

## Item 1: Cover Page

### **Part 2A of Form ADV Firm Brochure**

July 10, 2014

#### **Fortis Advisors, LLC**

SEC File No. Pending

1045 First Avenue, Suite 160  
King of Prussia, PA 19406

phone: 610-313-0910  
email: [info@fortispartnersllc.com](mailto:info@fortispartnersllc.com)  
website: [www.fortispartnersllc.com](http://www.fortispartnersllc.com)

This brochure provides information about the qualifications and business practices of Fortis Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 610-313-0910. 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 with the SEC or state regulatory authority does not imply a certain level of skill or expertise.

Additional information about Fortis Advisors, LLC, is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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## Item 4: Advisory Business

### A. Fortis Advisors, LLC

Fortis Advisors, LLC ("Fortis Advisors" and/or "the firm") is a Pennsylvania limited liability company and an investment adviser registered in the State of Pennsylvania. Fortis Advisors is wholly owned by Fortis Partners, LLC, a Delaware limited liability company. Derek Boles is the firm's Managing Member and President. Fortis Advisors has been offering investment advisory services since August 2013.

### B. Advisory Services Offered

Fortis Advisors provides a variety of financial planning and investment consulting services to high net worth individuals and their related entities, such as trusts, limited liability companies, limited partnerships, foundations, and other non-profit organizations. Services provided include investment management, financial planning, investment related consulting services, and selection of other advisers.

#### B.1. Investment Management Services

Fortis Advisors provides investment advisory services that relate to asset allocation, portfolio diversification, portfolio risk management, and other general economic and financial topics. Fortis Advisors' investment program consists of four primary components:

- Investment Policy Review – The client and Fortis Advisors will discuss and review the client's investment objectives, risk tolerance, and liquidity needs. In most cases, Fortis Advisors will create an investment policy statement based on the investment policy review, which will serve as a guide for measuring volatility and performance.
- Asset Allocation – Based on the result of the investment policy review, Fortis Advisors will allocate investment dollars between growth and fixed-income assets. This allocation is adjusted from time to time, depending on changes in a client's personal circumstances, financial considerations, and/or investment performance.
- Investment Manager Selection – Once the investment policy review and asset allocation are complete, Fortis Advisors will recommend an initial investment plan. Typically, this will include a list of pooled investment vehicles, including but not limited to private funds, mutual funds, and exchange traded funds (ETFs), individual securities, and separately managed accounts. The initial allocation of assets may include the use of individual bonds or stocks or the retention of assets currently owned by the client.
- Management – Once the client's portfolio is in place, Fortis Advisors will monitor performance of the overall account as well as the performance of each security. From time to time, Fortis Advisors will implement changes to the portfolio as it deems appropriate and in the best interests of the client.

Fortis Advisors' specialization is not in one given instrument or asset class, but rather in the ongoing process of (i) assessing client objectives; and (ii) developing an appropriate asset

allocation to best achieve those objectives and modifying that allocation when risks/opportunities are present in the markets.

For its discretionary asset management services, Fortis Advisors receives a limited power of attorney to effect securities transactions on behalf of its clients that include securities and strategies described in Item 8 of this brochure.

In addition to providing Fortis Advisors with information regarding their personal financial circumstances, investment objectives and tolerance for risk, clients are required to provide the firm with any reasonable investment restrictions that should be imposed on the management of their portfolio, and to promptly notify the firm of any changes in such restrictions or in the client's personal financial circumstances, investment objectives, goals and tolerance for risk. On an as-needed basis, Fortis Advisors' reports to clients will remind clients of their obligation to inform the firm of any such changes or any restrictions that should be imposed on the management of the client's account. Fortis Advisors will also contact clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives and tolerance for risk.

## **B.2. Financial Planning and Consulting Services**

To the extent requested by a prospective client or client, Fortis Advisors may provide financial planning and investment-related consulting services on a fee basis which is separate and apart from fees billed in connection with investment advisory services provided by the firm.

Fortis Advisors' financial planning fees are negotiable, but generally range from \$1,500 to \$50,000 on a fixed fee basis, depending upon the level and scope of the services required and the professionals rendering the services. A fee on the high end of the foregoing range (e.g., \$50,000) may be necessary where the financial planning and investment-related consulting services include in-depth work such as:

- Review, analysis, and/or restructuring of private equity or private real estate investments
- Creation and implementation of a family cash flow plan
- Review, analysis, and recommendations with respect to investment portfolios and implementation of recommendations
- Review, analysis, and recommendations with respect to real estate holdings and implementation of recommendations

If requested by the client, Fortis Advisors may recommend non-investment related services of other professionals for implementation purposes, who are associated with the firm through common ownership (see disclosure at Item 10). The client is under no obligation to engage the services of any such recommended individual or firm. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Fortis Advisors.

Clients will receive a written or oral report (depending on the client's preference) providing a basic financial plan designed to help achieve their stated financial goals and objectives. Based on the client's needs, financial planning services may include (but are not limited to) the following:

- Preparation of a recommended asset allocation that serves to diversify the client's portfolio among different categories of investments, such as domestic and international small, medium, and large capitalization securities; corporate and government fixed income (short-, intermediate-, and long-term maturities); emerging market securities (i.e., foreign issuers); real estate investment trusts; and such other alternative asset categories that are suitable in light of the client's investment goals, objectives, and risk tolerance.
- Preparation of an investment policy statement setting forth the client's investment plan, with specific direction in terms of diversification requirements, tax issues, estate planning issues, risk tolerance, retirement, and other identified objectives of the client, including a targeted rate-of-return objective.
- Preparation of a retirement plan that serves to identify whether the client is saving enough and investing in a way that meets retirement objectives in light of the client's financial circumstances and risk tolerance.
- Preparation of cash flow projections to ensure that the client can meet daily living expenses and obligations.
- Insurance planning to meet the needs of the client, taking into account family, business, and other financial objectives of the client.
- General family office and business consulting:
  - Retirement objectives
  - Philanthropy
  - Estate planning
  - Wealth transition
  - Business succession and related issues
  - Recommendation of third-party managers for use by the client

Fortis Advisors gathers required information through in-depth personal interviews and questionnaires. Information gathered includes a client's current financial status, investment objectives, future goals, and attitudes toward risk. Related documents supplied by the client are carefully reviewed, and a report is prepared covering one or more of the above-mentioned topics as directed by the client.

### **C. Client-Tailored Services and Client-Imposed Restrictions**

Client portfolios are managed in accordance with each client's investment objectives, taking into consideration risk tolerance, time horizon, tax issues, liquidity and cash flow needs, restrictions/constraints, and other relevant guidelines. Clients may impose restrictions on investing in certain securities or types of securities. Fortis Advisors' investment management services involve the allocation of client assets among different asset classes with varying levels of risk and return. Fortis Advisors may recommend changes to this allocation, in an attempt to take advantage of conditions in the current economic environment, while being sensitive to transaction costs and taxes, as appropriate. These changes may result in short-term

underweights or overweights to various assets classes and are designed to capitalize on current economic conditions over a shorter time period.

#### **D. Wrap Fee Programs**

Fortis Advisors does not participate in wrap fee programs. (Wrap fee programs offer services for one all-inclusive fee.)

#### **E. Client Assets Under Management**

As of June 30, 2014, Fortis Advisors manages \$39,234,500 of discretionary assets and \$81,773,400 of non-discretionary assets.



## Item 5: Fees and Compensation

### A. Methods of Compensation and Fee Schedule

#### A.1. Investment Management Services Fees

The annualized fees for investment management services are based on a percentage of assets under management in accordance with the following fee schedule:

<u>Assets Under Management</u>	<u>Annualized Fee</u>
First \$2,500,000	1.00%
\$2,500,001 to \$10,000,000	0.75%
Over \$10,000,000	0.50%

Fortis Advisors' investment management fee is negotiable. The fees charged to clients may vary depending upon a client's individual circumstances. The fee terms for a particular client are described in the investment management agreement between Fortis Advisors and each client. For example, accounts of members of the same household may be aggregated for purposes of determining the management fee. Fortis Advisors may allow such aggregation, for example, where it services accounts on behalf of minor children of current clients, individual and joint accounts for a spouse, and other types of related accounts. This consolidation practice is designed to allow clients the benefit of an increased asset total, which could potentially cause the account(s) to be assessed a reduced advisory fee based on Fortis Advisors' fee schedule.

Typically, the annual fee for investment management services will be billed quarterly in arrears based on the average daily balance of the account during the billing quarter, divided by the actual number of days in the quarter and applying the annual fee percentage.

A client investment advisory agreement may be canceled at any time by either party upon written notice. Upon termination, any earned, unpaid fees will be due and payable. Clients will not be assessed a penalty fee for terminating an agreement. In addition, if Fortis Advisors does not deliver this Brochure to a client at least forty-eight (48) hours prior to entering into an investment management agreement with such client, the client has the right to terminate the agreement without penalty within five (5) business days of entering into the agreement.

#### A.2. Financial Planning and Consulting Services Fees

Financial planning and consulting services are billed on a fee basis. Fortis Advisors' financial planning and consulting services fees are negotiable, but generally range from \$1,500 to \$50,000 on a fixed fee basis, depending upon the level and scope of the services required and the professionals rendering the services.

Generally, one-half of the proposed financial planning fee will be due at the signing of the financial planning agreement, with the balance due upon delivery of the financial plan or investment-related service.

The financial planning and investment-related consulting agreement may be terminated by either party upon written notification in accordance with the terms of the applicable agreement. Upon termination, the fees charged will be prorated and a refund for any unearned fees will be issued. The client will be responsible to pay for services rendered until the date of termination of the agreement. Clients will not be assessed a penalty fee for terminating an agreement.

## **B. Client Payment of Fees**

Fortis Advisors requires clients to authorize the direct debit of fees from their accounts. Exceptions may be granted subject to the firm's consent for clients to be billed directly for our fees. For directly debited fees, the custodian's periodic statements will show each fee deduction from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying us or their custodian in writing.

Fortis Advisors will deduct its advisory fees directly from the client's account provided that

- the client provides the qualified custodian written authorization;
- a billing statement is sent in advance to the client;
- the billing statement shows the amount of the fee, how it was calculated, and the value of the assets on which the bill is based; and
- the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account.

The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

## **C. Additional Client Fees Charged**

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by exchange-traded funds, mutual funds, separate account managers, private placement, pooled investment vehicles, broker-dealers, and custodians retained by clients. Such fees and expenses are described in each exchange-traded fund and mutual fund's prospectus, each separate account manager's Form ADV and Brochure and Brochure Supplement or similar disclosure statement, each private placement or pooled investment vehicle's confidential offering memoranda, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using Fortis Advisors may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian.

Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

All fees associated with the non-investment related services (including estate planning, insurance planning, etc.) that is performed by Fortis Solutions, LLC, Fortis Family Office, LLC, or Fortis Capital Partners, LLC, will be separate and distinct of the clients' agreement(s) with Fortis Advisors. Those fees are negotiated on an as-needed basis with the professionals of those firms.

## **D. Prepayment of Client Fees**

Fortis Advisors does not require the prepayment of its fees. Fortis Advisors' fees will either be paid directly by the client or disbursed to Fortis Advisors by the qualified custodian of the client's investment accounts, subject to prior written consent of the client. The custodian will deliver directly to the client an account statement, at least quarterly, showing all investment and transaction activity for the period, including fee disbursements from the account. A client investment advisory agreement may be canceled at any time by either party upon written notice. Upon termination, any earned, unpaid fees will be due and payable. Clients will not be assessed a penalty fee for terminating an agreement. In addition, if Fortis Advisors does not deliver this Brochure to a client at least forty-eight (48) hours prior to entering into an investment management agreement with such client, the client has the right to terminate the agreement without penalty within five (5) business days of entering into the agreement.

Generally, one-half of the proposed financial planning fee will be due at the signing of the financial planning agreement, with the balance due upon delivery of the financial plan or investment-related service. The financial planning and investment-related consulting agreement may be terminated by either party upon written notification in accordance with the terms of the applicable agreement. Upon termination, the fees charged will be prorated and a refund for any unearned fees will be issued. The client will be responsible to pay for services rendered until the date of termination of the agreement. Clients will not be assessed a penalty fee for terminating an agreement.

## **E. External Compensation for the Sale of Securities to Clients**

Fortis Advisors' advisory professionals are compensated primarily through a salary and bonus structure. Fortis Advisors' advisory professionals may receive commission-based compensation for the sale of insurance products. Please see Item 10.C. for detailed information and conflicts of interest.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

Fortis Advisors does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in their best interests.

## **Item 7: Types of Clients**

Fortis Advisors provides investment management, financial planning, and investment related consulting services to high net worth individuals and their related entities, such as trusts, limited liability companies, limited partnerships, foundations, and other non-profit organizations.

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

### **A. Methods of Analysis and Investment Strategies**

In formulating investment advice and managing assets for clients, Fortis Advisors may use various methods of analysis including, but not limited to, charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information may include web-based information, financial newspapers and magazines, research materials prepared by third parties, corporate rating services, timing services, annual reports, prospectuses, company filings with the SEC, and press releases.

#### *Investment Strategies*

Fortis Advisors' Investment Committee meets weekly to develop investment strategies and plans, assess asset allocations and investment performance, review and approve investments and managers for the Fortis Advisors platform, assess due diligence procedures and the need for additional information, review compliance issues and action items, and review the firm's operational environment.

Fortis Advisors will provide investment advice to its clients based on a number of factors, including but not necessarily limited to the client's investment objectives, risk tolerances, asset-class preferences, time horizons, liquidity needs, expected returns, and an assessment of current economic and market views expressed by economists, analysts, banks, and securities firms. Investment strategies are developed for each client, which attempt to achieve diversification by investing over time, across asset classes, within asset classes, across various investment styles, and by diversifying internationally.

Generally, investment strategies emphasize long-term investments in a diversified portfolio intended to meet the client's long-term financial objectives. Nevertheless, investment strategies used to implement investment advice may include short-term purchases (securities sold within a year), trading (securities sold within 30 days), long-term purchases (securities held at least a year), short sales, option-writing strategies including covered options or spreading strategies, or margin transactions. If permitted, the use of margin in an account generally is described in the investment policy statement.

An account may include investments in publicly traded common and preferred stocks, individual bonds, open- and closed-end mutual funds, and option contracts. Fortis Advisors may also recommend investments in commodities, private and publicly traded partnerships, and foreign equity and debt securities.

In addition, certain client accounts are subject to the investment strategies described in the offering documents of the underlying funds in which such clients are invested, which may be different than the strategies explained above. Clients should review a fund's offering documents for more detailed information regarding the strategies employed by the fund.

Fortis Advisors uses a variety of sources of data to conduct its economic, investment, and market analysis, such as financial newspapers and magazines, economic and market research materials

prepared by others, conference calls hosted by mutual funds, corporate rating services, annual reports, prospectuses, and company press releases. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

Fortis Advisors and its investment adviser representatives are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria.

- Optimization involves the use of mathematical algorithms to determine the appropriate mix of assets given the firm's current capital market rate assessment and a particular client's risk tolerance.
- Quantitative methods include analysis of historical data such as price and volume statistics, performance data, standard deviation and related risk metrics, how the security performs relative to the overall stock market, earnings data, price to earnings ratios, and related data.
- Technical analysis involves charting price and volume data as reported by the exchange where the security is traded to look for price trends.
- Computer models may be used to derive the future value of a security based on assumptions of various data categories such as earnings, cash flow, profit margins, sales, and a variety of other company specific metrics.

In addition, Fortis Advisors reviews research material prepared by others, as well as corporate filings, corporate rating services, and a variety of financial publications. Fortis Advisors may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

### **A.1. Material Risks of Investment Instruments**

Fortis Advisors typically invests in open-end mutual funds and exchange-traded funds for the vast majority of its clients. However, for certain clients, Fortis Advisors may effect transactions in the following types of securities:

- Equity securities
- Mutual fund securities
- Exchange-traded funds
- Fixed income securities
- Corporate debt securities, commercial paper, and certificates of deposit
- Municipal securities
- U.S. government securities
- Private placements
- Pooled investment vehicles
- Structured products

- Corporate debt obligations
- Variable annuities

#### **A.1.a. Equity Securities**

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

#### **A.1.b. Mutual Fund Securities**

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

#### **A.1.c. Exchange-Traded Funds ("ETFs")**

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs<sup>®</sup>, streetTRACKS<sup>®</sup>, DIAMONDS<sup>SM</sup>, NASDAQ 100 Index Tracking Stock<sup>SM</sup> ("QQQs<sup>SM</sup>"), iShares<sup>®</sup> and VIPERs<sup>®</sup>. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro-rata portion of the other investment company's advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.



#### **A.1.d. Fixed Income Securities**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds have liquidity and currency risk.

#### **A.1.e. Corporate Debt, Commercial Paper and Certificates of Deposit**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds also have liquidity and currency risk.

Commercial paper and certificates of deposit are generally considered safe instruments, although they are subject to the level of general interest rates, the credit quality of the issuing bank and the length of maturity. With respect to certificates of deposit, depending on the length of maturity there can be prepayment penalties if the client needs to convert the certificate of deposit to cash prior to maturity.

#### **A.1.f. Municipal Securities**

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

#### **A.1.g. U.S. Government Securities**

U.S. government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. government securities may be supported by the full faith and credit of the United States.

#### **A.1.h. Private Placements**

Private placements carry significant risk in that companies using the private placement market conduct securities offerings that are exempt from registration under the federal securities laws, which means that investors do not have access to public information and such investors are not provided with the same amount of information that they would receive if the securities offering was a public offering. Moreover, many companies using private placements do so to raise equity capital in the start-up phase of their business, or require additional capital to

complete another phase in their growth objective. In addition, the securities issued in connection with private placements are restricted securities, which means that they are not traded on a secondary market, such as a stock exchange, and they are thus illiquid and cannot be readily converted to cash.

#### **A.1.i. Pooled Investment Vehicles**

A pooled investment vehicle, such as a commodity pool or investment company, is generally offered only to investors who meet specified suitability, net worth and annual income criteria. Pooled investment vehicles sell securities through private placements and thus are illiquid and subject to a variety of risks that are disclosed in each pooled investment vehicle's confidential private placement memorandum or disclosure document. Investors should read these documents carefully and consult with their professional advisors prior to committing investment dollars. Because many of the securities involved in pooled investment vehicles do not have transparent trading markets from which accurate and current pricing information can be derived, or in the case of private equity investments where portfolio security companies are privately held with no publicly traded market, the firm will be unable to monitor or verify the accuracy of such performance information.

#### **A.1.j. Structured Products**

Structured products are designed to facilitate highly customized risk-return objectives. While structured products come in many different forms, they typically consist of a debt security that is structured to make interest and principal payments based upon various assets, rates or formulas. Many structured products include an embedded derivative component. Structured products may be structured in the form of a security, in which case these products may receive benefits provided under federal securities law, or they may be cast as derivatives, in which case they are offered in the over-the-counter market and are subject to no regulation.

Investment in structured products includes significant risks, including valuation, liquidity, price, credit and market risks. One common risk associated with structured products is a relative lack of liquidity due to the highly customized nature of the investment. Moreover, the full extent of returns from the complex performance features is often not realized until maturity. As such, structured products tend to be more of a buy-and-hold investment decision rather than a means of getting in and out of a position with speed and efficiency.

Another risk with structured products is the credit quality of the issuer. Although the cash flows are derived from other sources, the products themselves are legally considered to be the issuing financial institution's liabilities. The vast majority of structured products are from high investment grade issuers only. Also, there is a lack of pricing transparency. There is no uniform standard for pricing, making it harder to compare the net-of-pricing attractiveness of alternative structured product offerings than it is, for instance, to compare the net expense ratios of different mutual funds or commissions among broker-dealers.

#### **A.1.k. Corporate Debt Obligations**

Corporate debt obligations include corporate bonds, debentures, notes, commercial paper and other similar corporate debt instruments. Companies use these instruments to borrow

money from investors. The issuer pays the investor a fixed or variable rate of interest and must repay the amount borrowed at maturity. Commercial paper (short-term unsecured promissory notes) is issued by companies to finance their current obligations and normally has a maturity of less than nine months. In addition, the firm may also invest in corporate debt securities registered and sold in the United States by foreign issuers (Yankee bonds) and those sold outside the U.S. by foreign or U.S. issuers (Eurobonds).

#### **A.1.I. Variable Annuities**

Variable Annuities are long-term financial products designed for retirement purposes. In essence, annuities are contractual agreements in which payment(s) are made to an insurance company, which agrees to pay out an income or a lump sum amount at a later date. There are contract limitations and fees and charges associated with annuities, administrative fees, and charges for optional benefits. They also may carry early withdrawal penalties and surrender charges, and carry additional risks such as the insurance carrier's ability to pay claims. Moreover, variable annuities carry investment risk similar to mutual funds. Investors should carefully review the terms of the variable annuity contract before investing.

### **B. Investment Strategy and Method of Analysis Material Risks**

Our investment strategy is custom-tailored to the client's goals, investment objectives, risk tolerance, and personal and financial circumstances.

#### **B.1. Margin Leverage**

Although Fortis Advisors, as a general business practice, does not utilize leverage, there may be instances in which exchange-traded funds, other separate account managers and, in very limited circumstances, Fortis Advisors will utilize leverage. In this regard please review the following:

The use of margin leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment.

The use of margin leverage entails borrowing, which results in additional interest costs to the investor.

Broker-dealers who carry customer accounts require a minimum equity requirement when clients utilize margin leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to withdraw cash, the client must sell a disproportionate amount of

collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of margin leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

## **B.2. Short-Term Trading**

Although Fortis Advisors, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard, please read the following:

There is an inherent risk for clients who trade frequently in that high-frequency trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

## **B.3. Short Selling**

Fortis Advisors generally does not engage in short selling but reserves the right to do so in the exercise of its sole judgment. Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is effected, the investor is expecting the price of the security to decline in value so that a purchase or closeout of the short sale can be effected at a significantly lower price. The primary risks of effecting short sales is the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the security.

## **B.4. Technical Trading Models**

Technical trading models are mathematically driven based upon historical data and trends of domestic and foreign market trading activity, including various industry and sector trading statistics within such markets. Technical trading models, through mathematical algorithms, attempt to identify when markets are likely to increase or decrease and identify appropriate entry and exit points. The primary risk of technical trading models is that historical trends and past performance cannot predict future trends, and there is no assurance that the mathematical algorithms employed are designed properly, updated with new data, and can accurately predict future market, industry, and sector performance.

## **B.5. Option Strategies**

Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the underlying security. Options entail greater risk but allow an investor to have market exposure to a particular security or group of securities without the capital commitment required to purchase the underlying security or groups of securities. In addition, options allow investors to hedge security positions held in the portfolio. For detailed information on the use of options and option strategies, please contact the Options Clearing Corporation for the current Options Risk Disclosure Statement.

Fortis Advisors as part of its investment strategy may employ the following option strategies:

- Covered call writing
- Long call options purchases
- Long put options purchases

#### **B.5.a. Covered Call Writing**

Covered call writing is the sale of in-, at-, or out-of-the-money call option against a long security position held in the client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

#### **B.5.b. Long Call Option Purchases**

Long call option purchases allow the option holder to be exposed to the general market characteristics of a security without the outlay of capital necessary to own the security. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

#### **B.5.c. Long Put Option Purchases**

Long put option purchases allow the option holder to sell or “put” the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long put option increases. In this way long puts are often used to hedge a long stock position. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

### **C. Security-Specific Material Risks**

There is an inherent risk for clients who have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There is nothing to report on this item.

### **B. Administrative Enforcement Proceedings**

There is nothing to report on this item.

### **C. Self-Regulatory Organization Enforcement Proceedings**

There is nothing to report on this item.

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

### **A. Broker-Dealer or Representative Registration**

Neither Fortis Advisors nor its affiliates are registered broker-dealers and do not have an application to register pending.

### **B. Futures or Commodity Registration**

Neither Fortis Advisors nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator or commodity trading advisor and do not have an application to register pending.

### **C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

#### **C.1. Fortis Partners, LP**

Mr. Derek Boles, President of Fortis Advisors, is the managing member of Fortis Partners, LLC, the general partner of Fortis Partners, LP, a Delaware limited partnership ("Fortis Partners"). Fortis Partners is the sole owner of Fortis Solutions, LLC, Fortis Capital Partners, LLC, Fortis Family Office, LLC, and Fortis Advisors, LLC. Fortis Partners is a holding company and does not provide any services in addition to those provided through its wholly owned companies and are disclosed below. Fortis Partners does not have any employees.

#### **C.2. Fortis Solutions, LLC**

Mr. Derek Boles, President of Fortis Advisors, is an indirect owner of Fortis Solutions, LLC, a Pennsylvania limited liability company ("Fortis Solutions"). Mr. Randy Hubschmidt is the President of Fortis Solutions. Mr. Boles and Mr. Hubschmidt are licensed insurance agents under the laws of the Commonwealth of Pennsylvania and may sell certain insurance products through Fortis Solutions, an insurance agency. Fortis Advisors may refer clients to Fortis Solutions for the purchase of certain insurance-related products on a commission basis. The recommendation by Fortis Advisors that a client purchase an insurance commission product through Fortis Solutions presents a conflict of interest as the receipt of commissions may provide an incentive to recommend insurance products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any insurance commission product from Fortis Solutions, and any commission earned by representatives of Fortis Solutions are fully disclosed to a client in advance of such client's purchase of an insurance commission product. Clients are reminded that they may purchase insurance products recommended by Fortis Solutions through other non-affiliated insurance agents.

#### **C.3. Fortis Family Office, LLC**

Mr. Derek Boles, President of Fortis Advisors, is an indirect owner of Fortis Family Office, LLC, a Delaware limited liability company ("Fortis Family Office"). Fortis Family Office currently provides

family office services including, but not limited to, tax planning and preparation, financial reporting, trust and estate planning, property management, and concierge services. Mr. Boles may refer current clients of Fortis Family Office to Fortis Advisors, or conversely, refer a client of Fortis Advisors to Fortis Family Office who are in need of family office services in addition to the investment advisory services being offered. The recommendation by Mr. Boles or Fortis Advisors that a client engage Fortis Family Office for family office services presents a conflict of interest as the receipt of fees by Fortis Family Office may provide an incentive to recommend services based on fees to be received, rather than on a particular client's need. No client is under any obligation to retain Fortis Family Office for family office services. Clients are reminded that they may obtain family office services through other non-affiliated companies.

#### **C.4. Fortis Capital Partners, LLC**

Mr. Derek Boles, President of Fortis Advisors, is an indirect owner of Fortis Capital Partners, LLC, a Delaware limited liability company ("Fortis Capital"). Mr. Randy Hubschmidt is the President of Fortis Capital. Fortis Advisors may refer clients to Fortis Capital in situations where the clients need certain lending and credit advisory services. The recommendation by Fortis Advisors that a client engage Fortis Capital for credit advisory services presents a conflict of interest as the receipt of fees by Fortis Capital may provide an incentive to recommend services based on fees to be received, rather than on a particular client's need. No client is under any obligation to retain Fortis Capital for lending and credit advisory services. Clients are reminded that they may obtain credit advisory services through other non-affiliated companies.

#### **C.5. Fortis Services, LLC**

Mr. Derek Boles, President of Fortis Advisors, and Mr. Randy Hubschmidt are members of Fortis Services, LLC, a Delaware limited liability company ("Fortis Services"). Fortis Services' sole purpose is to provide management and employee-related services to Fortis Partners.

### **D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest**

Although Fortis Advisors does not receive any remuneration from advisers, investment managers, or other service providers that it recommends to clients, the firm engages sub-advisers to manage Fortis Advisors client accounts and receives a portion of the advisory fees charged by Fortis Advisors for its investment management services.



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

### **A. Code of Ethics Description**

In accordance with the Advisers Act, Fortis Advisors has adopted policies and procedures designed to detect and prevent insider trading. In addition, Fortis Advisors has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of Fortis Advisors' advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer of Fortis Advisors. Fortis Advisors will send clients a copy of its Code of Ethics upon written request.

Fortis Advisors has policies and procedures in place to ensure that the interests of its clients are given preference over those of Fortis Advisors, its affiliates and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

### **B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Fortis Advisors does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, Fortis Advisors does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

### **C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Fortis Advisors, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase the same securities as are purchased for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which Fortis Advisors specifically prohibits. Fortis Advisors has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest,
- prohibit front-running, and

- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow Fortis Advisors' procedures when purchasing or selling the same securities purchased or sold for the client.

#### **D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Fortis Advisors, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other Fortis Advisors clients. Fortis Advisors will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation (please refer to Item 12.B.3 Order Aggregation). It is the policy of Fortis Advisors to place the clients' interests above those of Fortis Advisors and its employees.

## Item 12: Brokerage Practices

### A. Factors Used to Select Broker-Dealers for Client Transactions

#### A.1. Custodian Recommendations

Fortis Advisors will generally recommend that clients establish brokerage accounts with Charles Schwab & Co., Inc. ("custodian"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although Fortis Advisors may recommend that clients establish accounts at the custodian, it is the client's decision to custody assets with the custodian. Fortis Advisors is independently owned and operated and not affiliated with custodian. For Fortis Advisors client accounts maintained in its custody, the custodian generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodian or that settle into custodian accounts.

Fortis Advisors considers the financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, and related factors in recommending broker-dealers or custodians to advisory clients.

In certain instances and subject to approval by Fortis Advisors, Fortis Advisors will recommend to clients certain other broker-dealers and/or custodians based on the needs of the individual client, and taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by Fortis Advisors will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

##### A.1.a. How We Select Brokers/Custodians to Recommend

Fortis Advisors seeks to recommend a custodian/broker who will hold client 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, the following:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear, and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (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 them
- reputation, financial strength, and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below

#### **A.1.a. Soft Dollar Arrangements**

Fortis Advisors does not utilize soft dollar arrangements. Fortis Advisors does not direct brokerage transactions to executing brokers for research and brokerage services.

#### **A.1.b. Institutional Trading and Custody Services**

The custodian provides Fortis Advisors with access to their institutional trading and custody services, which are typically not available to the custodian's retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain minimum amount of the advisor's clients' assets are maintained in accounts at a particular custodian. These services are not contingent upon Fortis Advisors committing to a custodian any specific amount of business (assets in custody or trading commissions). The custodian's brokerage services include the execution of securities transactions, 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.

#### **A.1.c. Other Products and Services**

The custodian also makes available to Fortis Advisors other products and services that benefit Fortis Advisors but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Fortis Advisors' accounts, including accounts not maintained at custodian. The custodian may also make available to Fortis Advisors software and other technology that

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

The custodian may also offer other services intended to help Fortis Advisors manage and further develop its business enterprise. These services may include

- compliance, legal and business consulting

- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers

The custodian may also provide other benefits such as educational events or occasional business entertainment of Fortis Advisors personnel. In evaluating whether to recommend that clients custody their assets at the custodian, Fortis Advisors may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

#### **A.1.d. Independent Third Parties**

The custodian may make available, arrange, and/or pay third-party vendors for the types of services rendered to Fortis Advisors. The custodian may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to Fortis Advisors.

#### **A.1.e. Additional Compensation Received from Custodians**

Fortis Advisors may participate in institutional customer programs sponsored by broker-dealers or custodians. Fortis Advisors may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between Fortis Advisors' participation in such programs and the investment advice it gives to its clients, although Fortis Advisors receives economic benefits through its participation in the programs that are typically not available to retail investors. These benefits may include the following products and services (provided without cost or at a discount):

- Receipt of duplicate client statements and confirmations
- Research-related products and tools
- Consulting services
- Access to a trading desk serving Fortis Advisors participants
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts)
- The ability to have advisory fees deducted directly from client accounts
- Access to an electronic communications network for client order entry and account information
- Access to mutual funds with no transaction fees and to certain institutional money managers
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to Fortis Advisors by third-party vendors

The custodian may also pay for business consulting and professional services received by Fortis Advisors' related persons, and may pay or reimburse expenses (including travel, lodging, meals and entertainment expenses for Fortis Advisors' personnel to attend conferences). Some of the products and services made available by such custodian through its institutional

customer programs may benefit Fortis Advisors but may not benefit its client accounts. These products or services may assist Fortis Advisors in managing and administering client accounts, including accounts not maintained at the custodian as applicable. Other services made available through the programs are intended to help Fortis Advisors manage and further develop its business enterprise. The benefits received by Fortis Advisors or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

Fortis Advisors also participates in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and its continued participation may require Fortis Advisors to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, Fortis Advisors will typically receive benefits similar to those listed above, including research, payments for business consulting and professional services received by Fortis Advisors' related persons, and reimbursement of expenses (including travel, lodging, meals and entertainment expenses for Fortis Advisors' personnel to attend conferences sponsored by the broker-dealer or trust company).

As part of its fiduciary duties to clients, Fortis Advisors endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Fortis Advisors or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Fortis Advisors' recommendation of broker-dealers such as Schwab for custody and brokerage services.

## **A.2. Brokerage for Client Referrals**

Fortis Advisors does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

## **A.3. Directed Brokerage**

### **A.3.a. Fortis Advisors Recommendations**

Fortis Advisors typically recommends Schwab as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.

### **A.3.b. Client-Directed Brokerage**

Occasionally, clients may direct Fortis Advisors to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage Fortis Advisors derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. Fortis Advisors loses the ability to aggregate trades with other Fortis Advisors advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

## **B. Aggregating Securities Transactions for Client Accounts**

### **B.1. Best Execution**

Fortis Advisors, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold, and the amount of such securities. Fortis Advisors recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. Fortis Advisors will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance and settlement
- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, Fortis Advisors seeks to ensure that clients receive best execution with respect to clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of Fortis Advisors' knowledge, these custodians provide high-quality execution, and Fortis Advisors' clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, Fortis Advisors believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

### **B.2. Security Allocation**

Since Fortis Advisors may be managing accounts with similar investment objectives, Fortis Advisors may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by Fortis

Advisors in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

Fortis Advisors' allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. Fortis Advisors will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

Fortis Advisors' advice to certain clients and entities and the action of Fortis Advisors for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines and circumstances. Thus, any action of Fortis Advisors with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of Fortis Advisors to or on behalf of other clients.

### **B.3. Order Aggregation**

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if Fortis Advisors believes that a larger size block trade would lead to best overall price for the security being transacted.

### **B.4. Allocation of Trades**

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

Fortis Advisors acts in accordance with its duty to seek best price and execution and will not continue any arrangements if Fortis Advisors determines that such arrangements are no longer in the best interest of its clients.



## **Item 13: Review of Accounts**

### **A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Mr. Derek Boles, Fortis Advisors' President, will review the holdings in each client account on at least a quarterly basis. Each client's portfolio holdings are monitored by Mr. Boles in light of trading activity, significant market and economic developments, and other activities or circumstances which may dictate a change in portfolio positions. In addition, Fortis Advisors has adopted policies and procedures requiring each client's account to be reviewed periodically by Jonathan Wowak, Fortis Advisors' Chief Compliance Officer, from the standpoint of the specific investment objectives of the client and as particular situations may dictate.

The following individuals comprise Fortis Advisors' Investment Committee: Derek Boles, Randy Hubschmidt, Jonathan Wowak, Marlene Musso, and Margaret Corado.

Financial planning clients receive their financial plans and recommendations at the time service is completed. There are no post-plan reviews unless engaged to do so by the client.

### **B. Review of Client Accounts on Non-Periodic Basis**

Fortis Advisors may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how Fortis Advisors formulates investment advice. More frequent reviews may also be triggered by tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in corporate management, or changes in macro-economic climate.

### **C. Content of Client-Provided Reports and Frequency**

Clients may receive quarterly written reports of the performance of such account, together with such other information, as specified in the investment management agreement governing each such account.

The client's independent custodian provides account statements directly to the client no less frequently than quarterly. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by Fortis Advisors.

## **Item 14: Client Referrals and Other Compensation**

### **A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

Fortis Advisors does not receive economic benefits for referring clients to third-party service providers.

### **B. Advisory Firm Payments for Client Referrals**

Fortis Advisors may enter into agreements with solicitors who will refer prospective advisory clients to Fortis Advisors in return for a portion of the ongoing investment advisory fee. Such arrangements will comply with the cash solicitation requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940. Generally, these requirements require the solicitor to have a written agreement with Fortis Advisors. The solicitor must provide the client with a disclosure document describing the fees it receives from Fortis Advisors, whether those fees represent an increase in fees that Fortis Advisors would otherwise charge the client, and whether an affiliation exists between Fortis Advisors and the solicitor.

## **Item 15: Custody**

Clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances and portfolio holdings in the client's account. Clients are urged to compare billing statements provided by Fortis Advisors to the custodian statement for accuracy. Any discrepancies should be brought to the firm's attention. The custodian's statement is the official record of the account.

## **Item 16: Investment Discretion**

Clients may grant a limited power of attorney to Fortis Advisors with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In those cases, Fortis Advisors will exercise full discretion as to the nature and type of securities to be purchased and sold, and the amount of securities for such transactions. Investment limitations may be designated by the client as outlined in the investment advisory agreement.

## Item 17: Voting Client Securities

Fortis Advisors does not take discretion with respect to voting proxies on behalf of its clients. Fortis Advisors will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of Fortis Advisors supervised and/or managed assets. In no event will Fortis Advisors take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, Fortis Advisors will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. Fortis Advisors has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. Fortis Advisors also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, Fortis Advisors has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where Fortis Advisors receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

## **Item 18: Financial Information**

### **A. Balance Sheet**

Fortis Advisors does not require the prepayment of fees of \$1200 or more, six months or more in advance, and as such is not required to file a balance sheet.

### **B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

Fortis Advisors does not have any financial issues that would impair its ability to provide services to clients.

### **C. Bankruptcy Petitions During the Past Ten Years**

There is nothing to report on this item.