

First Savings Financial Services, Inc.

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Part 2A of Form ADV: Brochure

Item 1: Cover Page

This brochure provides information about the qualifications and business practices of First Savings Financial Services, Inc. If you have any questions about the contents of this brochure, please contact us at (800) 626-1027. 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 does not imply a certain level of skill or training.

Additional information about First Savings Financial Services, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Brochure Effective Date: March 30, 2012

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Item 2: Summary of Material Changes

The following items have been changed since the most recent prior brochure:

The level of Assets under management shown on page 6 and page 20 has been updated to show the December 31, 2011 figure - \$295,864,746.

In Item 4, “Advisory Services Offered” has been amended to state:

“FSFS manages client portfolios which typically consist of no load (or load waived) open-end mutual funds, but which may also include other securities including but not limited to stocks (common and preferred), bonds (convertible, high-yield, government, corporate, collateralized, and other), and notes or bills issued by the United States Treasury.”

Item 5 has been amended to include an explanation of the existing fee laddering:

“All fees are ladderred, which means that where the assets in an Account exceed the lowest range of values shown on the fee schedule applicable to the client’s account, the fee percentage shown next to each range will be charged on the amount of assets falling within that range.

For example:

Range of Value	Fee Percentage
\$0 - \$100,000	4%
\$100,000 - \$200,000	2%

If a fee schedule for a client is as shown in the example above, and the Account value is \$150,000 at the end of the relevant quarter, the fee charged for the following quarter will be (\$100,000 x 4% = \$4,000) plus (\$50,000 x 2% = \$1,000), for a total of \$5,000 over a year, or \$1,250 in the particular quarter. (This example assumes no additions or withdrawals of assets during the quarter.) The fee schedule shown is only an example for illustrative purposes. The actual fees applicable to the Account are set forth in the investment management agreement between FSFS and the client.”

In Item 12, “Aggregating Orders” has been amended entirely to the following: “Client trades in equities and fixed income securities may be blocked with transactions for other advisory clients to achieve better pricing and commission costs. Partially filled orders will be allocated on a pro-rata basis. In the event that a pro-rata bond allocation is not possible, allocation will be made in a fair and reasonable manner among clients, generally as follows: (A) First calculate a pro-rata allocation. (B) Knock out of the allocation those clients whose need for a bond investment is less than five bonds. (C) Reallocate the bonds that are unallocated as a result of (B), assigning them first to clients who would otherwise receive less than five bonds, then pro-rata among all remaining clients in the allocation.”

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In Item 17, “Proxy Voting” has been amended to add the following new sentence: “FSFS may require the client to vote proxies with respect to specific securities or types of securities held in an account; FSFS will accomplish this by changing the address on file with the account custodian, to which proxies relevant to the specific securities or types of securities are sent, to be the client’s address of record.”

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Item 4: Advisory Business

Description of the Firm

First Savings Financial Services, Inc. ("FSFS") was incorporated in Pennsylvania in 2009. FSFS is a wholly owned subsidiary of FSB Mutual Holdings, Inc.; there are intermediate subsidiaries in the hierarchy of ownership between the two companies. In 2009, FSFS acquired the investment advisory business of Papalia Asset Management, Inc., and registered with the United States Securities and Exchange Commission (the "SEC") as an investment advisor.

Papalia Asset Management, Inc. or its predecessor firm, Papalia Financial Services, Inc., had also been registered with the SEC, and provided investment advisory services since 2002. After the 2009 acquisition, the officers and employees of Papalia Asset Management, Inc. continued to perform the same functions for FSFS.

FSFS uses "Papalia Asset Management" as a business name.

Advisory Services Offered

FSFS provides a combination of investment services based on the client's individual goals and circumstances. FSFS manages client portfolios which typically consist of no load (or load waived) open-end mutual funds, but which may also include other securities including but not limited to stocks (common and preferred), bonds (convertible, high-yield, government, corporate, collateralized, and other), and notes or bills issued by the United States Treasury. FSFS also assists clients with the selection of other independent investment advisers for the management of additional securities portfolios.

Investment Portfolios

FSFS manages client portfolios primarily consisting of mutual funds based on the individual needs and goals of the client. FSFS will also recommend stocks, bonds, and exchange-traded funds for management portfolios, as appropriate. (FSFS may offer investment advice on any investments held by a client at the start of the advisory relationship.) Through personal discussions in which goals and objectives based on a client's particular circumstances are established, FSFS develops a client's personal investment policy and determines with the client an appropriate risk tolerance model. Once the appropriate model has been determined, FSFS will manage the client's assets on a continuous basis within the parameters of the model. FSFS manages ultra conservative, very conservative, conservative, balanced, moderate, growth and income, growth, aggressive, and aggressive growth models. Additional customized portfolios of stocks, preferred stocks and individual bonds and mutual funds may also be managed by FSFS.

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As necessary, FSFS will also rebalance the portfolio on a quarterly basis, based on the portfolio's goal and each client's individual needs. Each client will have the opportunity to place reasonable restrictions on investing in certain securities or types of securities to be held in the portfolio.

Clients should notify FSFS in writing with respect to changes in the client risk tolerance, investment objectives, and/or any significant tax, financial or other changes which may impact FSFS management of the client portfolio.

FSFS also offers advice with respect to equity securities (including exchange-listed securities and securities traded over-the-counter), corporate debt securities (other than commercial paper), certificates of deposit, municipal securities, investment company securities (including variable life insurance, variable annuities, and mutual fund shares), and United States governmental securities.

Separately Managed Accounts

For those clients that it believes will benefit from a separately managed account, FSFS will recommend an independent adviser from among those that participate in various programs, including, but not limited to:

1. the Managed Account Connection Program sponsored by Charles Schwab & Co. through its Schwab Institutional Enterprise ("Schwab"); and
2. the Separate Managed Account Program sponsored by Fidelity Institutional Brokerage Group.

Additional programs may be considered based on the client's needs. FSFS will review the investment style, strategy and techniques of the managers participating in each program and recommend managers that are suitable for clients, in terms of the clients' financial goals and risk tolerance. Clients will enter into separate management agreements with any selected programs and advisers for management services, which the independent managers will generally provide on a discretionary basis.

Pension Planning Services

FSFS also offers several advisory services separately or in combination to pension, profit sharing and 401(k) plans. FSFS will prepare written investment policy statements (IPS) stating needs and goals and encompassing a policy under which these goals are to be achieved. The IPS will also list the criteria for selection of investment vehicles and the procedures and timing interval for monitoring of investment performance. FSFS will review various investments, generally consisting of mutual funds (both index and actively managed) to determine which of these

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investments are appropriate to implement the client's IPS. The number of investments to be recommended will be determined by the client, based on the Investment Policy Statement.

For pension, profit sharing and 401(k) plan clients wherein there are individual accounts with participants exercising control over assets in their own account ("self-directed plans"), FSFS also provides quarterly educational support and investment workshops designed for the Plan participants. The nature of the topics to be covered will be determined by FSFS and the client under the guidelines established by ERISA.

Financial Planning

FSFS also provides advice in the form of a personal financial plan. Clients purchasing this service will receive a written report, providing the client with a detailed financial plan designed to achieve their stated financial goals and objectives.

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

- **Personal:** Family records, budgeting, personal liability, estate information and financial goals.
- **Tax & Cash Flow:** Income tax and spending analysis and planning for past, current and future years. FSFS will illustrate the impact of various investments on a client's current income tax and future tax liability.
- **Death & Disability:** Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.
- **Retirement:** Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.
- **Investments:** Analysis of investment alternatives and their effect on a client's portfolio.
- **Business Succession and Wealth Transfer:** Analysis of investment vehicles, trusts, and other methods estate tax minimization techniques.

FSFS gathers required information through in-depth personal interviews. Information gathered includes a client's current financial status, future goals and attitudes towards risk. Related documents supplied by the client are carefully reviewed, including a questionnaire completed by the client, and a written report is prepared. Should a client choose to implement the recommendations contained in the plan, FSFS suggests the client work closely with his/her

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attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

Wrap Fee Programs

FSFS does not participate in wrap fee programs by providing portfolio management services.

Assets Under Management

As of December 31, 2011, FSFS managed \$295,864,746 on a discretionary basis, and managed \$0 on a non-discretionary basis.

Item 5: Fees and Compensation

Compensation for Advisory Services

The annual fee for investment services will be charged as a percentage of total client assets managed by FSFS or on which FSFS advises the selection of separate account managers. The basic fee schedule is the following:

Assets under Management	Annual Fee (%)
Up to \$250,000	1.50%
\$250,001 to \$500,000	1.25%
\$500,001 to \$1,000,000	1.00%
\$1,000,001 to \$3,000,000	0.90%
\$3,000,001 to \$5,000,000	0.80%
\$5,000,001 to \$10,000,000	0.70%
\$10,000,001 to \$20,000,000	0.60%
Over \$20,000,001	0.50%

The basic fee schedule for 401k plan services including daily valuations is the following:

Assets	Annual Fee (%)
Up to \$500,000	1.50%
\$500,001 to \$1,000,000	1.25%
\$1,000,001 to \$3,000,000	1.00%
\$3,000,001 to \$5,000,000	0.90%
\$5,000,001 to \$10,000,000	0.80%
\$10,000,001 to \$20,000,000	0.70%
\$20,000,001 to \$50,000,000	0.60%
Over \$50,000,000	0.50%

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For example:

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FSFS will quote an exact percentage to each client based on both the nature and total dollar value of that account. Fees may vary among clients based on the allocation of assets between FSFS's own management services and the selection of independent investment managers. FSFS's basic fee schedule has changed from time to time, and certain clients have remained subject to FSFS's previous fee schedule.

In certain circumstances, fees may be negotiable.

Method of Fee Payment

FSFS invoices clients in advance at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account at the end of the previous quarter.

Separate Mutual Fund Fees

All fees paid to FSFS for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. A client could invest in a mutual fund directly, without the services of FSFS. In that case, the client would not receive the services provided by FSFS which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by FSFS to fully

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understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Short Term Trading Fees: FSFS may utilize funds which have short term redemption fees imposed by the fund family; custodians may also charge such fees for shares held less than 90 days. In managing client assets, FSFS attempts to minimize or avoid such fees whenever possible. However, circumstances may make it necessary to incur such charges.

Separately Managed Account Fees

Similarly, clients participating in separately managed accounts are charged various program fees in addition to the advisory fees charged by FSFS. Such program fees include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker dealer, the amount of portfolio activity in the client's account, the value of custodial and other services which are provided under the arrangement, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. FSFS will review with clients any separate program fees that may be charged to clients.

Financial Planning Fees

Financial planning fees will be charged in one of two ways:

1. On an hourly basis, at a rate of \$150 per hour. An estimate for total hours will be determined at the start of the advisory relationship, however, the total fee will be based on actual hours; or
2. As a fixed fee, based on the services requested by the client.

50% of any estimated or fixed fee may be due upon signing the advisory agreement, with the balance due upon presentation of the plan to the client.

Typically, a financial plan will be presented to the client within 90 days of the contract date, provided that all information needed to prepare the financial plan has been promptly provided by the client.

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Brokerage Fees

Clients will incur commissions, mark up/mark downs, and other transaction-related or asset based fees for securities trades that are executed through the respective broker-dealers or that settle into accounts at the respective broker-dealers.

For further information, see below at Item 12, Brokerage Practices.

Fees at Termination

A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

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

Neither FSFS nor its supervised persons accept performance-based fees. (Such fees are based on a share of capital gains on or capital appreciation of the assets of a client.)

Item 7: Types of Clients

The types of clients to whom FSFS generally provides investment advice include individuals, high net worth individuals, pension and profit sharing plans, charitable organizations, and corporations or other businesses.

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

FSFS uses Modern Portfolio Theory to emphasize the identification of an appropriate risk tolerance and asset allocation. FSFS does not attempt to manage short-term market fluctuations and emphasizes a buy and hold approach. Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is never a guarantee of future results.

Methods of Analysis/Investment Strategies

In 1990 H. Markowitz and W. Sharpe won the Nobel Prize in Economics based on their study and development of Modern Portfolio Theory. In their study, Markowitz and Sharpe's Modern Portfolio Theory (MPT) attempted to develop optimum portfolios that could be tailored to individual needs and control risk through the attempted maximization of the risk / return tradeoff.

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In their study, it became apparent that the major factor effecting long-term returns was the asset allocation selection. This factor alone contributed over 90% of the overall return. It far outweighed the other all other factors including both Security Selection (at slightly over 4%), and Market Timing (at just under 2%), which were the other most important factors.

The study focused on three data factors: 1) Expected Return, 2) Standard Deviation (measure of risk), and 3) Correlation (how each asset class relates with another). By combining them into an “efficient” portfolios (which maximized the risk/return tradeoff) for any given risk level an efficient frontier is created. This efficient frontier line represents the efficient portfolios and any portfolio below this is either taking on too much risk for the given level of return or vice versa not getting enough return for their given level of risk (It should be noted, that it is theoretically impossible to have a portfolio above the efficient frontier).

What this study and theory basically points to is that by diversifying asset classes with different correlations into a structured portfolio, it is possible to maximize the risk / return tradeoff. It also suggests that the longer the time horizon the narrower the expected returns bell shaped curve, as the portfolios fluctuations are smoothed. This would create more predictability in how the portfolio should perform longer term, leading to less potential “surprises”. Through this diversification process, it may be possible to reduce or eliminate unsystematic risk, even though the diversification will generally not reduce systematic risk.

Putting aside the different approaches to asset allocation (Strategic / Tactical / Dynamic etc), and Rebalancing / Repositioning, diversification among different asset classes is needed in order to take full advantage of MPT. The asset classes can be broken down in stages. First would be the breakdown between Cash, Fixed, and Equities. The next breakdown would be to break down Fixed into different categories including Government / Corporate Bonds etc., and Equities in Large Cap and Small Cap etc. A further distinction could be created by separating the assets by style (for example Large Growth versus Large Value). Finally, sub asset classes could be analyzed and reviewed to create additional diversification based on their differing correlations (i.e. – Large Growth has both Consistent Earnings and Earnings Momentum).

FSFS selects mutual funds on the basis of any or all of the following criteria: the fund's performance history; the industry sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives; the fund's management style and philosophy; and the fund's management fee structure. Portfolio weighting between funds and market sectors will be determined by each client's individual needs and circumstances. Clients retain individual ownership of all securities.

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Material Risks Involved in Modern Portfolio Theory

There are risks in any investment strategy, including MPT. One risk is connected to volatility, the change in a security's price, or in its returns over time. It is used to measure the risk of a financial instrument over a specified time period. Volatility changes over time, and can vary greatly during periods of strong upturns or downturns in the overall securities markets. Due to volatility, especially during periods such as the market tumult of 2008, a manager cannot blindly apply MPT to a portfolio. Instead, the manager should seek to identify red flags as early as possible, and should over-ride MPT on a tactical level in an attempt to compensate for unusual spikes in volatility.

Material Risks of Mutual Fund Investments

While FSFS approach to diversifying asset classes attempts to maximize the overall risk / return tradeoff of the client's portfolio, clients need to be aware of material risks both with respect to the portfolio as a whole and with respect to investments in specific mutual funds.

All funds carry some level of risk. A client may lose some or all of the money the client invests — the client's principal — because the securities held by a fund go up and down in value. Dividend or interest payments may also fluctuate as market conditions change.

The first time FSFS invests a client's money in a particular mutual fund, the client will receive the fund's prospectus from the custodian. The client should be sure to read the prospectus and shareholder reports to learn about the fund's investment strategy and the potential risks. (The client should read any updated prospectus and/or shareholder reports when received. Most fund families maintain websites with the most current information, including updated prospectuses and/or shareholder reports; FSFS recommends that clients regularly check such websites for changes to relevant information relevant to client investments.) Funds with higher rates of return may take risks that are beyond the client's comfort level and are inconsistent with the client's financial goals. (FSFS may include such funds in an allocation which, on the whole, is intended to take risks that are within the client's comfort level and are consistent with the client's financial goals.)

Most mutual funds fall into one of three main categories — money market funds, bond funds (also called "fixed income" funds), and stock funds (also called "equity" funds). Each type has different features and different risks and rewards. Generally, the higher the potential return, the higher the risk of loss.

Money Market Funds

Money market funds have relatively low risks, compared to other mutual funds (and most other investments). By law, they can invest in only certain high-quality, short-

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term investments issued by the U.S. government, U.S. corporations, and state and local governments. Money market funds try to keep their net asset value (NAV) — which represents the value of one share in a fund — at a stable \$1.00 per share. But the NAV may fall below \$1.00 if the fund's investments perform poorly. Investor losses have been rare, but they are possible.

Money market funds pay dividends that generally reflect short-term interest rates, and historically the returns for money market funds have been lower than for either bond or stock funds. That's why "inflation risk" — the risk that inflation will outpace and erode investment returns over time — can be a potential concern for investors in money market funds.

Bond Funds

Bond funds generally have higher risks than money market funds, largely because they typically pursue strategies aimed at producing higher yields. Unlike money market funds, the SEC's rules do not restrict bond funds to high-quality or short-term investments. Because there are many different types of bonds, bond funds can vary dramatically in their risks and rewards. Some of the risks associated with bond funds include:

Credit Risk — the possibility that companies or other issuers whose bonds are owned by the fund may fail to pay their debts (including the debt owed to holders of their bonds). Credit risk is less of a factor for bond funds that invest in insured bonds or U.S. Treasury bonds. By contrast, those that invest in the bonds of companies with poor credit ratings generally will be subject to higher risk.

Interest Rate Risk — the risk that the market value of the bonds will go down when interest rates go up. Because of this, a client can lose money in any bond fund, including those that invest only in insured bonds or Treasury bonds. Funds that invest in longer-term bonds tend to have higher interest rate risk.

Prepayment Risk — the chance that a bond will be paid off early. For example, if interest rates fall, a bond issuer may decide to pay off (or "retire") its debt and issue new bonds that pay a lower rate. When this happens, the fund may not be able to reinvest the proceeds in an investment with as high a return or yield.

Stock Funds

Although a stock fund's value can rise and fall quickly (and dramatically) over the short term, historically stocks have performed better over the long term than other

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types of investments — including corporate bonds, government bonds, and treasury securities.

Overall "market risk" poses the greatest potential danger for investors in stocks funds. Stock prices can fluctuate for a broad range of reasons — such as the overall strength of the economy or demand for particular products or services.

Not all stock funds are the same. For example:

Growth funds focus on stocks that may not pay a regular dividend but have the potential for large capital gains.

Income funds typically invest in stocks that pay regular dividends.

Index funds aim to achieve the same return as a particular market index, such as the S&P 500 Composite Stock Price Index, by investing in all — or perhaps a representative sample — of the companies included in an index.

Sector funds may specialize in a particular industry segment, such as technology or consumer products stocks.

Item 9 Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of FSFS advisory business or the integrity of its management.

Item 10 Other Financial Industry Activities and Affiliations

Brokerage Services

Officers and associated persons of FSFS are also officers and registered representatives of First Savings Securities, Inc., ("FSS") a FINRA member broker under common control with FSFS which does business as "Papalia Securities." FSS also shares office space with FSFS.

Clients may engage FSS, at their discretion, to implement certain securities transactions for which FSS and its representatives will receive commission compensation. FSS's services are not utilized for the management of investment advisory portfolios described above, or separately managed account and pension planning services. However, FSFS may make advisory recommendations that include financial planning or other investment goals that may be implemented through securities transactions with FSS rather than as part of an investment management account with FSFS.

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Clients are under no obligation to engage affiliated companies when considering implementation of financial planning or other advisory recommendations. The implementation of such all recommendations is solely at the discretion of the client. While FSFS and its advisory representatives endeavor at all times to put the interest of the clients first as part of FSFS's fiduciary duty, clients should be aware that the receipt of compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

Insurance and Pension Services

FSFS is also licensed to receive insurance commissions in the State of Pennsylvania and a number of other states, provides business planning and tax services, and acts as a third party pension administrative service provider. Mark Papalia, the President of FSFS, spends a majority of his time on these other business activities. Some of the same employees provide FSFS's advisory services, insurance services and third party pension administrative services. FSFS' services may also include estate planning, and succession planning for businesses.

In providing various services to clients, however, FSFS and its affiliated persons have an incentive to recommend the various services to clients and their judgment may be influenced. The various services, in some instances, are closely related. Clients, however, are under no obligation to act upon any recommendations made by FSFS or its affiliated persons regarding the use of each various service.

FSFS may receive 12b-1 fees on certain pension plan assets to which it provides services. Please see Item 14 (Client Referrals and Other Compensation) below describing fee offset procedures regarding 12b-1 fees.

Banking Services

FSFS is a directly owned as a wholly owned subsidiary of First Savings Bank, Perkasi, PA, a Pennsylvania chartered stock savings bank (the "Bank"). Clients of FSFS may hold accounts at the Bank, but those are not managed by FSFS. Neither FSFS nor any of its officers or employees directly or indirectly hold client funds or securities held in such accounts, have any authority to obtain possession of client funds or securities held in such accounts, or any authority to appropriate such funds or securities. The directors of FSFS may so hold or have such authorities, but only in the normal course of their individual capacities as directors, officers, and/or employees of the Bank, or because in their respective individual capacities they are the client or are so connected to the client, i.e. as executor for an estate of a family member which holds an account at the Bank.

Investments managed by FSFS are not FDIC Insured, May Lose Value, have No Bank Guarantee, are Not A Deposit, and are not Insured by any Federal Government Entity.

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

Code of Ethics

FSFS has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. FSFS's Code of Ethics adopts the standards of the CFA Institute's Code of Ethics and Standards of Professional Conduct. FSFS's Code of Ethics also governs the trading of securities by access persons of FSFS. Individuals associated with FSFS may buy or sell securities for their personal accounts identical to or different than those recommended to retirement plan clients. It is the expressed policy of FSFS that no person employed by FSFS shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of advisory clients.

FSFS implements a five business day trading restriction in which access persons may not trade in the same security as FSFS clients. FSFS also prohibits the purchase and sale of private placements and IPO's by access persons.

FSFS's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While FSFS does not believe that it has any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity. FSFS is not affiliated with an investment company or other publicly traded security.

To supervise compliance with its Code of Ethics, FSFS requires that anyone associated with this advisory practice with access to advisory recommendations provide annual securities holdings reports and quarterly transaction reports to the firm's Chief Compliance Officer. While mutual fund shares are not required to be reportable securities under the applicable federal rules, FSFS requires the full reporting of securities transactions by access persons in these investments based on FSFS's business practices.

FSFS requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to termination.

FSFS will provide a copy of the FSFS Code of Ethics to any client or prospective client upon request.

Recommendations Where FSFS/Related Persons Have a Material Financial Interest

From time to time, FSFS and/or related persons recommend the purchase or sale of securities to advisory clients for which FSFS and/or a related person has a sales interest (other than the receipt of sales commissions as a broker or registered representative of a broker-dealer).

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Recommendations Where FSFS/Related Persons Are Also Invested

From time to time, FSFS and/or related persons may invest in the same securities (or related securities, e.g., warrants, options or futures) that FSFS or a related person recommends to clients. Such transactions by FSFS and/or related persons for their own respective accounts constitute a conflict of interest in that the recommendations may be influenced by a desire to favorably move the price or improve the volume of transactions with respect to such investments. FSFS review of annual securities holding reports and quarterly transaction reports described above are intended to eliminate this conflict.

Transactions/Recommendations Where FSFS/Related Persons Transact

From time to time, FSFS and/or related persons may recommend securities to clients, or buy or sell securities for client accounts, at or about the same time that FSFS or a related person buys or sells securities for FSFS' own (or the related person's own) account. Such transactions by FSFS and/or related persons for their own respective accounts constitute a conflict of interest in that such transactions could be done in advance of the recommendations provided to clients, or in advance of transactions done with respect to client investments. FSFS trading restrictions described above are intended to eliminate this conflict.

Item 12 Brokerage Practices

The Custodian and Brokers We Use

FSFS ("we"/"our") does not maintain custody of your assets that we manage, although we may be deemed to have 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," generally a broker-dealer or bank. We require that our clients use one of three broker-dealers - Charles Schwab & Co., Inc. ("Schwab"), Fidelity Brokerage Services, Inc. ("Fidelity"), and TD Ameritrade Investor Services, Inc. ("TDA"), each of which is a registered broker-dealer, member SIPC - as the qualified custodian. (These three broker-dealers are referred to below individually as a "custodian" and collectively as "custodians.") A custodian will hold your assets in a brokerage account and buy and sell securities when we instruct them to. These custodians provide FSFS with access to their institutional trading and custody services, which are necessary for FSFS's management of investment portfolios and which are typically not available to retail investors.

We are independently owned and operated and are not affiliated with any custodian.

While we require that you use one of the three above-mentioned firms as custodian, you will decide whether to do so and will open your account with the custodian of your choice by

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entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. Not all advisors require their clients to use particular broker-dealers or other custodians from a group selected by the advisor. Even though your account is maintained at a particular custodian, we can still use other brokers to execute trades for your account as described below (see “*Your Brokerage and Custody Costs*”).

How We Select Brokers/Custodians

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

- 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, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see “*Products and Services Available to Us From Custodians*”)

Your Brokerage and Custody Costs

For our clients’ accounts maintained at a custodian, the custodian 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 account at the custodian. (For example, transaction fees are charged for certain no-load mutual funds, and commissions are charged for individual equity and debt securities transactions. Each custodian also provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.) For some accounts, typically separately managed accounts, a custodian may charge you a percentage of the dollar amount of assets in the account in lieu of commissions. A custodian’s commission rates and asset-based fees applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a total of at least a specified Aggregate Account Value in accounts at the custodian. This commitment benefits you because the overall commission rates and asset-based fees you pay are lower than they would be

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otherwise. In addition to commissions and asset-based fees, each custodian charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that that custodian has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your account at the custodian. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have each custodian execute most trades for your account at that same custodian. We have determined that having your custodian execute most 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 Brokers/Custodians*”).

As FSFS does not have the discretionary authority to determine the custodian to be used or the commission rates to be paid, clients must direct FSFS as to the custodian to be used. Directing brokerage may cost clients more money. Because the client directs the use of a particular broker, FSFS may be unable to achieve most favorable execution of client transactions. For example, in a directed brokerage account, the client may pay higher brokerage commissions because FSFS may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices. It should be understood that FSFS will not have authority to negotiate commissions among various brokers. A disparity in commission charges may exist between the commissions charged to other clients.

FSFS has established prime brokerage account relationships through Schwab, Fidelity, and TDA through which it may purchase fixed income products directly from third parties and maintain custody at Schwab, Fidelity, or TDA. In this situation, FSFS will seek to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of brokerage costs, commissions and mark up/mark downs is based on the broker dealer's ability to provide professional services, competitive execution, and other services that will help FSFS in providing investment management services to clients.

For such fixed income portfolios and transactions, FSFS may request that it be provided with written authority to determine the broker dealer to use for client transactions and the costs that will be incurred by clients for these transactions. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.

Products and Services Available to Us From Custodians

FSFS participates in Schwab's Schwab Advisor Services™ (formerly called Schwab Institutional®) services program, and TDA's services program. FSFS has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides FSFS with institutional

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platform services through its services program. Below these three programs are referred to collectively as the "Institutional Services Programs".

Such programs serve independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to retail customers. Each custodian 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. Each custodian's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a certain minimum total of client assets in accounts at the particular custodian (the "Aggregate Account Value"). (The Aggregate Account Values are as follows: Schwab (\$10,000,000), Fidelity (\$25,000,000) and TDA (\$25,000,000). If our clients collectively have less than the Aggregate Account Value in assets at a particular custodian, that custodian may charge us quarterly service fees. Following is a more detailed description of custodian support services:

Services That Benefit You

Each custodian'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 a custodian include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. A custodian's services described in this paragraph generally benefit you and your account.

Services That May Not Directly Benefit You

Each custodian 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 the custodian'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 the same custodian. In addition to investment research, each custodian 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 research, pricing information, and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

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Services That Generally Benefit Only Us

Each custodian also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Access to bundled duplicate statements;
- Educational conferences, roundtables, webinars and other events;
- Consulting on technology, compliance, legal, and business needs including but not limited to performance reporting, financial planning, contact management systems
- Publications and conferences on practice management, information technology, marketing, compliance and business succession
- Access to consultants, employee benefits providers, human capital consultants, and insurance providers, third party research

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

Aside from incidental seasonal gifts, typically totaling less than \$100 per year from any one broker-dealer, no individual associated with FSFS personally benefits from any of the above mentioned products or services.

Our Interest in A Custodian's Services

While there is no direct linkage between the investment advice given and participation in any particular Institutional Services Program, economic benefits are received which would not be received if FSFS did not give investment advice to clients. These benefit FSFS but may not directly benefit its clients' accounts.

The availability of these services from the custodians benefits us because we do not have to produce or purchase them. We don't have to pay for such services from a particular custodian so long as our clients collectively keep a total of at least the Aggregate Account Value of their assets in accounts at that custodian. Beyond that, these services are not contingent upon us committing any specific amount of business to a particular custodian in trading commissions or assets in custody. The Aggregate Account Value minimum may give us an incentive to recommend that you maintain your account with a particular custodian, based on our interest in receiving that particular custodian's services that benefit our business 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 potential conflict of interest. We believe, however, that our selection of a particular firm as custodian and broker is in the best interests of our clients. Our selection is

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primarily supported by the scope, quality, and price of each custodian's services (see "*How We Select Brokers/Custodians*") and not that custodian's services that benefit only us. Since we have well over \$100,000,000 in client assets under management, we do not believe that recommending our clients to collectively maintain at least the Aggregate Account Value of those assets at a particular custodian in order to avoid paying a custodian's quarterly service fees presents a material conflict of interest.

Separate Account Managers

For the brokerage practices of separate account managers, clients should review the disclosure documents of recommended programs and independent advisers. FSFS does not arrange for securities transactions in accounts managed by independent advisers in separate programs. Some of the recommended programs may be wrap fee programs sponsored by a broker dealer. In wrap fee programs, trades are generally expected to be executed only with the broker dealer with which the client has entered into the wrap fee arrangement, so that the adviser may not be free to seek best price and execution by placing transactions with other broker dealers. Our experience indicates that certain broker dealers under clients' wrap fee agreements generally can offer best price for transactions in listed equity securities, but, no assurance can be given that such will continue to be the case with those or other broker dealers which may offer wrap fee arrangements, nor with respect to transactions in other types of securities. Accordingly, the client may wish to satisfy himself that the broker dealer offering the 'wrap fee' arrangement can provide adequate price and execution of most or all transactions.

Financial Planning

As disclosed above, FSFS may recommend FSS and its affiliated persons for the implementation of certain financial planning or other advisory recommendations.

Brokerage for Client Referrals

FSFS does not consider, in selecting or recommending broker-dealers, whether FSFS or a related person receives client referrals from a particular broker-dealer or third party.

FSFS participates in the Fidelity Wealth Advisor Solutions program. Wealth Advisor Solutions is a referral program designed to introduce high net worth investors to independent registered investment advisers. FSFS does not pay a fee to participate in the Wealth Advisor Solutions Program. FSFS participation in the program may raise potential conflicts of interest. FSFS may have an incentive to recommend that clients custody asset with Fidelity.

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Aggregating Orders

Client trades in equities and fixed income securities may be blocked with transactions for other advisory clients to achieve better pricing and commission costs. Partially filled orders will be allocated on a pro-rata basis. In the event that a pro-rata bond allocation is not possible, allocation will be made in a fair and reasonable manner among clients, generally as follows: (A) First calculate a pro-rata allocation. (B) Knock out of the allocation those clients whose need for a bond investment is less than five bonds. (C) Reallocate the bonds that are unallocated as a result of (B), assigning them first to clients who would otherwise receive less than five bonds, then pro-rata among all remaining clients in the allocation.

Item 13 Review of Accounts

Periodic Reviews

FSFS' Chief Investment Officer is responsible for the daily supervision of all investment management accounts. The President of FSFS supervises all advisory services. Certain representatives of FSFS may primarily provide financial planning or pension plan support services.

Portfolios within FSFS's Investment Services receive ongoing reviews based on market and economic conditions, political circumstances and the client's personal financial circumstances. Formal account reviews are performed quarterly, at which time clients will receive written reports describing portfolio holdings and asset allocations. Clients will also receive statements from their account custodian.

Separately Managed Accounts

Separately managed accounts will also be reviewed quarterly. Additional reviews may be triggered by new information about managers or changes in client's personal financial circumstances. Clients are encouraged to always promptly advise FSFS of any changes in their personal financial circumstances. Separately managed account portfolios will receive reports directly from program service providers.

FSFS will periodically review and update a client's financial circumstances and investment objectives, and provide such information to selected investment managers as necessary. When appropriate, may also recommend the replacement of one investment manager with another. The replacement of managers is entirely at the discretion of the client.

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Financial Planning

Financial planning reviews and reports are provided based on the topics requested by the client for review. Planning services are a one-time service, rather than an ongoing service. Clients may, however, contract with FSFS for specific periodic reviews of financial plans.

Pension Accounts

Client investments will be monitored periodically based on the procedures and timing intervals delineated in the Investment Policy Statement. FSFS will supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate. Plan participants may select an investment model managed by FSFS for management on their individual contributions.

See also Item 4 (Advisory Business) above.

Item 14 Client Referrals and Other Compensation

Economic Benefits Provided to FSFS by a Non-Client

We receive an economic benefit from each custodian in the form of the support products and services the custodian makes available to us and other independent investment advisors whose clients maintain their accounts at the custodian.

These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability to us of a particular custodian's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

FSFS may receive 12b-1 fees directly from investment companies in connection with the placement of certain pension plan assets into investment companies. Any such fees received by FSFS related to a client's pension plan will be used to offset advisory fees charged by FSFS for services to that plan.

Referral Compensation Paid to Third Parties

FSFS may engage CPAs or other professionals to provide FSFS with client referrals. Through the referring party, any compensation paid by FSFS to the referring party will be disclosed to the client. FSFS may negotiate with a referring party a flat fee or a percentage-based fee that will be paid to the referring party each quarter in which the referred client remains a client of FSFS. Advisory representatives of FSFS may also be compensated based on their solicitation of client relationships.

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Item 15 Custody

Clients will receive account statements from the broker-dealer, bank or other qualified custodian which holds the client account. Clients should carefully review those statements. FSFS urges clients to compare those statements with the separate statements received from FSFS.

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct a custodian to deduct our advisory fees directly from your account. The custodian maintains actual custody of your assets. You will receive account statements directly from the custodian at least quarterly. They will be sent to the email or postal mailing address you provided to the custodian. You should carefully review those statements promptly when you receive them. We also urge you to compare the custodian's account statements to the periodic portfolio reports you will receive from us.

Item 16 Investment Discretion

FSFS accepts discretionary authority to manage securities accounts on behalf of clients.

The client grants this authority by signing a contract with FSFS for management of investment portfolios. This allows FSFS to determine, without obtaining specific client consent, which securities to buy and sell, and the amounts of securities to buy or sell. Clients customarily do not place limits on this authority, but may do so by signing a written amendment to the contract. The amendment takes effect when FSFS signs that amendment.

Item 17 Voting Client Securities

Proxy Voting

As part of its Investment Management Services, FSFS will generally accept discretion from clients to vote proxies on their behalf. Clients may, in writing, withhold this authority or place reasonable restrictions on such authority. Clients may direct FSFS vote with respect to particular solicitations by contacting the firm in writing at least 30 days prior to the deadline for submitting proxy votes for the particular solicitation. FSFS may require the client to vote proxies with respect to specific securities or types of securities held in an account; FSFS will accomplish this by changing the address on file with the account custodian, to which proxies relevant to the specific securities or types of securities are sent, to be the client's address of record.

The investment managers of any separately managed accounts will typically vote client proxies in such accounts. FSFS seeks to vote proxies in the client's best interest and does not vote according to social responsibility issues. Clients may contact FSFS's Chief Investment Officer via email at kferrone@papaliafinancial.com or telephone at (570) 271-1855 in order to obtain information on how FSFS has voted the client's proxies, or to request a complete copy of FSFS's proxy voting policies and procedures. These policies and procedures describe FSFS's general

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voting guidelines, procedures, record keeping and disclosure obligations, and means of addressing any material conflicts of interest. If a conflict of interest exists between FSFS and clients with respect to voting the client's securities, FSFS will determine whether it is appropriate to disclose the conflict to the affected clients, and to give the clients an opportunity to vote the proxies themselves. Otherwise, conflicts of interest will be addressed by voting in a manner consistent with the above-predetermined voting policy.

Item 18 Financial Information

FSFS does not require or solicit prepayment of fees six months or more in advance. There are no financial conditions that are reasonably likely to impair FSFS' ability to meet contractual obligations to clients.

Item 19 Requirements for State-Registered Advisers

As an SEC registered investment advisor, FSFS is not registered with any state securities authority, so this disclosure item is not applicable to the firm.

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