Item 1 Cover Page

ProFocus Incorporated
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March 9, 2023

This brochure provides information about the qualifications and business practices of ProFocus Incorporated. If you have any questions about the contents of this brochure, please contact us at 480-598-9960, or by fax at 480-893-1149. 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. Registration as a registered investment advisor does not imply a certain level of skill or training.

Additional information about ProFocus Incorporated also is available on the SEC's website at http://www.adviserinfo.sec.gov.

Item 2 Material Changes

May 4, 2022: Item 4 was updated to disclose that ProFocus Incorporated is registered with the U.S. Securities and Exchange Commission effective on May 2, 2022.

The material changes discussed above are only those changes that have been made to this brochure since the firm's last annual update of the brochure. The date of the last annual update of the brochure was March 16, 2022.

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Item 4 Advisory Business

ProFocus Incorporated is an investment advisor firm registered with the U.S. Securities and Exchange Commission, since May 2022. Previously, ProFocus Incorporated was registered with the Arizona securities regulators, since August 1997, and the Virginia securities regulators, since May 2018.

The principal owner of ProFocus Incorporated is Michael M. Smith, Member.

Advisory Services

ProFocus Incorporated's ("ProFocus" or "Advisor") principal service is providing fee-based investment advisory services and financial planning services. The Advisor practices custom management of portfolios, on a discretionary basis, according to the client's objectives. The Advisor's primary approach is to use a tactical allocation strategy aimed at reducing risk and increasing performance. The Advisor may use exchange listed securities (especially dividend paying stocks), exchange traded master limited partnerships, ETFs, foreign securities (ADRs), corporate debt securities, commercial paper, municipal securities, and United States government securities to accomplish this objective. The Advisor may recommend, on occasion, redistributing investment allocations to diversify the portfolio in an effort to reduce risk and increase performance. The Advisor may recommend specific stocks to increase sector weighting and/or dividend potential. The Advisor may recommend employing cash positions as a possible hedge against market movement which may adversely affect the portfolio. The Advisor may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position(s) in the portfolio, change in risk tolerance of client, or any risk deemed unacceptable for the client's risk tolerance.

Financial Planning and Business Management Services

In addition to investment supervisory services, ProFocus provides Financial Planning and Business Management Services to some of its clients. The Advisor's Financial Planning services may include recommendations for portfolio customization based on their client's investment objectives, goals and financial situation. Financial Planning Services may also include recommendations relating to investment strategies as well as tailored investment advice. Business Management Services may include strategic advice on how to position companies for growth, investment advice, real estate transaction consulting, general insurance advice, and the development of strategic plans.

ProFocus will tailor its advisory services to its client's individual needs based on meetings and conversations with the client. If clients wish to impose certain restrictions on investing in certain securities or types of securities, the Advisor will address those restrictions with the client to have a clear understanding of the client's requirements.

ProFocus does not provide portfolio management services to wrap fee programs.

ProFocus manages client assets and as of December 31, 2022 had $114,000,000 in discretionary, and $0 in non-discretionary, client assets under management.

Item 5 Fees and Compensation

Asset Management Fees

Pursuant to an Investment Advisory contract signed by each client, the client will pay ProFocus an annual management fee, payable quarterly in arrears, based on the value of portfolio assets of the account on the last business day of the preceding quarter. The management fee may be adjusted to account for significant contributions or withdrawals made to the account during the quarter. New account fees will be prorated from the inception of the account to the end of the first quarter.

Management fees range from 2.0% per annum to 0.5% per annum depending on the type and complexity of the investment management strategy employed as well as the size of the account or overall client relationship. For trusts other than living trusts the minimum fee is 2.0% per annum. For clients with assets managed by ProFocus greater than $250,000, financial planning is included in the asset management fee. For clients with $250,000 or less being managed by ProFocus, any financial planning services will be invoiced at the Advisor's hourly rate described below, in addition to the asset management fee which will be charged at the negotiated rate. The minimum fee for asset management is $75/quarter. These fees may be negotiated by ProFocus at its sole discretion. Asset management fees will be directly deducted from the client account on a quarterly basis by the Custodian. The client will give written authorization permitting the Advisor to be paid directly from their account held by the custodian. The custodian will send a statement at least quarterly to the client and the Advisor will also send an invoice to the client outlining the fee calculation and the amount withdrawn from the client account.

Hourly Fee

Some clients will contract to have investment advisory advice, financial planning advice, and business management services provided based on an hourly fee. The Advisors hourly fee will be billed at a rate of $275 per hour, and may be negotiated in advance. Hourly fee-based clients are billed on a monthly basis and upon completion of work performed.

For each of the Advisor's services described above, the Client may terminate these services within five business days of the effective date of an Agreement signed with the Advisor without any payment of the Advisor's fee.

At no time will ProFocus accept or maintain custody of a client's funds or securities except for authorized fee deduction. Client is responsible for all custodial and securities execution fees charged by the custodian and executing broker-dealer. The Advisor's fee is separate and distinct from the custodian and execution fees.

Neither ProFocus nor its supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

ProFocus does not charge performance-based fees.

Item 7 Types of Clients

The Advisor will offer its services to individuals, pension and profit sharing plans, corporations and other business entities.

The Advisor's cumulative minimum account requirement for opening and maintaining an account is $100,000, and the minimum asset management fee is $75/quarter. However, the Advisor may, at its sole discretion, accept accounts with a lower value. For accounts paying the minimum annual asset management fee, the fee will not exceed 2% per annum of assets under management.

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

The Advisor utilizes fundamental analysis techniques in formulating investment advice or managing assets for clients.

Fundamental analysis of businesses involves analyzing its financial statements and health, its management and competitive advantages and its competitors and markets. Fundamental analysis is performed on historical and present data but with the goal of making financial forecasts. There are several possible objectives; to conduct a company stock valuation and predict its probable price evolution; to make a projection on its business performance; to evaluate its management and make internal business decisions and to calculate its credit risk.

The investment strategies the Advisor will implement include long-term purchases of securities held at least for one year, and short-term purchases for securities sold within a year.

Clients need to be aware that investing in securities involves risk of loss that clients need to be prepared to bear.

The methods of analysis and investment strategies followed by the Advisor are utilized across all of the Advisors clients, as applicable. One method of analysis or investment strategy is not more significant than the other as the Advisor is considering the client's portfolio, risk tolerance, time horizon and individual goals. However, the client should be aware that with any trading that occurs in the client account, the client will incur transaction and administrative costs.

Investing includes the risk that the value of an investment can be negatively affected by factors specifically related to the investment (e.g., capability of management, competition, new inventions by other companies, lawsuits against the company, labor issues, patent expiration, etc.), or to factors related to investing and the markets in general (e.g., the economy, wars, civil unrest or terrorism around the world, concern about oil prices or unemployment, etc.).

Risks of fundamental analysis may include risks that market actions, natural disasters, government actions, world political events or other events not directly related to the price or valuation of a specific company's fundamental analysis can adversely impact the stock price of a company causing a portfolio containing that security to lose value. Risks may also include that the historical data and projections on which the fundamental analysis is performed may not continue to be relevant to the operations of a company going forward, or that management changes or the business

direction of management of the company may not permit the company to continue to produce metrics that are consistent with the prior company data utilized in the fundamental analysis, which may negatively affect the Advisor's estimate of the valuation of the company.

All investments involve some degree of risk. In finance, risk refers to the degree of uncertainty and/or potential financial loss inherent in an investment decision. In general, as investment risks rise, investors seek higher returns to compensate themselves for taking such risks. Every saving and investment product have different risks and returns. Differences include how readily investors can get their money when they need it, how fast their money will grow, and how safe their money will be. The primary risks faced by investors include:

Business Risk

With a stock, you are purchasing a piece of ownership in a company. With a bond, you are loaning money to a company. Returns from both of these investments require that that the company stays in business. If a company goes bankrupt and its assets are liquidated, common stockholders are the last in line to share in the proceeds. If there are assets, the company's bondholders will be paid first, then holders of preferred stock. If you are a common stockholder, you get whatever is left, which may be nothing.

Volatility Risk

Even when companies aren't in danger of failing, their stock price may fluctuate up or down. Large company stocks as a group, for example, have lost money on average about one out of every three years. A stock's price can be affected by factors inside the company, such as a faulty product, or by events the company has no control over, such as political or market events.

Inflation Risk

Inflation is a general upward movement of prices. Inflation reduces purchasing power, which is a risk for investors receiving a fixed rate of interest. The principal concern for individuals investing in cash equivalents is that inflation will erode returns.

Interest Rate Risk

Interest rate changes can affect a bond's value. If bonds are held to maturity the investor will receive the face value, plus interest. If sold before maturity, the bond may be worth more or less than the face value. Rising interest rates will make newly issued bonds more appealing to investors because the newer bonds will have a higher rate of interest than older ones. To sell an older bond with a lower interest rate, you might have to sell it at a discount.

Liquidity Risk

This refers to the risk that investors won't find a market for their securities, potentially preventing them from buying or selling when they want. This can be the case with the more complicated investment products. It may also be the case with products that charge a penalty for early withdrawal or liquidation such as a certificate of deposit (CD).

The Advisor does not primarily recommend a particular type of security. However, clients are advised that many unexpected broad environmental factors can negatively impact the value of portfolio securities causing the loss of some or all of the investment, including changes in interest

rates, political events, natural disasters, and acts of war or terrorism. Further, factors relevant to specific securities may have negative effects on their value, such as competition or government regulation. Also, the factors for which the company was selected for inclusion in a client portfolio may change, for example, due to changes in management, new product introductions, or lawsuits.

Item 9 Disciplinary Information

Neither ProFocus nor its management persons have had any legal or disciplinary events, currently or in the past.

Item 10 Other Financial Industry Activities and Affiliations

Neither ProFocus nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither ProFocus nor any of its management persons are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

ProFocus does not currently have any relationships or arrangements that are material to its advisory business or clients with either a broker-dealer, municipal securities dealer, or government securities dealer or broker, 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), other investment advisor or financial planner, futures commission merchant, commodity pool operator, or commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer or sponsor of syndicator of limited partnerships.

Mr. Smith is also the owner or part owner of several commercial real estate properties, including Tidewater Partners Property Development, Ahwatukee Executive Office, and Maricopa Property Development. Clients of ProFocus may be co-owners in these real estate properties, which cause a conflict of interest due to Mr. Smith's interests in those properties and the receipt of compensation from them due to the services he provides to the properties. Any ProFocus client interested in participating in these real estate ventures will be advised of Mr. Smith's relationship with, and fees received from, these entities prior to commitment, and clients will not be charged any ProFocus advisory fees for their investments in the properties.

ProFocus does not recommend or select other investment advisers for clients.

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

ProFocus is an investment advisor registered with the U.S. Securities and Exchange Commission, and has adopted as an industry best practice a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the adviser. In addition, the Code of Ethics governs personal trading by each employee of ProFocus deemed to be an Access Person

and is intended to ensure that securities transactions effected by Access Persons of ProFocus are conducted in a manner that avoids any conflict of interest between such persons and clients of the adviser or its affiliates. ProFocus collects and maintains records of securities holdings and securities transactions effected by Access Persons. These records are reviewed to identify and resolve conflicts of interest. ProFocus will provide a copy of the Code of Ethics to any client or prospective client upon request.

ProFocus and/or its investment advisor representatives may from time to time purchase or sell products that they may recommend to clients, or co-invest with advisory clients in real estate projects. These activities can create conflicts of interest in certain circumstances when the interests of ProFocus and its related persons are different from its clients, or due to the receipt of additional compensation. ProFocus and/or its investment advisor representatives have a fiduciary duty to put the interests of their clients ahead of their own. To avoid these conflicts, ProFocus will not permit trading in the same securities by the firm or its related persons opposite the recommendations to clients, or trading in client accounts, within two weeks of such recommendations or trades. In circumstances where ProFocus or its related persons are co-investing with advisory clients, or where ProFocus is earning compensation from the real estate investment, advisory clients will not be charged an asset management fee for their investment in those assets. ProFocus will disclose its relationship with these real estate projects and any fees it earns from them to advisory clients prior to any investment transaction.

ProFocus requires that its investment advisor representatives follow its basic policies and ethical standards as set forth in its Code of Ethics, which includes additional policies and procedures regarding personal securities trading by supervised persons of ProFocus to ensure investment advice and recommendations are conducted in the clients' best interest.

Item 12 Brokerage Practices

If requested by the client, ProFocus may suggest brokers or dealers to be used based on execution and custodial services offered, cost, quality of service and industry reputation. ProFocus will consider factors such as commission price, speed and quality of execution, client management tools, and convenience of access for both the Advisor and client in making its suggestion. ProFocus recommends that all clients use Charles Schwab & Co., Inc., a registered broker-dealer, member SIPC, as the qualified custodian for investment supervisory services.

The custodian we use

ProFocus does not maintain physical custody of your assets, although we are deemed to have constructive custody of your assets if you give us authority to withdraw assets from your account (see Item 15 – Custody, below). Your assets must be maintained in an account at a "qualified custodian." We require that our clients use Schwab as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account or qualified account and buy and sell securities when we instruct them to. While we require that you use Schwab as custodian, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. Not all advisors require their clients to use a particular custodian selected by the advisor.

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

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

Your brokerage and custody costs
For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, many mutual funds, ETFs, and online stock and options trades) may not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab's Cash Features Program. We have determined that having Schwab execute trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How we select custodians").

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

Services that benefit you
Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require

a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

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

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

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

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

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

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

For any such products and services ProFocus receives from Schwab or other custodians, it will follow procedures which ensure compliance with Section 28(e) of the Securities Exchange Act of 1934 or applicable state securities rules. ProFocus believes that is recommendation of Schwab to be the client's custodian is in the best interest of the client based on the services provided and the fees charged.

ProFocus does not permit clients to direct brokerage.

ProFocus may combine orders into block trades when more than one account is participating in the trade. This blocking or bunching technique must be equitable and potentially advantageous for each such account (e.g. for the purposes of reducing brokerage commissions or obtaining a more favorable execution price). Block trading is performed when it is consistent with the duty to seek best execution and is consistent with the terms of ProFocus' investment advisory agreements. Equity trades are blocked based upon fairness to client, both in the participation of their account, and in the allocation of orders for the accounts of more than one client. Allocations of all orders are performed in a timely and efficient manner. All managed accounts participating in a block execution receive the same execution price (average share price) for the securities purchased or sold in a trading day. Any portion of an order that remains unfilled at the end of a given day will be rewritten on the following day as a new order with a new daily average price to be determined at the end of the following day. Due to the low liquidity of certain securities, broker availability may be limited. Open orders are worked until they are completely filled, which may span the course of several days. If an order is filled in its entirety, securities purchased in the aggregated transaction will be allocated among the accounts participating in the trade in accordance with the allocation statement. If an order is partially filled, the securities will be allocated pro rata based on the allocation statement. ProFocus may allocate trades in a different manner than indicated on the allocation statement (non-pro rata) only if all managed accounts receive fair and equitable treatment.

Item 13 Review of Accounts

The firm reviews client accounts on an annual basis, or when conditions would warrant a review based on market conditions or changes in client circumstances. Triggering factors may include ProFocus becoming aware of a change in client's investment objective, a change in market conditions, change of employment, or a change in recommended asset allocation weightings in the account that exceed a predefined guideline. Client accounts (and/or financial plans) are reviewed by Michael M. Smith, Member. Financial Plans, once prepared and delivered to the client are not reviewed again unless the client requests a financial plan be updated.

The client is encouraged to notify the Advisor and Investment Advisor Representative if changes occur in his/her personal financial situation that might materially affect his/her investment plan.

The client will receive written statements no less than quarterly from the custodian. In addition, the client will receive other supporting reports from mutual funds, asset managers, trust companies or other custodians, insurance companies, broker-dealers and others who are involved with client accounts. ProFocus does not deliver separate client statements.

Item 14 Client Referrals and Other Compensation

ProFocus is not compensated by anyone for providing investment advice or other advisory services except as previously disclosed in this Brochure.

ProFocus does not directly or indirectly compensate any person who is not a supervised person for client referrals.

Item 15 Custody

ProFocus does not have custody of client funds or securities, except for the withdrawal of advisory fees directly from client accounts. However, as noted in Item 13 above, clients will receive statements not less than quarterly from the qualified custodian. ProFocus does not provide account statements to clients except for the invoices showing the calculation of asset management fees noted in Item 5 above. Clients are urged to compare the fee invoice they receive from ProFocus with the fee information in the statement sent by the qualified custodian, and we encourage you to review the custodian statements carefully. Any discrepancies should be immediately brought to the firm's attention.

Item 16 Investment Discretion

ProFocus generally has discretion over the selection and amount of securities to be bought or sold in client accounts, as well as the broker or dealer to be used for the purchases and sales, without obtaining prior consent or approval from the client for each transaction. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the client and agreed to by ProFocus.

Discretionary authority will only be provided upon full disclosure to the client, and clients may impose limitations on the discretionary authority. The granting of such authority will be evidenced by the client's execution of an Investment Advisory Agreement containing all applicable limitations to such authority. All discretionary trades made by ProFocus will be in accordance with each client's investment objectives and goals.

Item 17 Voting Client Securities

ProFocus will not vote, nor advise clients how to vote, proxies for securities held in client accounts. The client clearly keeps the authority and responsibility for the voting of these proxies. Also, ProFocus cannot give any advice or take any action with respect to the voting of these proxies. The client and ProFocus agree to this by contract. Clients will receive proxy solicitations from their custodian and/or transfer agent.

Item 18 Financial Information

ProFocus does not require or solicit prepayment of more than $1,200 in fees per client, six months or more in advance, and is not required to file a balance sheet.

ProFocus has discretionary authority over client accounts and is not aware of any financial condition that will likely impair its ability to meet contractual commitments to clients. If ProFocus does become aware of any such financial condition, this brochure will be updated and clients will be notified.

ProFocus has never been subject to a bankruptcy petition.