

Focus Investment Advisors Client Brochure

This brochure provides information about the qualifications and business practices of Focus Investment Advisors. If you have any questions about the contents of this brochure, please contact us at (760) 230-1880 or by email at: info@focusinvestment.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 Investment Advisors is also available on the SEC's website at www.adviserinfo.sec.gov. Focus Investment Advisors' CRD number is: 109970

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Registration does not imply a certain level of skill or training.

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Item 2: Material Changes

Focus Investment Advisors has the following material changes to report. This list summarizes changes to policies, practices or conflicts of interests only.

George Gross is no longer with Focus Investment Advisors as of January 2014.

Item 3: Table of Contents

Table of Contents	
Item 2: Material Changes	i
Item 3: Table of Contents	ii
Item 4: Advisory Business	1
A. Description of the Advisory Firm	1
B. Types of Advisory Services	1
Investment Supervisory Services	1
Selection of Other Advisors	1
Financial Planning	1
Services Limited to Specific Types of Investments	2
FIA Fiduciary Duties	2
C. Client Tailored Services and Client Imposed Restrictions	2
D. Wrap Fee Programs	2
E. Amounts Under Management	2
Item 5: Fees and Compensation	3
A. Fee Schedule	3
Investment Supervisory Services Fees	3
Financial Planning Fees	3
Fixed Fees	3
Hourly Fees	3
B. Payment of Fees	4
Payment of Investment Supervisory Fees	4
Payment of Financial Planning Fees	4
C. Clients Are Responsible For Third Party Fees	4
D. Prepayment of Fees	5
E. Outside Compensation For the Sale of Securities to Clients	5
1. This is a Conflict of Interest	5
2. Clients Have the Option to Purchase Recommended Products From Other Brokers	5
Item 6: Performance-Based Fees and Side-By-Side Management	5
Item 7: Types of Clients	5
Minimum Account Size	6
Item 8: Methods of Analysis, Investment Strategies, and Risk of Investment Loss	6
A. Methods of Analysis and Investment Strategies	6
Methods of Analysis	6
Charting analysis	6
Fundamental analysis	6
Technical analysis	6
Cyclical analysis	6
Investment Strategies	6

B.	<u>Material Risks Involved</u>	6
	<u>Methods of Analysis</u>	6
	<u>Fundamental analysis</u>	6
	<u>Technical analysis</u>	7
	<u>Cyclical analysis</u>	7
	<u>Investment Strategies</u>	7
C.	<u>Risks of Specific Securities Utilized</u>	7
	<u>Item 9: Disciplinary Information</u>	7
	<u>Item 10: Other Financial Industry Activities and Affiliations</u>	7
A.	<u>Registration as a Broker/Dealer or Broker/Dealer Representative</u>	7
B.	<u>Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor</u>	8
C.	<u>Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests</u>	8
D.	<u>Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections</u>	8
	<u>Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading</u>	8
A.	<u>Code of Ethics</u>	8
B.	<u>Recommendations Involving Material Financial Interests</u>	9
C.	<u>Investing Personal Money in the Same Securities as Clients</u>	9
D.	<u>Trading Securities At/ Around the Same Time as Clients' Securities</u>	9
	<u>Item 12: Brokerage Practices</u>	9
A.	<u>Factors Used to Select Custodians and/or Broker/Dealers</u>	9
1.	<u>Research and Other Soft-Dollar Benefits</u>	9
2.	<u>Brokerage for Client Referrals</u>	9
3.	<u>Clients Directing Which Broker/Dealer/Custodian to Use</u>	10
B.	<u>Aggregating (Block) Trading for Multiple Client Accounts</u>	10
C.	<u>Agency Cross Transactions</u>	10
	<u>Item 13: Reviews of Accounts</u>	10
A.	<u>Frequency and Nature of Periodic Reviews and Who Makes Those Reviews</u>	10
B.	<u>Factors That Will Trigger a Non-Periodic Review of Client Accounts</u>	11
C.	<u>Content and Frequency of Regular Reports Provided to Clients</u>	11
	<u>Item 14: Client Referrals and Other Compensation</u>	11
A.	<u>Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)</u>	11
B.	<u>Compensation to Non -Advisory Personnel for Client Referrals</u>	11
	<u>Item 15: Custody</u>	11
	<u>Item 16: Investment Discretion</u>	11
	<u>Item 17: Voting Client Securities (Proxy Voting)</u>	12
	<u>Item 18: Financial Information</u>	12
A.	<u>Balance Sheet</u>	12
B.	<u>Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients</u>	12
C.	<u>Bankruptcy Petitions in Previous Ten Years</u>	12

Item 4: Advisory Business

A. Description of the Advisory Firm

This firm has been in business since 1994 and has been SEC registered since April 10, 2000; the principal owners are Andrew Y. Wasa and Henry J. Ferry.

B. Types of Advisory Services

Focus Investment Advisors (hereinafter "FIA") offers the following services to advisory clients:

Investment Supervisory Services

FIA offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. FIA creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

FIA evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

Selection of Other Advisors

FIA may direct clients to third party money managers. Before selecting other advisors for clients, FIA will always ensure those other advisors are properly licensed or registered as investment advisor.

Financial Planning

Financial plans and financial planning may include, but are not limited to: investment planning, life insurance; tax concerns; retirement planning; college planning; and debt/credit planning. These services are based on fixed fees or hourly fees and the final fee structure is documented in the Financial Planning Agreement.

Services Limited to Specific Types of Investments

FIA limits its investment advice and/or money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, real estate, hedge funds, third party money managers, REITs, insurance products including annuities, private placements, and government securities. FIA may use other securities as well to help diversify a portfolio when applicable.

FIA Fiduciary Duties

FIA advises clients that are subject to the requirements of the Employee Retirement Income Security Act of 1974 as amended ("ERISA"), and as such, FIA acts as a "fiduciary," as defined in that Act. FIA's fiduciary duties to ERISA clients are limited to its investment supervisory services to the extent that FIA (i) has any discretionary authority or control in the administration of the plan, (ii) exercises any authority or control with respect to the management or disposition of plan assets, or (iii) renders investment advice to a plan for a fee or other compensation, direct or indirect. FIA's financial planning services to ERISA clients does not implicate a fiduciary status.

C. Client Tailored Services and Client Imposed Restrictions

FIA offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent FIA from properly servicing the client account, or if the restrictions would require FIA to deviate from its standard suite of services, FIA reserves the right to end the relationship.

D. Wrap Fee Programs

FIA may recommend to clients various wrap fee programs if deemed appropriate. The appropriate supplemental brochure describing the wrap fee program of the program sponsor will be delivered to the client prior to investing in a wrap fee program.

E. Amounts Under Management

FIA has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$65,000,000.00	\$200,000,000.00	12/31/2013

Item 5: Fees and Compensation

A. Fee Schedule

Investment Supervisory Services Fees

Total Assets Under Management	Annual Fee
\$0 - \$250,000	1.50%
\$250,001 - \$500,000	1.25%
\$500,001 - \$1,000,000	1.00%
\$1,000,001 - \$2,000,000	0.75%
\$2,000,001 - \$5,000,000	0.50%
Above \$5,000,001	0.25%

These fees are negotiable and the final fee schedule is attached to the Investment Advisory Contract. Fees are paid quarterly in arrears, and clients may terminate their contracts with thirty days' written notice. Because fees are charged in arrears, no refund policy is necessary. Clients may terminate their accounts without penalty within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization.

Financial Planning Fees

Fixed Fees

Depending upon the complexity of the situation and the needs of the client, the rate for creating client financial plans is between \$50 and \$2000. Fees are paid in arrears upon completion. Because fees are charged in arrears, no refund is necessary. The fees are negotiable and the final fee schedule will be attached to the Financial Planning Agreement. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

Hourly Fees

The hourly fee for these services is \$150. The fees are negotiable and the final fee schedule will be attached to the Financial Planning Agreement. Fees are paid in arrears upon completion. Because fees are charged in arrears, no refund is necessary. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

Subscription Fees

FIA offers a subscription service to clients that will provide semiannual consultation services on all of their accounts which will include: 401k allocation assistance, financial/retirement / pension planning, portfolio performance measurement and risk analysis. This service will cost \$599.00 per year, due monthly at \$49.99 for a monthly market analysis and newsletter, quarterly economic commentary from our in house economist, as well as ongoing client communication. Newsletters will be provided via electronic mail and may be cancelled by giving 30 days written notice. Any fees collected, but unearned, will be refunded by FIA at the time of cancellation. Client may terminate the Agreement within five (5) business days of signing, without penalty, and with full refund. The subscription service will allow clients to build a relationship with a trusted advisor as well as provide assistance to clients who are building their portfolios

B. Payment of Fees

Payment of Investment Supervisory Fees

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in arrears.

Advisory fees may also be invoiced and billed directly to the client with payments due quarterly upon invoice. Clients may select the method in which they are billed.

Payment of Financial Planning Fees

Hourly Financial Planning fees are paid via check or credit card in arrears upon completion. Because fees are charged in arrears, no refund is necessary.

Fixed Financial Planning fees are paid via check or credit card in arrears upon completion. Because fees are charged in arrears, no refund is necessary.

Payment of Subscription Fees

Subscription fees are paid in advance via check or credit card.

C. Clients Are Responsible For Third Party Fees

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by FIA. Please see Item 12 of this brochure regarding broker/custodian.

D. Prepayment of Fees

Only subscription fees are collected in advance. Any fees collected, but unearned, will be refunded by FIA at the time of cancellation

E. Outside Compensation For the Sale of Securities to Clients

Andrew Wasa, Henry Ferry, and Amber Montgomery in their role as registered representatives accept compensation for the sale of securities to FIA clients.

1. This is a Conflict of Interest

FIA and its supervised persons will accept compensation for the sale of securities or other investment products, including asset based sales charges or services fees from the sale of mutual funds to its clients. This presents a conflict of interest and gives the supervised person and FIA an incentive to recommend products based on the compensation received rather than on the client's needs. When recommending the sale of securities or investment products for which FIA receives compensation, FIA will document the conflict of interest in the client file and inform the client of the conflict of interest.

2. Clients Have the Option to Purchase Recommended Products From Other Brokers

Clients always have the option to purchase FIA recommended products through other brokers or agents that are not affiliated with FIA.

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

FIA does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7: Types of Clients

FIA generally provides investment advice and/or management supervisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans
- ❖ Trusts, Estates, or Charitable Organizations
- ❖ Corporations or Business Entities

Minimum Account Size

There is an account minimum, \$100,000, which may be waived by the investment advisor, based on the needs of the client and the complexity of the situation.

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

A. Methods of Analysis and Investment Strategies

Methods of Analysis

FIA's methods of analysis include charting analysis, fundamental analysis, technical analysis, and cyclical analysis.

Charting analysis involves the use of patterns in performance charts. FIA uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

Fundamental analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

Technical analysis involves the analysis of past market data; primarily price and volume.

Cyclical analysis involved the analysis of business cycles to find favorable conditions for buying and/or selling a security.

Investment Strategies

FIA uses long term trading and short term trading strategies.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

B. Material Risks Involved

Methods of Analysis

Charting analysis strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in solely using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in

stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold : 1) the markets do not always repeat cyclical patterns and 2) if too many investors begin to implement this strategy, it changes the very cycles they are trying to take advantage of.

Investment Strategies

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading generally hold greater risk and clients should be aware that there is a material risk of loss using any of those strategies.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

C. Risks of Specific Securities Utilized

FIA generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

Item 9: Disciplinary Information

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

Item 10: Other Financial Industry Activities and Affiliations

A. Registration as a Broker/Dealer or Broker/Dealer Representative

Andrew Wasa, Henry Ferry and Amber Montgomery are registered representatives. From time to time, they will offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a possible conflict of

interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. FIA always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of FIA in their capacity as a registered representative.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither FIA nor its representatives are registered as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

Andrew Wasa, Henry Ferry and Amber Montgomery are insurance agents. Andrew Wasa is also real estate broker. From time to time, they will offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. FIA always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of FIA in their capacity as an insurance agent, or a real estate broker.

D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections

FIA may direct clients to third party money managers. FIA will always act in the best interests of the client, including when determining which third party manager to recommend to clients. FIA will ensure that all recommended advisors or managers are licensed or notice filed in the states in which FIA is recommending them to clients.

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

A. Code of Ethics

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Clients may request a copy of our Code of Ethics from management.

B. Recommendations Involving Material Financial Interests

FIA does not recommend that clients buy or sell any security in which a related person to FIA has a material financial interest.

C. Investing Personal Money in the Same Securities as Clients

From time to time, representatives of FIA may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of FIA to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. FIA will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

D. Trading Securities At/Around the Same Time as Clients' Securities

From time to time, representatives of FIA may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of FIA to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients.

Item 12: Brokerage Practices

A. Factors Used to Select Custodians and/or Broker/Dealers

The Custodian is highly recommended based on their relatively low transaction fees and access to mutual funds and ETFs. FIA will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

1. Research and Other Soft-Dollar Benefits

FIA receives no research, product, or service other than execution from a broker-dealer or third-party in connection with client securities transactions ("soft dollar benefits").

2. Brokerage for Client Referrals

FIA receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

3. Clients Directing Which Broker/Dealer/Custodian to Use

FIA allows clients to direct brokerage. FIA may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost clients' money because without the ability to direct brokerage FIA may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices. Not all investment advisers allow their clients to direct brokerage.

B. Aggregating (Block) Trading for Multiple Client Accounts

FIA maintains the ability to block trade purchases across accounts. While block trading may benefit clients by purchasing larger blocks in groups, we do not feel that the clients are at a disadvantage due to the best execution practices of our custodian.

C. Agency Cross Transactions

FIA may execute purchase and sale transaction between two clients ("agency cross transactions"), provided such transactions comply with these procedures and Rule 206(3)-2 under the Investment Advisers Act of 1940, as amended. FIA may have a conflicting duty of loyalty to both of the clients for whom FIA conducts agency cross transactions and the affiliated broker-dealer, LPL Financial, Inc. may earn compensation in connection with agency cross transactions. FIA will only conduct agency cross transactions if a client has consented in advance to the conduct of such transactions, either in the client's account agreement or in a separate written consent. Each agency cross transaction shall be effected at the independent current market price of the security. FIA will always act in the best interest of the client including its obligation to obtain best execution and best price for any transaction.

Item 13: Reviews of Accounts

A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

Client accounts are reviewed at least quarterly by Andrew Y. Wasa and Henry Ferry, partners, with regards to their investment policies and risk tolerance levels.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Andrew Y. Wasa and Amber Montgomery. There is only one level of review and that is the total review conducted to create the financial plan.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

C. Content and Frequency of Regular Reports Provided to Clients

Each client will receive at least quarterly a written report that details the clients' account which may come from the custodian.

Clients are provided a one-time financial plan concerning their financial situation. After the presentation of the plan, there are no further reports. Clients may request additional plans or reports for a fee.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)

FIA does not receive any economic benefit, directly or indirectly from any third party for advice rendered to FIA clients

B. Compensation to Non -Advisory Personnel for Client Referrals

FIA does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

Item 15: Custody

FIA does not take custody of client accounts at any time. Custody of client's accounts is held primarily at the Custodian.

Item 16: Investment Discretion

For select ERISA Plans, FIA does exercise discretion especially for Taft Hartley Defined Benefit, Defined Contribution and Health & Welfare Plans. For non-institutional, both non-qualified and qualified plan accounts, we generally do not exercise discretion however, we reserve the right to exercise discretion whenever it becomes necessary.

Item 17: Voting Client Securities (Proxy Voting)

FIA will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

Item 18: Financial Information

A. Balance Sheet

FIA does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither FIA nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

C. Bankruptcy Petitions in Previous Ten Years

FIA has not been the subject of a bankruptcy petition in the last ten years.