

Item 1 – Cover Page

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**March 28, 2011**

**This brochure provides information about the qualifications and business practices of Focus Financial Network, Inc. If you have any questions about the contents of this Brochure, please contact us at (651) 631-8166 and/or [www.FocusFinancial.com](http://www.FocusFinancial.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 Focus Financial Network, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Any references to Focus Financial Network, Inc. as a registered investment adviser or its related persons as registered advisory representatives does not imply a certain level of skill or training.**

## **Focus Financial Network, Inc.**

### **Item 2 – Material Changes**

This is the initial disclosure brochure. Therefore, there are no material changes to disclose.

At least annually, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. Additionally, reference to the date of the last annual update to this Brochure will be provided.

# Focus Financial Network, Inc.

Item 3

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## **Focus Financial Network, Inc.**

### **Item 4 - Advisory Business**

Focus Financial Network, Inc. (hereinafter referred to as “FFN”) is an investment advisory firm offering a variety of advisory services customized to the individual needs of the client. The services are more fully described below.

FFN was established in 1993 for the purpose of filing for registration as an investment adviser. The principal owners are: William R. Bergstrom, John K Watkins, John P Layton, David K. Heitkamp, and Michael S. Dales. John H. Dritz does not have a share of ownership but serves in the capacity as a Senior Officer. Additionally, John G. Bina is not a principal owner but serves in the capacity as President and Chief Compliance Officer for FFN.

FFN is an investment adviser that consists of many independent contractors who have affiliated with FFN as Advisory Representatives to offer the advisory services programs described within this brochure. The Advisory Representatives each have their own businesses and offices through which they conduct not only advisory business but provide other financial services. The Advisory Representatives have a direct interest in the fee charged to you since FFN will pay a portion of the advisory fee charged to you to your Advisory Representative.

Advisory Representatives may offer some or all of the advisory services and programs disclosed in this brochure. The advisory fee charged to you may not exceed the fee schedules disclosed below. Further, the education, experience and skills of the Advisory Representatives vary. The fees charged by the various Advisory Representatives are not directly related to their education, experience or skill. Therefore, you are advised, your Advisory Representative may charge you more or less for services as compared to another Advisory Representative for similar services that may have more training, education and experience in the financial services area.

FFN offers the following advisory services. As previously stated, each of the services is more fully described below.

- Asset Management Programs
- Financial Planning: retirement planning, education planning,
- Analysis, Recommendation and Monitoring of Third Party Managed Programs
- Asset Allocation Services for External Pension, Profit Sharing, 401(k) and 403(b) Plan Assets

FFN’s Advisory Representatives tailor the advisory services they offer to your individual needs. You may impose restrictions and/or limitations on the investing in certain securities or types of securities.

Your Advisory Representative will require you to complete certain account opening documents and/or data gathering questionnaire. Such documents assist FFN and your Advisory Representative with obtaining information about your financial background, situation and history.

Additionally, your Advisory Representatives will meet with you and conduct an interview and data gathering session to continue the due diligence process. This process will vary with each Advisory Representative. The number of meetings will vary based on several factors, including but not limited

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to, your Advisory Representative, your time commitment, complexity of your situation, services in which you will be participating and research or other professionals involved.

The information gathered by your Advisory Representative will assist your Advisory Representative in providing you with the requested services and customize the services to your financial situation. Depending on the services you have requested, your Advisory Representative will gather various financial information and history including, but not limited to:

- Retirement and financial goals
- Investment objectives
- Investment time horizon
- Financial needs and goals and risk tolerance
- Cash flow analysis
- Cost of living needs
- Education needs
- Savings tendencies
- Other applicable financial information required by FFN in order to provide the investment advisory services requested.

As of December 31, 2010 FFN has under management on a discretionary basis client assets of \$560 million and on a non-discretionary basis \$489 million.

### **Asset Management Services**

Upon your Advisory Representative completing an analysis of your situation, your Advisory Representative will determine an asset allocation customized to your financial goals, objectives and risk tolerance.

Your Advisory Representative will provide continuous and ongoing management of your managed accounts.

Depending on your Advisory Representative and your preference, management services can be provided on a discretionary or non-discretionary basis. If you elect to have your account managed on a discretionary basis, your Advisory Representative will be granted the authority to determine the securities to be purchased and sold in your account without your prior authorization. If you elect to have your account managed on a non-discretionary basis, your Advisory Representative must obtain your prior authorization before any purchase or sale of a security. The ability to select discretionary or non-discretionary management is subject to negotiation between you and your Advisory Representative. Not all Advisory Representatives may provide the option.

Neither FFN nor your Advisory Representative will maintain custody of your funds or securities. However, FFN's management services will require you to authorize FFN to withdraw its quarterly advisory fee from your account.

Custodial services for your managed account will be offered through:

- Royal Alliance Associates, Inc. custodied at Pershing, LLC

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- Charles Schwab & Co., Inc. (“Schwab”)
- Directly with the variable company

If you select another brokerage firm for custodial and/or brokerage services you will not be able to receive asset management services from FFN. Instead, your Advisory Representative can provide you with asset allocation recommendations. However, it is your responsibility to implement.

If you select Schwab as your custodian for your account, your Advisory Representative may utilize an option through Schwab to automatically rebalancing your account when the account falls outside of certain parameters determined by your Advisory Representative. The rebalancing will occur without your prior approval. FFN does not deem the reallocation back to the original agreed upon allocation as utilizing discretionary authority since the account is simply being brought back in line with the original agreed upon allocation.

You are advised that transactions in your account, account reallocations and rebalancing may trigger a taxable event, with the exception of IRA accounts, 403(b) accounts and other qualified retirement accounts.

### **Managed Assets Program**

FFN offers the Managed Assets Program (“MAP”) to suitable clients who seek advice regarding the development of investment strategies and the selection and monitoring of independent money managers (“Managers”) and/or mutual funds (“Funds”), together with brokerage and custodial services, for a single annual asset based advisory fee. FFN provides MAP through an agreement with Royal Alliance Associates, Inc. (“Royal Alliance”), the sponsor of MAP. A copy of Royal Alliance’s Wrap Brochure will be delivered to clients in conjunction with the recommendation of MAP to clients. The services available to clients who select MAP are described in detail in Royal Alliance’s Wrap Brochure.

Clients in MAP enter into an agreement with FFN. Royal Alliance has a separate master agreement with each Manager in MAP. Royal Alliance also has a clearing service agreement with Pershing, LLC (“Pershing”), who serves as broker-dealer for securities transactions directed by Managers and custodian for assets invested by clients in MAP. Neither FFN nor Royal Alliance exercises investment discretion over assets allocated to Managers; rather, each Manager acts as a discretionary Adviser for the assets assigned to that Manager by clients in MAP. FFN may execute non-discretionary reallocation transactions for assets allocated to Funds. Clients direct Royal Alliance, as broker-dealer, to effect transactions for MAP assets designated by clients to be invested in Funds.

FFN will utilize the research services provided through MAP to assist the clients in selection of one or more Managers from among those Managers who have been approved and signed agreements with Royal Alliance. Clients will receive information concerning each recommended Manager and will have the opportunity to approve the selections. Clients will also receive an Investment Policy Statement identifying all Managers selected to manage client’s investment portfolios and the amount of fees payable to each Manager and Royal Alliance.

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Quarterly performance reports will be provided to clients identifying the securities held in the Account and analyzing the performance of the account for the quarter. In the event that FFN determines that one or more Managers are not performing in accordance with expectations or are no longer appropriate for clients based on each client's circumstances and objectives, FFN will recommend that a Manager be terminated and/or replaced with another Manager. FFN will review the recommendation with the client, and the client will make the final determination whether to terminate or replace the Manager.

The Managers selected by clients will typically direct all transactions in client Accounts through Royal Alliance or Pershing. However, Managers may trade with brokers other than Royal Alliance or Pershing in order to achieve best execution, obtain a wider variety of issues and/or to take advantage of favorable mark-ups or markdowns. Transactions through brokers other than Royal Alliance or Pershing may result in additional commission or transaction charges to the clients.

In evaluating a wrap fee arrangement, clients should recognize that FFN does not negotiate brokerage commissions for the execution of transactions in clients' accounts. Transactions are effected "net" (that is, without commission), and a portion of the wrap fee is generally considered as being in lieu of commissions. When consistent with best execution, trades are to be executed with the broker dealer participating in the wrap fee MAP. Depending upon the level of the wrap fee, the amount of portfolio activity in a client's Account, the value of custodial and other services provided under MAP, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately.

### **VISION2020 Advisor Program**

The Program provides comprehensive investment management of client assets through the provision of asset allocation planning software as well as execution, clearing and custodial services. With respect to its asset allocation services, the Program utilizes Ibbotson and Associates to provide clients access to risk tolerance assessment, efficient frontier plotting, fund profiling and performance data, as well as portfolio optimization and re-balancing tools.

The Program may be offered by FFN on a discretionary or non-discretionary basis. In a discretionary account, the Independent Advisory Representative may purchase or sell load waived, no-load mutual funds and other equity and debt securities for Accounts, without obtaining specific client approval for each transaction. In a non-discretionary account, the Independent Advisory Representative will only purchase or sell securities, which have been approved by clients in advance.

The Program is sponsored by Royal Alliance Associates, Inc. As Program sponsor, Royal Alliance has created a *Program Brochure*, which will be distributed to clients prior to or concurrent with their engagement in the Program. Clients should read it thoroughly before investing.

The Program is offered as a "Wrap Account" which bundles *Advisory*, *Administrative*, and *Transaction Charges* into one asset-based fee. Alternatively, the *Transaction Charges* can be unbundled from the *Advisory* and *Administrative* fees.

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### **Genworth Financial Wealth Management (“GFWM”)**

You will complete a questionnaire to enable you and your Advisory Representative to identify more clearly your risk tolerance and rate of return objectives in the context of the GFWM Platform. Additionally, the questionnaire will provide information concerning your investment experience, anticipated need for liquidity, potential timing of the need for retirement funds, and other investment needs and parameters.

GFWM makes a number of different Investment Solutions available through the GFWM Platform. These include a variety of asset allocations created by Portfolio Strategists, and comprised of (i) open-end mutual funds, (ii) Exchange Traded Funds (ETFs), which are baskets of securities, tracking a wide variety of market indexes, that are traded as individual securities on a national exchange, (iii) variable annuity sub-accounts with certain variable annuity issuers, and (iv) individual securities for Consolidated Managed Accounts.

You may be able to select from various Privately Managed Account Investment Solutions, including a Consolidated Managed Account (“CMA”), or a Unified Managed Account (“UMA”). Each of these Investment Solutions is discussed in more detail in The GFWM Platform Disclosure Brochure.

GFWM establishes and will periodically review and confirm or adjust the guidelines provided to the institutional investment management firms, referred to as Portfolio Strategists (“Portfolio Strategists”), who create the asset allocations under each of the Risk/Return Profiles. The Portfolio Strategists used in mutual fund, ETF, variable annuity and CMA Accounts are selected by GFWM in order to provide a wide range of investment options and philosophies. In constructing their asset allocations, each of the Portfolio Strategists will generally utilize either strategic (passive) or tactical (active) asset allocation.

Under the Adviser Arrangement, your Advisory Representative reviews the Portfolio Strategists', investment managers' and investment management firms' decisions and recommends to you investment options based on such analysis.

You should refer to the GFWM Wrap Brochure for complete information regarding the GFWM Platform including details about all Platform-related fees.

### **SEI Financial Services Company**

FFN offers an asset allocation program (the “Program”) through SEI Financial Services Company (“SEI”). The Program is for long-term investing with differing strategies for allocating assets in share of no-load and load-waived mutual funds.

Your Advisory Representative will assist you to select an asset allocation model best suited to your investment objectives and risk tolerance. You may accept, reject or modify asset allocations. The Program attempts to work toward your investment objectives through the application of modern portfolio theory, asset allocation and ongoing investment management.



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SEI will provide model asset allocations for clients based on its capital market research. SEI develops and maintains a full range of dynamic asset allocation portfolios that fall along the efficient frontier. SEI has created asset allocation programs using mutual funds investing in stocks, bonds, and cash in order to try to meet varying client objectives.

SEI incorporates a formal rebalancing program to control risk. Rebalancing recommendations are generally made automatically if the underlying funds are out of the prescribed quarterly allocation by greater than a 2% variance. You will grant FFN and your Advisory Representative authorization to rebalance your account periodically. You are advised that redemptions and exchanges among the mutual funds may result in taxable events for which capital gains taxes may apply.

You maintain full and complete ownership rights and ability to vote securities and/or receive a monthly report from SEI reflecting all transactions in the account for the preceding month. SEI Trust Company will provide custodial services for the account pursuant to the custodial agreement signed by you. SEI Trust Company will provide at least quarterly statements to showing all account activity. Advisory fees are deducted from your account on a quarterly basis in accordance with the client agreement. Fees are calculated on a calendar quarter based on the average daily balance of funds in the client's portfolio.

### **FTJ FundChoice, LLC**

FFN offers you asset management services through a third party manager, FTJ FundChoice, LLC. Your Advisory Representative will assist you with evaluating your financial situation and assist you in determining the suitability of FTJ FundChoice's service. Your Advisory Representative will be available to answer questions you may have regarding your account and act as the communication conduit between you and FTJ FundChoice. FFN is independently owned and not affiliated in any way with FTJ FundChoice.

Factors that FFN considers in recommending FTJ FundChoice include the client's stated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

The terms and conditions under which you shall engage FTJ FundChoice shall be set forth in separate written agreements between (1) you and FFN and (2) you and FTJ FundChoice.

FTJ FundChoice offers several management options. You and your Advisory Representative may elect to utilize FTJ FundChoice's management program whereby FTJ FundChoice will manage your account and determine the securities to be purchased and sold. Your Advisory Representative will not directly conduct any securities transactions on your behalf or participate directly in the selection of the securities to be purchased or sold. Investment decisions are made by FTJ FundChoice in accordance with the agreement between you and FTJ FundChoice. As stated below, you will be charged a fee by FTJ FundChoice for management services and a fee by FFN for monitoring and review.

FTJ FundChoice also offers a management program whereby your Advisory Representative will develop a customized portfolio based on your investment objectives, risk tolerance and investment profile. Your Advisory Representative will determine the securities to be purchased and sold and

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when to execute the purchases and sales within your account. Additionally, your Advisory Representative will determine when to rebalance the account or revise the allocation of the account. Transactions will be conducted on a discretionary basis as deemed appropriate by your Advisory Representative (i.e. client will not receive prior notice of securities transactions). However, under no circumstances shall FFN or your Advisory Representative have the authority to withdraw funds or securities from your account, with the exception of deduction of FFN's advisory fee.

You will be provided a copy of FTJ FundChoice's Disclosure Brochure which will explain additional information about the program. It is important you read the FTJ FundChoice's disclosure brochure.

### **Asset Allocation Services for External Pension, Profit Sharing, 401(k) and 403(b) Plan Assets**

As part of a financial planning analysis and engagement, you may engage your Advisory Representatives to recommend an asset allocation for your company retirement plan based on available investment options. However, because such assets are custodied outside of the control of Royal Alliance and FFN, you will be responsible for accepting and implementing the recommendations. Further, FFN will not provide continuous supervisory or portfolio monitoring services for such accounts or receive ongoing asset-based compensation.

In order to receive ongoing review and asset allocation recommendations it is your responsibility to provide your Advisory Representative with current statements of your account.

### **Financial Planning Services**

FFN offers a variety of financial planning services as described below. The types of planning services will vary based on your Advisory Representative.

The specific types of financial planning advice and services to be provided will be stated in the contract between you and FFN. The types of financial planning advice available include, but are not be limited to:

- Asset Allocation recommendations aimed at addressing your financial and tax status and risk/reward goals and objectives
- Tax Planning Illustrations
- Estate Planning Illustrations
- Employee Benefit Planning
- Insurance advice; this advice will be provided at no charge to the Client where prohibited by state statute
- Accumulation Planning
- Retirement Planning Illustrations
- Cash Flow Analysis
- Debt Analysis

Generally, planning services will involve the preparation of an analysis attempting to address your financial circumstances and objectives. The analysis may include present and anticipated assets and liabilities, insurance needs, savings, investments and anticipated retirement or other employee benefits. The analysis may include recommendations and a plan of actions to be taken.

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Additionally, you may engage FFN for ongoing financial planning and consulting services on an annual basis. You will have access to FFN and your Advisory Representative at any time during the year upon your request. Services will include a financial analysis, updates to the financial cost analysis as requested by you, and consultation services upon your request during the applicable year's period.

Financial plans and analysis are based on your financial situation at the time and are based on financial information disclosed by you to your Advisory Representative. You are advised that certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. However, past performance is in no way an indication of future performance. FFN and your Advisory Representative cannot offer any guarantees or promises that your financial goals and objectives will be met. Further, you must continue to review any plan and update the plan based upon changes in your financial situation, goals, or objectives or changes in the economy. Should your financial situation or investment goals or objectives change, you must notify your Advisory Representative promptly of the changes.

### **General Information**

Clients are advised the investment recommendations and advice offered by FFN are not legal advice or accounting advice. Client should coordinate and discuss the impact of financial advice with their attorney and/or accountant. Client is advised that it is necessary to inform FFN promptly with respect to any changes in the client's financial situation and investment goals and objectives. Failure to notify FFN of any such changes could result in investment recommendations not meeting the needs of the client.

### **Item 5 - Fees and Compensation**

#### **Asset Management Services**

Fees are negotiable and are not based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds.

Advisory fees will be charged in advance of each calendar quarter based upon the value of your portfolio on the last business day of the just completed calendar quarter. The initial fee and fees for accounts opened for a partial quarter will be determined and calculated as follows:

- The initial advisory fee will be based on the value of your account upon establishment of the account (i.e. when all expected funds and assets have been received into the account). Advisory fees for accounts opened on a day other than the first day of the calendar quarter or closed on a day other than the last business day of the calendar quarter will be prorated based on the number of days remaining in the quarter.
- *Accounts Custodied at Pershing* – Some securities purchased in accounts custodied at Pershing may have distribution fees associated with the products. Such fees are often referred to as 12b-1 fees. 12b-1 fees will be credited back to your account (qualified and non-qualified accounts). Therefore, your Advisory Representative will not earn a 12b-1 fee and an advisory fee.

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You may make additions to the account or withdrawals from the account.

- *Accounts Custodied at Pershing* – Advisory fees for additional assets deposited into the account or partial withdrawals from the account will be prorated and you will be issued a credit or charged the prorated fee on deposits.
- *Accounts Custodied at Schwab* – No advisory fee adjustments will be made for additional assets deposited into the account (i.e. no pro-rated fees charged) or for partial withdrawals from the account (i.e. no pro-rated fee credit).
- No fee adjustments will be made for account appreciation or depreciation.

The advisory fees payable upon initial implementation of the account and for all subsequent periods will be collected directly from your managed account. You will be provided with an account statement reflecting the deduction of the advisory fee directly from the account custodian. If your account does not contain sufficient funds to pay advisory fees, FFN has limited authority to sell or redeem securities in sufficient amounts to pay advisory fees. You may reimburse the account for advisory fees paid to FFN, except for ERISA and IRA accounts.

Fees are negotiable and are not based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds. Advisory fees are in accordance with the following fee schedule. Your fee will be determined and customized depending on several factors including but not limited to the complexity of the client, number of meetings, size of the portfolio, type of management requested (active or static), travel, reporting requirements, planning services, type of managed portfolio (mutual funds, bonds, general securities, etc.), and the Advisory Representative.

Account Size	Maximum Annual Fee
\$0 to \$249,999	1.00% - 2.00%
Next \$250,000 to \$499,999	0.875% - 1.90%
Next \$500,000 to \$999,999	0.750% - 1.75%
Next \$1,000,000 to \$1,999,999	0.500% - 1.50%
Next \$2,000,000 +	0.250% - 1.25%

In addition to the advisory fees above, you will pay transaction fees for securities transactions executed in your account in accordance with the custodian's transaction fee schedule. Additionally, you may pay fees for custodial services, account maintenance fees, transaction fees, and other fees associated with maintaining the managed account. Such fees are not charged by FFN and are charged by the product, broker/dealer or account custodian. FFN does not share in any portion of such fees. Additionally, you will pay your proportionate share of the fund's management and administrative fees and sales charges as well as the mutual fund adviser's fee of any mutual fund they purchase. Such advisory fees are not shared with FFN and are compensation to the fund-manager. You should read the mutual fund prospectus prior to investing.

Should you custody your assets at Pershing, the transaction charges are paid to Pershing and are partially retained by Pershing for its clearance and execution services. Furthermore, a portion of the transaction fee will be paid to Royal Alliance for its services as a broker/dealer. These transaction charges represent the only payment to Royal Alliance and Pershing for their services. Transaction charges assessed by Schwab are not shared with Royal Alliance.

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### **Termination Provisions**

You may terminate investment advisory services obtained from FFN, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with FFN. You will be responsible for any fees and charges incurred from third parties as a result of maintaining the account such as transaction fees for any securities transactions executed and account maintenance or custodial fees. Thereafter, you may terminate investment advisory services upon FFN's receipt of your written notice to terminate. Should you terminate investment advisory services during a quarter, you will be issued pro-rata refund upon your written request for a refund of the advisory fee for the quarter up to the date of termination.

### **Managed Assets Program**

Clients will pay a single fee based on the value of assets in the Account typically ranging from 2.40% to 2.75% for equity accounts and 1.70% to 2.00% for fixed income accounts, subject to negotiation. This fee covers fees payable to FFN, Royal Alliance, each Manager's fees and Pershing's brokerage and custodial fees for the Account. FFN's portion of the fee will range to a maximum of 1.55% for equity accounts and 1.15% for fixed income accounts based on the size of the account. FFN has an incentive to recommend the advisory programs disclosed in this Schedule F since FFN will receive an advisory fee. Program fees are subject to negotiation. Fees are paid quarterly, in advance, based on the value of a client's account on the last day of the previous quarter. A specific fee will be offered to each client based on the size of the client's account and the fees charged by the Manager(s) selected by the client. Clients should refer to Royal Alliance's Program Brochure for more detailed information about the fees and the program.

Brokerage fees of brokers other than Royal Alliance or Pershing, mark-ups and mark-downs (if any), Securities and Exchange Commission fees and exchange fees, transfer taxes, odd lot differentials, mutual fund short-term redemption fees, margin interest, and electronic funds or wire transfer fees, are not included in Program wrap fee, and will be paid by clients.

The Custodian will debit the Account for payment of all fees owed to FFN, Royal Alliance, Pershing, the selected Managers and any other brokers utilized by Managers to conduct trading in the Account. Clients will receive a bill showing the amount of each fee, the value of the assets on which the fee is based, and the specific manner in which the fee is calculated. Clients will also receive a quarterly statement indicating all amounts disbursed from the Account, including the amount of the fees paid to each service provider from the Account.

The services provided by Managers are under certain conditions available directly to investors from those Managers. The fees charged by Managers to clients, who contract directly for their services may be more or less, than the combined fees charged by FFN and Royal Alliance for Program. However, clients using the services of Managers would not receive FFN's assistance in developing an investment strategy, selecting Managers, monitoring performance of the Account, and making changes as necessary by the Managers.

Portions of clients' Accounts may be invested in Funds, which may include money market funds as "sweep" vehicles for funds that are not invested at the end of a day's trading. Mutual funds and money market funds charge fees and expenses, which are described in each Fund's prospectus, and

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will generally include a management fee, other fund expenses, and a possible distribution fee. These fees and expenses are in addition to the fees charged by FFN and Royal Alliance. Accordingly, clients should review both the fees charged by any funds in which clients' assets are invested and the fees charged for Program to fully understand the total amount of fees to be paid by the clients and to thereby evaluate the advisory services provided.

### Termination Provisions

Each client signing a Program Agreement will have a period of five (5) business days from the date of signing the Agreement to unconditionally rescind the Agreement and receive a full refund of all fees paid at signing. The Agreement may thereafter be terminated by FFN or the client upon seven (7) days' prior written notice. Upon termination of the Agreement, clients will receive a prorated refund of any unearned fees for the quarter upon written request for a refund.

### VISION2020 Advisor Program

Total Account Fees will range to a maximum of 2.50% in the Wrap Program. Asset-based fees will also range to a maximum of 2.50% in the Unbundled Program; however, clients will pay separate transaction charges. FFN's portion of the wrap program fee will be based on the following and is negotiable with the client.

<u>Total Account Value</u>	<u>Maximum Annual Fee</u>
\$100,000 to \$249,999	2.100%
\$250,000 to \$499,999	1.875%
\$500,000 to \$749,999	1.650%
\$750,000 to \$1,249,999	1.425%
\$1,250,000 to \$1,999,999	1.200%
\$2,000,000 to \$4,999,999	0.975%
\$5,000,000 to \$24,999,999	1.000%
Over \$25,000,000	0.775%

The complete schedule of Program fees is set forth in the *Program Brochure* created by Royal Alliance and provided by FFN to its clients prior to or concurrent with their engagement in the Program.

### Genworth Financial Wealth Management ("GFWM")

Fees are payable quarterly, in advance, based on assets under management using the following fee schedule. Clients may terminate GFWM accounts at any time and receive a full pro-rata refund of any unearned fees. The fee will be determined and customized for each client depending on several factors including but not limited to the complexity of the client, number of meetings, size of the portfolio, number of reviews, type of management requested (active or static), travel, reporting requirements, planning services, type of managed portfolio (mutual funds, bonds, general securities, etc.), and experience of the advisory representative.

<u>Account Size</u>	<u>Maximum Annual Fee</u>
\$0 to \$249,999	1.00% - 2.00%
Next \$250,000 to \$499,999	0.875% - 1.90%
Next \$500,000 to \$999,999	0.750% - 1.75%
Next \$1,000,000 to \$1,999,999	0.500% - 1.50%

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Next \$2,000,000 +

0.250% - 1.25%

### Termination Provisions

You may terminate GFWM and FFN's services in accordance with the terms of the GFWM agreement. Further, details of termination provisions are disclosed in the GFWM wrap brochure.

### SEI Financial Services Company

You will be charged a quarterly fee at the end of each calendar quarter based upon the value of the account on the last business day of the calendar quarter. Advisory fees are negotiable and are not based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds. In the event the account is opened on a day other than the first day of the calendar quarter or closed on a day other than the last day of the calendar quarter, advisory fees will be prorated based on the number of days during the calendar quarter during which the account was open. If the account was opened during the last ten (10) days of the calendar quarter, the advisory fee for the prorated number of days for which the account was opened will be charged at the end of the next full calendar quarter. Additional deposits to the account will be subject to the same billing procedures. Advisory fees are in accordance with the fee schedule below.

Your fee will be determined based on several factors, including but not limited to, the complexity of your situation, number of meetings, size of the portfolio, number of reviews, type of management requested (active or static), travel, reporting requirements, planning services, type of managed portfolio (mutual funds, bonds, general securities, etc.), you're your Advisory Representative.

<u>Account Size</u>	<u>Maximum Annual Fee</u>
\$0 to \$249,999	1.00% - 2.00%
Next \$250,000 to \$499,999	0.875% - 1.90%
Next \$500,000 to \$999,999	0.750% - 1.75%
Next \$1,000,000 to \$1,999,999	0.500% - 1.50%
Next \$2,000,000 +	0.250% - 1.25%

In addition to the advisory fees above, you may incur charges imposed by SEI in connection with investments made through the SEI Program such as SEI fund management fees, administrative servicing fees, SEI account maintenance fees, and other fees charged by SEI or the custodian for any IRA or qualified retirement account. Information regarding charges and fees assessed by SEI is further disclosed in the SEI Fund prospectus and in the SEI Client Agreement.

### Termination Provisions

You may terminate the Program within five (5) business days of your execution of the advisory agreement without penalty. Thereafter, you may terminate upon FFN's or your Advisory Representative's receipt of your written notice to terminate. You will be responsible for a prorated portion of the advisory fee for the quarter up to the date of termination. Refunds of prepaid fees will be calculated from the date of receipt of your written notice to terminate to the end of the quarter.

## Focus Financial Network, Inc.

### FTJ FundChoice, LLC

The investment management fees charged by FTJ FundChoice are exclusive of, and in addition to, FFN's investment advisory fee set forth below. FFN's fee will be based upon a percentage of the market value of the assets being managed by FTJ FundChoice. FTJ FundChoice will deduct its fee and FFN's fee from your account and submit to FFN its portion of the fee.

#### FFN's Fee Schedule

<u>Account Size</u>	<u>Maximum Annual Fee</u>
\$0 to \$249,999	1.00% - 2.00%
Next \$250,000 to \$499,999	0.875% - 1.90%
Next \$500,000 to \$999,999	0.750% - 1.75%
Next \$1,000,000 to \$1,999,999	0.500% - 1.50%
Next \$2,000,000 +	0.250% - 1.25%

You are advised fees for programs offered through FTJ FundChoice may be higher or lower than if client directly obtained the services of the third party manager or if you obtained advisory services separately.

In addition to FFN's advisory fee, you will pay a fee to FTJ FundChoice based on its fee schedule disclosed in its disclosure brochure which will be provided by your Advisory Representative. You should read the disclosure brochure carefully.

### **Asset Allocation Services for External Pension, Profit Sharing, 401(k) and 403(b) Plan Assets and Financial Planning Services**

Client is advised that fees for planning services are strictly for planning services. Therefore, client may pay fees and/or commissions for additional services obtained such as asset management or products purchased such as securities or insurance.

FFN offers you several fee payment options. You and your Advisory Representative will select and negotiate a payment option.

Generally, hourly fees will be used for limited services and limited consulting services. Fixed fees will generally be quoted for planning services. Annual consulting fees are utilized if you elect to have ongoing services and access to your Advisory Representative at any time. Annual consulting fees will be charged for ongoing asset allocation services for external pension, profit sharing, 401(k) and 403(b) plan services.

Fees are negotiable and based on the nature and complexity of your circumstances. As previously stated, each Advisory Representative determines their fee not to exceed the fee schedules below. You may obtain advisory services from another FFN Advisory Representative for a lower cost. Further, there may be other FFN Advisory Representatives who have more experience, training and education and charge fees more or less than the Advisory Representative you have selected. Additionally, you are advised similar advisory services may be available from other Investment Advisers for lower fees.



## **Focus Financial Network, Inc.**

than FFN's fee schedules.

1. Fixed Fee - \$250 to \$5,000

In addition to the variables stated above, the determination of a fee will take into consideration the number of areas for which analysis and planning services will be provided, number of meetings, amount of research required, and staff resources needed. Furthermore, the experience of the Advisory Representative may be a factor.

2. Hourly Fee - \$50 to \$250 per hour

Hourly fees will be determined based on the anticipated need of staff resources, reports you request, travel required, meetings required, and special requests such as after business hour meetings. Furthermore, the experience of the Advisory Representative may be a factor. An estimate of the total hours anticipated will be determined at the start of the advisory relationship. Should additional time be needed as a result of a change in direction of the service or the situation becoming more complex than originally believed, you will be presented a status of the project and an amendment to the anticipated time and cost.

### Fixed and Hourly Fees

Half (50%) of the quoted or estimated fee will be due upon signing the Advisory Agreement with the balance (based on actual hours for hourly fees) due upon presentation of the plan, analysis and/or recommendations. Services will be presented and completed within 90 days of the execution of the Advisory Agreement, provided all information needed to prepare the financial plan has been promptly provided by you. Advisory fees are for the analysis only and services are deemed completed upon presentation of the plan or analysis.

3. Annual Consulting and Financial Planning and Asset Allocation Services for External Pension, Profit Sharing, 401(k) and 403(b) Plan Services - \$100.00 to \$10,000.00

Your Advisory Representative will provide review and asset allocation recommendations of client's 401k accounts, updated annual plan, updated annual retirement projections, year-end tax advice and ongoing access to your Advisory Representatives. Fees will be determined based on the particular services provided, complexity of your situation and portfolio, number of accounts being monitored, number of meetings, and staff resources. Furthermore, the experience of the Advisory Representative may be a factor. The annual fee will be stated and agreed upon between you and your Advisory Representative in advance. Fees for an annual financial planning service agreement will be payable quarterly in advance (i.e. one-quarter of the fee will be due each calendar quarter).

### **Termination Provisions**

You may terminate advisory services, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with FFN. Thereafter, you may terminate advisory services upon FFN's receipt of your written notice to terminate. Should you terminate advisory services prior to completion of the services, you will be issued a pro-rata refund of the advisory fee based on the services provided and time invested by Focus Financial. Annual fees paid on a quarterly basis in advance will be refunded on a prorated basis and based on the number of days remaining in the quarter.

## Focus Financial Network, Inc.

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

This section is not applicable to FFN since FFN does not charge performance based fees to clients.

### Item 7 - Types of Clients

FFN's services are geared toward:

- Individuals both high net worth (i.e. clients with a net worth of \$1,500,000) and other than high net worth
- Pension and profits sharing plans and other qualified plans
- Trusts, estates, or charitable organizations
- Corporations and other business entities

#### *Minimum Account Size Requirements*

SEI Financial Services Company	The minimum account size requirement is generally \$150,000.
GFWM Platform	Account size requirements depend upon the Investment Solution chosen. Generally, the minimums are \$50,000 for Mutual Fund and Variable Annuity accounts and \$100,000 for ETF Accounts and from \$50,000 to \$500,000 for Privately Managed and Unified Managed Accounts, depending on the investment strategy selected for the account, as described in more detail in the Schedule H Platform Disclosure Brochure. Accounts below these minimums may be accepted on an individual basis at the discretion of FFN and the Platform sponsor.

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

Advisory Representatives conduct economic analysis and attempt to analyze and determine the trends. Additionally, Advisory Representatives conduct fundamental analysis. Fundamental analysis generally involves assessing a company's or security's value based on factors such as sales, assets, markets, management, products and services, earnings, and financial structure.

Advisory Representatives will conduct technical market analysis and technical trend following. Technical analysis generally involves studying trends and movements in a security's price, trading volume, and other market-related factors in an attempt to discern patterns.

Mutual funds may be selected on the basis of any or all of the following criteria: performance history; the industry sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives, management style and philosophy; and the fund's management fee structure. Each client's individual needs and circumstances will determine the initial portfolio weighting.

## **Focus Financial Network, Inc.**

FFN Advisory Representatives primarily use open-ended mutual funds purchased at net asset value (NAV), no-load and load waived mutual funds, exchange traded funds (ETFs), and variable products. However, managed accounts are not exclusively limited to the aforementioned investments and may include stocks and bonds. The selection of securities varies based on your Advisory Representative and what is deemed appropriate for your managed portfolio.

The risks with mutual funds include the costs and expenses within the fund that can impact performance, change of managers, and fund straying from its objective. Open ended mutual funds do not typically have a liquidity issue and the price does not fluctuate throughout the trading day. The risks with ETFs, stocks, bond or other exchange traded security is the affect of market fluctuation and the need to have market to buy or sell the securities. Variable products have the risk of trading restrictions, changes to the options to subaccounts, internal costs and expenses and the illiquidity of the product.

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

Advisory Representatives' strategy will be to seek long-term portfolio growth while providing you access to personal advisory services. Your Advisory Representative will not attempt to manage short-term market fluctuations with active trading (market timing, etc.). However, your Advisory Representative may reallocate the portfolio as necessitated by large-scale macro-economic changes in the securities markets.

FFN does not represent, warrantee or imply that the services or methods of analysis used by your Advisory Representative can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to major market corrections or crashes. Past performance is no indication of future performance. No guarantees can be offered that your goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by your Advisory Representative will provide a better return than other investment strategies.

### **Item 9 - Disciplinary Information**

There is no reportable disciplinary information that is material to your evaluation of FFN or the integrity of its management.

### **Item 10 - Other Financial Industry Activities and Affiliations**

Advisory Representatives are dually registered as an advisory representative of FFN and as registered representatives with Royal Alliance Associates, Inc. ("Royal Alliance") for purposes of transacting securities business on a commission basis. FFN is not affiliated with Royal Alliance for any purpose. Royal Alliance's principal business is as a full service general securities broker-dealer registered with the Securities Exchange Commission, FINRA, and various other regulatory bodies. Additionally, Royal Alliance is a registered investment adviser and provides access to Third Party Investment Advisory Services. In that regard, FFN's Advisory Representatives may be registered with Royal Alliance's Investment Adviser for the provision of Third Party Advisory Services and products.

## **Focus Financial Network, Inc.**

Clients are under no obligation to purchase or sell securities through Advisory Representatives. However, if they choose to implement the plan, commissions may be earned in addition to any fees paid for advisory services. Commissions may be higher or lower at Royal Alliance than at other broker/dealers. Advisory Representatives may have a conflict of interest in having clients purchase securities and/or insurance related products through Royal Alliance in that the higher their production with Royal Alliance the greater potential for obtaining a higher pay-out on commissions earned.

Although Royal Alliance maintains supervisory responsibilities over FFN's Advisory Representatives, Royal Alliance does not control FFN with respect to the conduct of its Investment Advisory activities or management of FFN. Notwithstanding, because the Advisory Representatives are dually registered agents of Royal Alliance and FFN, Royal Alliance has certain supervisory and administrative duties pursuant of the requirements of FINRA Conduct Rule 3040.

In that regard, Royal Alliance will require and furnish certain account opening documentation to be completed by you and your Advisory Representative. Once all such materials and forms have been completed in consultation with your Advisory Representative, the Advisory Representative is required to submit these materials and forms to Royal Alliance for its review and approval, in its capacity as the Broker/Dealer of record. Such review does not include the provision of investment advisory services to Clients. In certain instances, Royal Alliance will collect, as paying agent for FFN, the investment advisory fee due FFN from the account custodian. Royal Alliance will retain a portion as an administrative charge to FFN (not you) for functions Royal Alliance is required to carry out by the FINRA. Royal Alliance does not provide investment advisory services in connection with such programs.

FFN is a licensed insurance agency. Additionally, Advisory Representatives are associated with various insurance companies as licensed insurance agents. Advisory Representatives may recommend insurance products offered by an insurance company represented by FFN. If you purchase these products through Advisory Representatives of FFN, normal commissions will be received. Commissions from insurance products are separate and distinct from advisory fees. Thus, a conflict exists between Advisory Representatives and you. While the insurance business is not a significant business, because of the conflict of interest in having a client purchase insurance products through him, this disclosure is provided to clients.

FFN attempts to mitigate the conflicts of interest with the potential receipt of commissions if recommendations are implemented by providing you with these disclosures. Further, you are encouraged to consult other professionals and may implement recommendations through other financial professionals. Furthermore, as a registered representative with Royal Alliance, Advisory Representatives are subject to a supervisory structure at Royal Alliance for their securities business.

As discussed above, FFN has entered into arrangements with various third party managers to offer you management options. Should you select one or more of the programs offered by third party managers, FFN and your Advisory Representative will receive a portion of the compensation you pay for participation in the programs. You are advised the programs are generally more expensive than other asset management options. However, for the cost, you receive the services of an investment professional. Thus, you have a team of professionals providing you services. FFN and your Advisory

## **Focus Financial Network, Inc.**

Representative's receipt of compensation as a result of your participation in the program creates a conflict of interest. There may be other third party manager programs that are as suitable or more suitable for a lower cost. However, FFN and your Advisory Representative may not receive a portion of such compensation.

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

FFN, its Advisory Representatives and its associated persons may buy or sell securities identical to those securities recommended to you. Therefore, FFN, its Advisory Representatives and/or its associated persons may have an interest or position in certain securities that are also recommended and bought or sold to you. FFN, its Advisory Representatives and its associated persons will not put their interests before your interest. FFN, its Advisory Representatives and its associated persons may not trade ahead of you or trade in such a way to obtain a better price for them than for you.

FFN is required to maintain a list of all securities holdings for its Advisory Representatives and associated persons and develop procedures to supervise the trading activities of Advisory Representatives and associated persons who have knowledge of your transactions and their related family accounts at least quarterly. Further, Advisory Representatives and other associated persons of FFN are prohibited from trading on non-public information or sharing such information.

You have the right to decline any investment recommendation. FFN, its Advisory Representatives and its associated persons are required to conduct their securities and investment advisory business in accordance with all applicable Federal and State securities regulations.

### **CODE OF ETHICS**

FFN has a fiduciary duty to you to act in your best interest and place your interests first and foremost. FFN takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as FFN's policies and procedures. Further, FFN strives to handle your non-public information in such a way to protect information from falling into hands that have no business reason to know such information and provides clients with FFN's Privacy Policy. As such, FFN maintains a code of ethics for its Advisory Representatives, supervised persons and staff. The Code of Ethics contains provisions for standards of business conduct in order to comply with federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about your transactions. Further, FFN's Code of Ethics establishes FFN's expectation for business conduct. A copy of our Code of Ethics will be provided to you upon request.

### **Item 12 - Brokerage Practices**

As previously stated, Advisory Representatives of FFN are registered representatives of Royal Alliance. As a result they are subject to FINRA Conduct Rule 3040 which may restrict your Advisory Representative from conducting securities transactions away from Royal Alliance unless Royal Alliance provides the Advisory Representative with written authorization. Certain Advisory Representatives have obtained approval to offer clients the ability to maintain accounts through Royal Alliance at its clearing firm or through Schwab Institutional division of Charles Schwab & Co., Inc.

## **Focus Financial Network, Inc.**

("Schwab"), a registered broker/dealer, member SIPC. FFN is independently owned and operated and not affiliated with Schwab or Royal Alliance.

You are advised that not all investment advisers require clients to maintain accounts at a specific broker/dealer. You are further advised you may maintain accounts at another broker/dealer. However, the services provided by FFN will be limited to only advice and will not include implementation. If you select another brokerage firm for custodial and/or brokerage services, you will not be able to receive asset management services from FFN.

In initially selecting Royal Alliance and Schwab, FFN conducted due diligence. FFN's evaluation and criteria included ability to service clients, staying power as a company, industry reputation, ability to report to clients, trading platform, products and services available, technology resources, and educational resources.

Periodically, FFN will review alternative broker/dealers and custodians in the marketplace to ensure Royal Alliance and Schwab and its custodians are meeting FFN's duty to provide best execution for client accounts. The review will include a comparison to Royal Alliance and Schwab which involve evaluating criteria such as overall expertise, cost competitiveness and financial condition. The quality of execution by Royal Alliance and Schwab will be reviewed through trade journal evaluations. However, best execution does not simply mean the lowest transaction cost. Therefore, no single criteria will validate nor invalidate a custodian, but rather, all criteria taken together will be used in evaluating the currently utilized custodian.

Additionally, product sponsors such as variable and investment companies and limited partnerships which are recommended to clients may provide support to Advisory Representatives. Such support includes research, educational information, and monetary support for due diligence trips and client events.

You are advised there is an incentive for FFN and its Advisory Representatives to recommend a broker/dealer over another based on the products and services that will be received rather than your best interest.

### Schwab

Schwab provides FFN with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge so long as a total of at least \$10 million of FFN's clients' assets is maintained in accounts at Schwab Institutional. Further there is no other contingent upon FFN committing to Schwab any specific amount of business (assets in custody or trading). Schwab's services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For FFN's clients' accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

## **Focus Financial Network, Inc.**

Schwab makes available to FFN other products and services that benefit FFN but may not benefit its clients' accounts. Some of these other products and services assist FFN in managing and administering clients' accounts. These include software and other technology that provide access to client account data, such as trade confirmation and account statements; facilitate trade execution and allocation of aggregated trade orders for multiple client accounts; provide research, pricing information and other market data; facilitate payment of FFN's fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of FFN's accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional also makes available to FFN other services intended to help FFN manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services rendered to FFN by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to FFN. While as a fiduciary, FFN endeavors to act in its clients' best interests, and FFN's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to FFN of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab which may create a potential conflict of interest.

From time-to-time FFN may make an error in submitting a trade order on your behalf. When this occurs, Advisor may place a correcting trade with the broker-dealer which has custody of your account. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, it is not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax reasons). If the gain does not remain in your account and Charles Schwab & Co. Inc. ("Schwab") is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, Advisor will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

### Royal Alliance

Royal Alliance has a wide range of approved securities products for which Royal Alliance performs due diligence prior to selection. Fuss's registered representatives are required to adhere to these products when implementing securities transactions through Royal Alliance. Commissions charged for these products may be higher or lower than commissions clients may be able to obtain if transactions were implemented through another broker/dealer. Royal Alliance also provides Advisory Representatives and FFN, with back-office operational, technology, and other administrative support. Other services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. Such services are intended to help Advisory Representatives and FFN to manage and further develop their business enterprise.

Royal Alliance and its clearing broker/dealer, Pershing, LLC also make available to FFN other products and services that benefit FFN but may not directly benefit its clients' accounts. Some of these

## **Focus Financial Network, Inc.**

other products and services assist FFN with managing and administering client accounts. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); facilitate trade execution; provide research, pricing information and other market data; facilitate payment of FFN's fees from its clients' accounts; and assist with back-office functions; recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of FFN 's accounts, including accounts not held through Royal Alliance.

Advisory Representatives as Registered Representatives may receive trail commissions (i.e. 12b-1 fees) for a period of time as a result of directing securities transactions through Royal Alliance. Load and no-load mutual funds may pay annual distribution charges, sometimes referred to as 12b-1 fees. 12b-1 fees come from fund assets, therefore, indirectly from client assets. 12b-1 fees may be initially paid to Royal Alliance and a portion passed to the Advisory Representative of record. The receipt of such fees could represent an incentive for your Advisory Representative to recommend funds with 12b-1 fees over funds that have no fees or lower fees. As a result, there is a potential conflict of interest.

### **Item 13 - Review of Accounts**

#### *Asset Management Services*

Reviews of not less than at least annually or as agreed by client and your Advisory Representative will be provided for participation in asset management programs and services. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. Your Advisory Representative will monitor for changes or shifts in the economy, changes to the management and structure of a mutual fund or company in which your assets are invested, and market shifts and corrections.

You are advised that you must notify your Advisory Representative promptly of any changes to your financial goals, objectives or financial situation as such changes may require your Advisory Representative to review the portfolio allocation and make recommendations for changes.

You will be provided statements or reports at least quarterly direct from the account custodian. Additionally, clients you will receive confirmations of all transactions occurring within your account direct from the account custodian.

No other reports are provided by FFN. You may negotiate reporting with your Advisory Representative. Clients should compare the report with statements received direct from the account custodian. Should there be any discrepancy the account custodian's report will prevail.

#### *Financial Planning Services*

You will not receive regular reviews or reports unless you specifically request reviews. FFN recommends you have at least an annual review and update to any plan, analysis or recommendation. The time and frequency of the reviews are solely up to you. Additionally, you will be charged review fees based on the fee schedule disclosed under the program. Other than the initial plan or analysis, there will be no other reports issued.



## Focus Financial Network, Inc.

### Item 14 - Client Referrals and Other Compensation

Product vendors recommended by FFN or your Advisory Representative may provide monetary and non-monetary assistance with client events, provide educational tools and resources. FFN and your Advisory Representative do not select products as a result of any monetary or non-monetary assistance. The selection of product is first and foremost. FFN's and your Advisory Representative's due diligence of a product does not take into consideration any assistance it may receive. Therefore, this is not considered a conflict of interest but a benefit for you, your Advisory Representative and FFN.

FFN may pay referral fees (non-commission) to independent solicitors (non-registered representatives) for the referral of clients to FFN in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. Such referral fee represents a share of FFN's asset-based investment advisory fee. The amount of fee paid to the Solicitor is determined between the Advisory Representative and the Solicitor. This arrangement will not result in higher costs to the client.

In this regard, FFN maintains *Solicitor Agreements* as required by Rule 206 (4)-3 of the Investment Advisers Act of 1940. All applicable federal and state laws will be observed. Clients referred by Solicitors to FFN will be given written disclosure describing the terms and fee arrangements between FFN and its Solicitor(s).

### Item 15 - Custody

With the exception of deduction of FFN's advisory fees from your accounts for asset management services, FFN does not take custody of clients' funds or securities. As previously stated, you will receive account statements not less than quarterly reflecting the fee deducted from your account.

### Item 16 - Investment Discretion

FFN offers management services on either:

- a) Non-discretionary account basis; or  
Your Advisory Representative does not have the authority to determine, without obtaining your specific oral or written consent, the securities to be bought or sold; the amount of securities to be bought or sold; the broker or dealer to be used; or the commission rates paid.
- b) Discretionary account basis  
Your Advisory Representative will direct, in your Advisory Representative's sole discretion and without first consulting you, the investment or reinvestment of the assets in your account.

You are advised that not all Advisory Representatives are authorized to manage client accounts on a discretionary basis. You and your Advisory Representative determine and agree upon the authority your Advisory Representative will have when managing your account.

You may terminate discretionary authorization at any time upon your Advisory Representative's

## **Focus Financial Network, Inc.**

receipt of your written notice to terminate discretionary authority. Additionally, you are advised that:

- 1) You may set parameters with respect to when account should be rebalanced and set trading restrictions or limitations;
- 2) Your Advisory Representative must obtain your written consent to establish any mutual fund, variable annuity, or brokerage account;
- 3) FFN and your Advisory Representative do not have the authority to determine the broker or dealer to be used or the commission rates paid.
- 4) Discretionary authorization will not extend to the withdrawal of your funds or securities, with the exception of payment of FFN's advisory fee.

### ***GFWM Program***

With respect to the GFWM Platform, an asset allocation program more fully described in Schedule H, model portfolios composed by a group of independent investment strategists ("Portfolio Strategists") are offered under the Platform, with the different model allocations designed to satisfy a gradient of risk/return objectives. The Portfolio Strategists have no direct relationship with FFN or you, make no analysis of and do not consider your individual circumstances or objectives, and do not tailor the model asset allocation to any specific need, circumstances or objectives, but only to the stated risk/return objectives.

FFN assists you in selecting the risk/return objective and Portfolio Strategist that best suit your objectives. You then specifically direct the account to be invested in accordance with the chosen asset allocation. When you select the asset allocation, you further direct that the account be automatically adjusted to reflect any adjustment in the asset allocation by the selected Portfolio Strategist. This client authorization results in the purchase and sale of certain mutual funds or ETFs (or transfers between variable annuity sub-accounts) without further authorization by you or any other party at such time as the Portfolio Strategist changes the composition of the selected model asset allocation. You will receive confirmation of all transactions in the account. You are free to terminate participation in the Platform and retain or dispose of any assets in the account at any time. FFN has no authority to cause any purchase or sale of securities in your account, or change the selected model asset allocation or to direct the account to be invested in any manner other than as previously authorized.

### **Item 17 - Voting Client Securities**

FFN and your Advisory Representative do not vote your securities.

### **Item 18 - Financial Information**

FFN will not require clients to prepay more than \$1,200 and six or more months in advance of receiving the advisory service.

### **Item 19 - Requirements for State Registered Advisers**

This section is not applicable to FFN. FFN is not state registered. FFN is registered with the Securities and Exchange Commission.