

FORM CRS – CLIENT RELATIONSHIP SUMMARY
PACIFIC WEALTH STRATEGIES GROUP, INC.
JUNE 30, 2020

Pacific Wealth Strategies Group, Inc. (“PWSG,” “Firm,” “we,” “our,” or “us”) is an investment advisory firm registered with the Securities and Exchange Commission (“SEC”). Fees for brokerage and investment advisory services differ and it is important for you to understand the difference. Free and simple tools are available to research firms and financial professionals at www.Investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers, and investing.

What investment services and advice can you provide me?

For retail clients, we provide investment advisory services that include investment management services (“Investment Management Services”), and financial planning and consulting services (“Financial Planning/Consulting Services”). We determine these services based on your investment objectives, suitability information, and preferences.

Financial Planning/Consulting Services are provided on a non-discretionary basis. Non-discretionary means we provide recommendations to you and you make the ultimate decision of whether or not to implement the recommendation, including the purchase or sale of investments. Financial Planning/Consulting Services are offered to assist the client in defining personal financial consulting goals and objectives to be pursued with regards to some or all of the following areas: retirement planning, estate planning, insurance needs analysis, tax efficiency/planning, real estate analysis, children’s education planning and funding, portfolio reviews and analysis, business consulting, and divorce/legal separation issues. As part of these services PWSG will supply analyses and recommendations as to the actions and investment strategies necessary for the client to attain the above financial consulting objectives. You have the option to utilize to implement any or all of our recommendations, but you are not obligated to do so. Clients are free at all times to accept or reject any or all recommendations made by PWSG.

Ask one of our financial professionals the following questions:

Given my financial situation, should I choose an investment advisory service? Why or why not?

How will you choose investments to recommend to me?

What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?

Investment Management Services are offered on a discretionary basis and occasionally on a non-discretionary basis. Discretionary authority allows us to decide the type and amount of securities to be bought or sold for your account and when to invest, without consulting you first. We maintain this discretion until it is revoked (e.g., by termination of our agreement or upon written instruction from you). For our investment management services, we create a tailored portfolio based on your investment objectives and suitability information. When constructing your portfolio, we typically use equities, fixed income products, exchange traded funds (“ETFs”), open and closed-end mutual funds, and cash instruments. We can also recommend the use of foreign issues, warrants, corporate debt securities (other than commercial paper), commercial paper, municipal securities, variable life insurance, variable annuities, united states government securities (i.e. treasuries, T-bills, etc.), and options contracts on securities. We will review your portfolio at least on a quarterly basis. More frequent reviews can be triggered by special

situations including changes in individual circumstances, economic conditions, and changes in the stock market. We do not require a minimum investment or set conditions to maintain an investment management account with us. Please see below for more information on fees. *For further information about our services and advice please read Items 4, 7, and 8 of our Form ADV Part 2A disclosure brochure. Contact us at 805-966-7775 to request a copy or go to <https://adviserinfo.sec.gov/>.*

What fees will I pay?

For Investment Management Services, we charge an annual investment management fee up to 2%. Our fee is billed quarterly in arrears and calculated based on the closing market value of the assets under management (“AUM”) in your account on the last day of the calendar quarter. When calculating our fee, the total account value includes cash/equivalents and any margin balance. The latter creates a conflict of interest since this can result in our fee being higher. When calculating your fee, we will consider all accounts which constitute a “household” together. If you deposit or withdraw assets between billing cycles you will be assessed an investment advisory fee based only upon the number of days, the assets are in your account. Fees can be negotiable under certain circumstances and we have full discretion to waive our advisory fees in their entirety.

Ask one of our financial professionals the following questions:

Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

For Financial Planning/Consulting Services, we typically charge a fixed fee between \$2,500 and \$10,000 or an hourly rate of \$350 per hour, depending on the type, scope, and complexity of services. We will provide you with an estimated cost for Financial

Planning services with half of the payment due upon execution of your agreement with us. The fee for Financial Planning Services is negotiable based upon the estimated amount of time anticipated to complete the requested services, and the complexity of the services to be provided.

Because we charge an asset-based fee for Investment Management Services, the more assets that are in your advisory account, the more you will pay in fees. This presents a conflict of interest because the firm has an incentive to encourage you to increase the assets in your account. You will also pay additional fees to third parties in connection with your managed account. These can include (as applicable), transaction costs, retirement plan administration fees, margin interest, deferred sales charges on mutual funds, 12b-1 fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and others. You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. Although we believe our advisory fees are competitive, clients should be aware that lower fees for comparable services could be available from other sources. *More detailed information about our fees and other costs associated with investing, along with applicable conflicts can be found in Items 5, 10, and 14 of our Form ADV Part 2A disclosure brochure. Contact us at 805-966-7775 to request a copy or go to <https://adviserinfo.sec.gov/>.*

What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

Ask one of our financial professionals the following questions:

How might your conflicts of interest affect me, and how will you address them?

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here is an example to help you understand what this means: some PWSG financial professionals are also investment adviser representatives with First

Allied Advisory Services Inc., (“FAAS”), an unaffiliated registered investment adviser, and registered representatives and insurance agents with First Allied Securities, Inc. (“First Allied”), an unaffiliated broker-dealer and municipal securities adviser. At times, we will recommend investment and/or insurance products to our clients. When you obtain advisory services through FAAS, or open a brokerage account with First Allied and implement our investment product recommendation, or purchase a recommended insurance or securities product, or brokerage service, the financial professional making the recommendation will receive compensation, which can include investment advisory fees, commissions, mutual fund sales load fees, ongoing 12b-1 distribution fees, or service fees from mutual funds. This creates a conflict of interest because it gives the financial professional an incentive to recommend products and services sold through FAAS and/or First Allied. *More detailed information about our conflicts of interest can be found in Items 4, 10, 11, 12, and 14 of our Form ADV Part 2A disclosure brochure. Contact us at 805-966-7775 to request a copy or go to <https://adviserinfo.sec.gov/>.*

How do your financial professionals make money?

All investment adviser representatives of PWSG are independent contractors of PWSG. As independent contractors they offer advisory services to you as their own client with whom they have an investment advisory agreement with and are compensated by fees from your account. PWSG does have internal fee arrangements where fees are split among advisors who co-advise an account. Some of our professionals are also investment adviser representatives with FAAS, and registered representatives and licensed insurance agents with First Allied and receive compensation for these roles, including fees and commissions, as outlined above. Erin J. Neil and Jeffery Brookshire each own 50% of the PWSG corporate entity in addition to their roles as investment advisors. Additional information about the compensation received by each PWSG professional and any related conflicts of interest are outlined in each professional’s Form ADV Part 2B, which can be obtained by calling us at 805-966-7775.

Do you or your financial professionals have legal or disciplinary history?

Yes. Please go to www.Investor.gov/CRS for a free and simple search tool to research us and our financial professionals.

Ask one of our financial professionals the following questions:

Who is my primary contact person? Is he or she a representative of an investment adviser or broker-dealer? Who can I talk to if I have concerns about how the person is treating me?

Ask one of our financial professionals the following questions:

As a financial professional, do you have any disciplinary history? For what type of conduct?

Additional Information

You can obtain additional information and/or request a copy of this Form CRS by going to <https://adviserinfo.sec.gov/> or by calling us at 805-966-7775.

EXHIBIT 1
FORM CRS – SUMMARY OF MATERIAL CHANGES

The material changes in this Form CRS – Client Relationship Summary from the version filed by Pacific Wealth Strategies Group, Inc. (“PWSG,” “Firm,” “we,” “our,” or “us”) on May 22, 2020 are described below for each applicable section:

What investment services and advice can you provide me?

Updated to include additional disclosures regarding PWSG’s advisory services including: (i) information regarding discretionary versus non-discretionary services; (ii) additional information regarding our Financial Planning/Consulting Services, and Investment Management services; (iii) the types of securities we typically use when constructing your portfolio; (iv) additional information regarding the frequency of account reviews; and, (v) the fact that we do not require a minimum investment or set conditions to maintain an investment management account with us.

What fees will I pay?

Updated to include additional disclosures regarding PWSG’s advisory fees and conflicts of interest including: (i) that our fees are only calculated quarterly in arrears; (ii) when calculating our fee, the total account value includes cash/equivalents and any margin balance; (iii) when you deposit or withdraw assets between billing cycles you will be assessed an investment advisory fee based only upon the number of days the assets are in your account; (iv) fees are negotiable, and we have the sole discretion to waive fees altogether; (v) fees for Financial Planning/Consulting Services can be billed as a fixed fee between \$2,500 and \$10,000 or an hourly rate of \$350; (vi) disclosure that a conflict of interest exists because the firm has an incentive to encourage you to increase the assets in your account because the more assets that are in your advisory account, the more you will pay in fees; (vii) You will also pay additional fees to third parties in connection with your managed account; (viii) additional description of third-party fees that you can be charged by custodians, mutual funds, etc.; and, (ix) additional disclosure that although we believe our advisory fees are competitive, you should be aware that lower fees for comparable services could be available from other sources.

What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

Updated to include additional disclosures regarding PWSG’s financial professionals including: (i) some PWSG financial professionals are also investment adviser representatives with First Allied Advisory Services, Inc. (“FAAS”), an unaffiliated registered investment adviser, and registered representatives and insurance agents with First Allied Securities, Inc. (“First Allied”), an unaffiliated broker-dealer and municipal securities adviser; (ii) we will recommend investment and/or insurance products, and brokerage services for which we receive fees and commissions; and, (iii) these facts creates a conflict of interest because it gives the financial professional an incentive to recommend products and services sold through FAAS and/or First Allied.

How do your financial professionals make money?

Updated to include additional disclosures regarding PWSG’s financial professionals including: (i) all investment adviser representatives of PWSG are independent contractors of PWSG, they have an investment advisory agreement with individual clients, and are compensated by fees from your account; (ii) PWSG does have internal fee arrangements where fees are split among advisors who co-advise an account; (iv) some of our professionals are also investment adviser representatives with FAAS and registered representatives and licensed insurance agents with First Allied and receive compensation for these roles, including fees and commissions, as outlined above; (v) Erin J. Neil and Jeffery Brookshire each own 50% of the PWSG corporate entity in addition to their roles as investment advisors; and, (vi) additional information about the compensation received by each PWSG professional and any related conflicts of interest are outlined in each professional’s Form ADV Part 2B, which can be obtained by calling us at 805-966-7775.

Do you or your financial professionals have legal or disciplinary history?

This has been updated to state “Yes” because of disclosures for two of the Firm’s financial professionals; however, we do not deem these disclosures to be material. Please go to www.Investor.gov/CRS for a free and simple search tool to research us and our financial professionals.

We will ensure that you receive an amended Form CRS – Client Relationship Summary and summary of material changes within 30 days of filing an amended Form CRS. **You can obtain additional information and/or request a copy of this Form CRS by going to <https://adviserinfo.sec.gov/> or by calling us at 805-966-7775.**