that they have objections to, and SFS will honor their objections. Other than the preceding, there are no limitations on SFS's authority to choose the securities (and amount) bought and sold.

SFS recommends that its clients establish brokerage accounts at Scottrade, Inc. ("Scottrade"). Scottrade is a discount broker with consistently lower commissions for those with limited trading and smaller accounts. SFS has an advisor account with Scottrade that allows it to trade client accounts from a central platform. Scottrade does not allow SFS to withdraw client funds. Scottrade executes securities transactions at SFS's instructions and provides each client with trade confirmations as well as a detailed summary of the month's transactions, dividends, interest, and the net value of the account assets. Annual reporting for tax purposes is also handled by Scottrade. When accounts are valued in order to calculate the advisor fee, SFS relies on the pricing provided by Scottrade. This is significant for the valuation of securities that are not very liquid, but SFS has observed that usually the valuation is conservative.

Item 13 Review of Accounts

Investment Management

Each account will be reviewed at least annually. The review process involves assessing client goals and objectives and evaluating the employed strategy. At least monthly, the portfolio is checked to see if there are disparities between the actual allocations and the goals for the client. On a weekly basis, the portfolios are checked to see if any securities have reached the sell target, and the purchase lists are checked to see if any securities are below target and then ready to purchase. Additional account reviews may be triggered by a specific client request, or a change in client goals and objectives..

Reports:

Clients receive monthly reports that summarize the client's account, list all holdings, and list all transactions from their account custodian, Scottrade. Every three months SFS sends a statement showing the change in asset value, the fee calculation, a list of trades, and a list of any extreme changes in any holding. Clients may also request internal reports that SFS produces, particularly spreadsheets of transactions and balance sheets. Annually, SFS sends out a statement showing information that is useful for tax filing. SFS will also assist in tax preparation as requested by clients, especially when the client owns master limited partnership units.

Item 14 Client Referrals and Other Compensation

Client Referrals

SFS may from time to time compensate, either directly or indirectly, any person (defined as a natural person or a company) for client referrals. SFS is aware of the special considerations promulgated under Section 206(4)-3 of the Investment Advisers Act of 1940 and similar state regulations. As such, appropriate disclosure shall be made, all written instruments will be maintained by SFS and all applicable Federal and/or State laws will be observed. Clients should understand that third party solicitors have an economic incentive to recommend the advisory services of SFS.

Other Compensation

SFS advisors are licensed to sell insurance products. As such, they will be able to receive separate, yet customary commission compensation resulting from implementing insurance products transactions on behalf of clients.

Item 15 Custody

Clients will receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. The custodian holds the assets and SFS does not have access to any client holdings.

Item 16 Investment Discretion

SFS usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts, SFS follows the investment policies, limitations and restrictions of each client.

Item 17 Voting Client Securities

Since SFS does not have possession of client securities, it does not receive proxy or voting materials from companies. SFS will give recommendations if asked by clients and its recommendation will be based on the client's best interest.

Occasionally, companies might make an offer to exchange, merge, or redeem securities. SFS will make decisions based on the individual client interests. Some of the factors considered would be tax consequences, portfolio balance, liquidity, and prospects for the security. Because each situation is unique, there is no overall policy governing the situations. Clients are contacted if necessary to confirm the portfolio goals.

Item 18 Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about SFS's financial condition. SFS has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. SFS does not accept prepayment of client fees.

Item 19 Requirements for State-Registered Advisers

Scott C. Scherrer is the sole proprietor of SFS. He has been a private investor since 1975 and managed investments for his family for many years. In 2004, he earned his Series 65 license and became registered as an investment advisor in the state of Illinois. Mr. Scherrer received a Bachelor of Science in Computer Science from the University of Missouri at Rolla. He worked for 28 years as a computer analyst at Commonwealth Edison, where he designed and implemented many large and small computer systems. His last position was as a technical specialist for geographic information technology. His last project was the Geographic Information System.