

# Fieldstone Financial Advisors Network, LLC

SEC Number: 801-80132

**ADV Part 2A, Firm Brochure**  
**Dated: October 14, 2014**

Contact: Kristofor R. Behn, Chief Compliance Officer  
20 Cabot Boulevard, Suite 300  
Mansfield, Massachusetts 02048

**This Brochure provides information about the qualifications and business practices of Fieldstone Financial Advisors Network, LLC. If you have any questions about the contents of this Brochure, please contact us at (800) 888-5164 or [Krbehn@fieldstonefinancial.com](mailto:Krbehn@fieldstonefinancial.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 Fieldstone Financial Advisors Network, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Fieldstone Financial Advisors Network, LLC as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## **Item 2           Material Changes**

Fieldstone Financial Advisors Network, LLC is not currently amending this Firm Brochure as part of its Annual Update. However, since the previous filing, this Firm Brochure has been materially amended at Item 4.A. to reflect that Fieldstone Financial Advisors Network, LLC is no longer wholly owned by Fieldstone Financial Management Group, LLC, an SEC-registered Investment Advisory Firm. Rather, Fieldstone Financial Advisors Network, LLC and is now wholly owned by Kristofor R. Behn; who is the Manager and Chief Compliance Officer of Fieldstone Financial Advisors Network, LLC. This change in ownership structure does not amount to a change in control, because Kristofor R. Behn is also the sole owner, Managing Member, and Chief Compliance officer of Fieldstone Financial Management Group, LLC. Therefore, Fieldstone Financial Management Group, LLC and Fieldstone Financial Advisors Network, LLC remain under common control.

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#### Item 4            Advisory Business

- A. Fieldstone Financial Advisors Network, LLC (“Fieldstone Advisors”) is a limited liability company formed on May 1, 2014 in the State of Delaware and registered with the United States Securities and Exchange Commission on July 24, 2014. Fieldstone Advisors is wholly owned by Kristofor R. Behn; who is the Manager and Chief Compliance Officer of Fieldstone Advisors.
- B. As discussed below, Fieldstone Advisors offers to its clients (individuals, business entities, trusts, estates, charitable organizations and pension and profit sharing plans) investment advisory services along with financial planning and related consulting services.

#### **INVESTMENT ADVISORY, FINANCIAL PLANNING AND CONSULTING SERVICES**

The client can determine to engage Fieldstone Advisors to provide discretionary and/or non-discretionary investment advisory services, combined with financial planning and consulting services (including investment related matters, estate planning, insurance planning, etc.) on a *fee-only* basis. Fieldstone Advisors’ annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under Fieldstone Advisors’ management.

Before Fieldstone Advisors provides investment advisory services, an investment adviser representative will ascertain each client’s investment objectives. Thereafter, Fieldstone Advisors will allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. Once allocated, Fieldstone Advisors provides ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives.

#### **MISCELLANEOUS**

**Non-Investment Consulting/Implementation Services.** To the extent requested by the client, Fieldstone Advisors *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, tax preparation, insurance, etc. Neither Fieldstone Advisors, nor any of its representatives, serves as an attorney or accountant, and no portion of Fieldstone Advisors’ services should be construed as same. To the extent requested by a client, Fieldstone Advisors may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Fieldstone Advisors. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client’s responsibility to promptly notify Fieldstone Advisors if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Fieldstone Advisors’ previous recommendations and/or services.

**Private Notes.** Fieldstone Advisors may provide investment advice regarding private, unregistered notes and recommend that its clients consider the purchase of private notes on a non-discretionary basis. Fieldstone Advisors' role relative to the private notes shall be limited to its initial and ongoing due diligence of private notes and their issuers. If a client determines to become a private note holder, the amount of assets invested in the note(s) shall be included for purposes of Fieldstone Advisors calculating its annual investment advisory fee. **Fieldstone Advisors' clients are under absolutely no obligation to consider or make an investment in a private note(s).**

**Please Note:** Private notes generally involve a significant amount of risk and are suitable only for Accredited Investors (as defined by Regulation D, Rule 501(a) of the U.S. Securities Act of 1933) who have no immediate need for liquidity of the amount invested, and who can afford a risk of loss of all or a substantial part of such investment. There can be no assurance that the principal of or interest in the private notes will be repaid. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the note(s), and acknowledges and accepts the various risk factors that are associated with such an investment.

**Please Note:** In the event that the issuer of the private note fails to make an interest payment when due, the issuer may be in default of the agreement. In conformity with its fiduciary duty, Fieldstone Advisors will continually monitor such interest payments and notify a client invested in a private note in the event of default. However, in the event of default, Fieldstone Advisors shall not be liable for any costs incurred by the client investor in attempting to secure a recovery under the terms of the note(s). Rather, the client shall seek recovery solely from the issuer of the note(s).

**Please Also Note: Valuation.** In the event that Fieldstone Advisors references private notes owned by the client on any supplemental account reports prepared by Fieldstone Advisors, the value(s) for all private notes owned by the client shall reflect the most recent valuation provided by the issuer. If the issuer does not provide a post-purchase valuation, then the valuation shall reflect the initial purchase price (and/or a value as of a previous date) or the current value(s) (either the initial purchase price and/or the most recent valuation provided by the issuer). If the valuation reflects the initial purchase price (and/or a value as of a previous date), then the current value(s) (to the extent ascertainable) **could be significantly more or less than original purchase price.** The client's advisory fee shall be based upon such reflected note value(s).

**Please Note: Non-Discretionary Service Limitations.** Clients that determine to engage Fieldstone Advisors on a non-discretionary investment advisory basis **must be willing to accept** that Fieldstone Advisors cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event that Fieldstone Advisors would like to make a transaction for a client's account, and the client is unavailable, Fieldstone Advisors **will be unable to effect any account transactions** (as it would for its discretionary clients) **without first obtaining the client's verbal consent.**

**Client Obligations.** In performing its services, Fieldstone Advisors shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify Fieldstone Advisors if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Fieldstone Advisors' previous recommendations and/or services.

**Disclosure Statement.** A copy of Fieldstone Advisors' written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement*.

- C. Fieldstone Advisors will provide investment advisory services specific to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, Fieldstone Advisors will allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on Fieldstone Advisors' services.
- D. Fieldstone Advisors does not participate in a wrap fee program.
- E. As of the filing date of this ADV Part 2A, Firm Brochure, Fieldstone Advisors had \$0 in assets under management on either a discretionary or non-discretionary basis.

## **Item 5            Fees and Compensation**

- A. **INVESTMENT ADVISORY, FINANCIAL PLANNING AND CONSULTING SERVICES**  
The client can determine to engage Fieldstone Advisors to provide discretionary and/or non-discretionary investment advisory services, combined with financial planning and consulting services, on a negotiable *fee-only* basis. Fieldstone Advisors' investment advisory and planning fee generally includes two components:

- 1. A flat quarterly fee generally ranging between \$500 and \$10,000; and
- 2. A monthly or quarterly fee based upon a percentage (%) of the market value of the assets placed under Fieldstone Advisors' management, ranging between 0.25 % and 1.50% annually, which includes a platform fee of 0.20%. The platform fee encompasses: daily account reconciliation, performance reporting, asset allocation rebalancing, trade processing access to liquid and illiquid alternative investments and both public and private managers.

Fieldstone Advisors' investment advisory and planning fee is negotiable, and depends upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging Fieldstone Advisors to provide planning or consulting services, clients are required to enter into an *Investment Advisory Agreement* setting forth the terms and conditions of the engagement (including termination), and describing the scope of the services to be provided.

- B. Clients may elect to have Fieldstone Advisors' investment advisory and planning fees deducted from their custodial account. Both Fieldstone Advisors' *Investment Advisory Agreement* and the custodial / clearing agreement may authorize the custodian to debit the account for the amount of Fieldstone Advisors' investment advisory and planning fees and to directly remit that fee to Fieldstone Advisors in compliance with regulatory procedures. In the limited event that Fieldstone Advisors bills the client directly, payment is due upon receipt of Fieldstone Advisors' invoice.

Fieldstone Advisors deducts and/or bills clients for its flat fees quarterly in advance. Upon termination, Fieldstone Advisors will refund the pro-rated portion of the advanced flat fee paid based upon the number of days remaining in the billing quarter.

Fieldstone Advisors deducts and/or bills clients for its asset-based advisory fee monthly or quarterly in arrears, based upon the market value of the assets on the last business day of the previous month or quarter. Upon termination, Fieldstone Advisors will debit the account for the pro-rated portion of the unpaid advanced asset-based advisory fee based upon the number of days that services were provided during the billing month or quarter, as applicable.

- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, Fieldstone Advisors shall generally recommend that Charles Schwab and Co., Inc. ("Schwab"); TD Ameritrade, Inc., ("TD Ameritrade"); Fidelity Investments ("Fidelity"); or Pershing, LLC ("Pershing") serve as the broker-dealer/custodian for client investment advisory assets. Broker-dealers charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Fieldstone Advisors' investment advisory and planning fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. advisory and planning fees and other fund expenses).
- D. As indicated above, the flat quarterly portion of Fieldstone Advisors' investment advisory and planning fee shall be prorated and paid quarterly, in advance. Fieldstone Advisors generally requires a \$250,000 minimum asset level for non-discretionary investment advisory services. Fieldstone Advisors, in its sole discretion, may charge a lesser investment advisory and planning fee and/or reduce or waive its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The *Investment Advisory Agreement* between Fieldstone Advisors and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, Fieldstone Advisors shall refund the pro-rated portion of the advanced investment advisory and planning fee paid based upon the number of days remaining in the billing month or quarter, as applicable.

- E. Neither Fieldstone Advisors, nor its representatives, accepts compensation from the sale of securities or other investment products.

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

Neither Fieldstone Advisors, nor any supervised person of Fieldstone Advisors, accepts performance-based fees.

## **Item 7            Types of Clients**

Fieldstone Advisors' clients shall generally include individuals, business entities, trusts, estates and charitable organizations. Fieldstone Advisors generally requires a \$250,000 minimum asset level for non-discretionary investment advisory services. Fieldstone Advisors, in its sole discretion, may charge a lesser investment advisory and planning fee and/or reduce or waive its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

A. Fieldstone Advisors may utilize the following methods of security analysis:

- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

Fieldstone Advisors may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Margin Transactions (use of borrowed assets to purchase financial instruments)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

**Please Note: Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Fieldstone Advisors) will be profitable or equal any specific performance level(s).

B. Fieldstone Advisors' methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis Fieldstone Advisors must have access to current/new market information. Fieldstone Advisors has no control over the dissemination rate of market information; therefore, unbeknownst to Fieldstone Advisors, certain analyses may be compiled with outdated market information, severely limiting the value of Fieldstone Advisors' analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that

a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Fieldstone Advisors' primary investment strategies - Long Term Purchases and Short Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, Fieldstone Advisors may also implement and/or recommend – use of margin, and/or options transactions. Each of these strategies has a high level of inherent risk. (See discussion below).

Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. **Please Note:** To the extent that a client authorizes the use of margin, Fieldstone Advisors will include the entire market value of the margined assets when computing its advisory fee. Accordingly, Fieldstone Advisors' fee shall be based upon a higher margined account value, resulting in Fieldstone Advisors earning a correspondingly higher advisory fee. As a result, and in addition to understanding and assuming the additional principal risks associated with the use of margin, clients are advised that a potential of **conflict of interest** arises since Fieldstone Advisors may have an economic disincentive to recommend that the client terminate the use of margin. **Fieldstone Advisors' Chief Compliance Officer, Kristofor R. Behn, remains available to address any questions regarding the above.**

The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by Fieldstone Advisors shall be with the intent of offsetting/"hedging" a potential market risk in a client's portfolio. **Please Note:** Although the intent of the options-related transactions that may be implemented by Fieldstone Advisors is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct Fieldstone Advisors, in writing, not to employ any or all such strategies for his/her/their/its accounts.

- C. Currently, Fieldstone Advisors primarily allocates client investment assets among various individual equity (stocks), debt (bonds) and fixed income securities, mutual funds and/or exchange traded funds, on a discretionary and non-discretionary basis in accordance with the client's designated investment objective(s).



## **Item 9            Disciplinary Information**

Fieldstone Advisors has not been the subject of any disciplinary actions.

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

- A. Neither Fieldstone Advisors, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither Fieldstone Advisors, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Other Investment Adviser.** Fieldstone Advisors and Fieldstone Financial Management Group, LLC, an SEC-registered Investment Advisory Firm are under common control, and currently share the same Chief Compliance Officer.

**Conflict of Interest:** The recommendation by Fieldstone Advisors or its representatives that a client seek investment advisory services from Fieldstone Management presents a potential **conflict of interest**, as Fieldstone Advisors could have the incentive to make such a recommendation based on fees received from that client, rather than on a particular client's need. Accordingly, Fieldstone Advisors and its representatives do not generally refer clients to Fieldstone Management to receive investment advisory services. Clients are reminded that they are not under any obligation to pursue investment advisory services from Fieldstone Management. **Fieldstone Advisors' Chief Compliance Officer, Kristofor R. Behn, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

- D. Fieldstone Advisors does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. Fieldstone Advisors maintains an investment policy relative to personal securities transactions. This investment policy is part of Fieldstone Advisors' overall Code of Ethics, which serves to establish a standard of business conduct for all of Fieldstone Advisors' Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, Fieldstone Advisors also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Fieldstone Advisors or any person associated with Fieldstone Advisors.

- B. Neither Fieldstone Advisors nor any related person of Fieldstone Advisors recommends, buys, or sells for client accounts, securities in which Fieldstone Advisors or any related person of Fieldstone Advisors has a material financial interest.

- C. Fieldstone Advisors and/or representatives of Fieldstone Advisors *may* buy or sell securities that are also recommended to clients. This practice may create a situation where Fieldstone Advisors and/or representatives of Fieldstone Advisors are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Fieldstone Advisors did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of Fieldstone Advisors’ clients) and other potentially abusive practices.

Fieldstone Advisors has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Fieldstone Advisors’ “Access Persons”. Fieldstone Advisors’ securities transaction policy requires that an Access Person of Fieldstone Advisors must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date Fieldstone Advisors selects; provided, however that at any time that has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. Fieldstone Advisors and/or representatives of Fieldstone Advisors *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Fieldstone Advisors and/or representatives of Fieldstone Advisors are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, Fieldstone Advisors has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Fieldstone Advisors’ Access Persons.

## **Item 12 Brokerage Practices**

- A. In the event that the client requests that Fieldstone Advisors recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Fieldstone Advisors to use a specific broker-dealer/custodian), Fieldstone Advisors generally recommends that investment advisory accounts be maintained at Schwab, TD Ameritrade, Fidelity, or Pershing. Prior to engaging Fieldstone Advisors to provide investment advisory services, the client will be required to enter into a formal *Investment Advisory Agreement* with Fieldstone Advisors setting forth the terms and conditions under which Fieldstone Advisors shall manage the client’s assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Fieldstone Advisors considers in recommending Schwab, TD Ameritrade; Fidelity, or Pershing (or any other broker-dealer/custodian to clients) include historical relationship with Fieldstone Advisors, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Fieldstone Advisors’ clients shall comply with Fieldstone Advisors’ duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Fieldstone Advisors determines, in good faith, that the commission/transaction fee is reasonable. In seeking

best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Fieldstone Advisors will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Fieldstone Advisors' investment advisory and planning fee. Fieldstone Advisors' best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Fieldstone Advisors may receive from Schwab, TD Ameritrade, Fidelity, or Pershing (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, and/or mutual fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist Fieldstone Advisors to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Fieldstone Advisors may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Fieldstone Advisors in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist Fieldstone Advisors in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Fieldstone Advisors to manage and further develop its business enterprise.

Fieldstone Advisors' clients do not pay more for investment transactions effected and/or assets maintained at Schwab, TD Ameritrade, Fidelity, or Pershing as a result of this arrangement. There is no corresponding commitment made by Fieldstone Advisors to Schwab, TD Ameritrade, Fidelity, or Pershing or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**Fieldstone Advisors' Chief Compliance Officer, Kristofor R. Behn, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

2. Fieldstone Advisors does not receive referrals from broker-dealers.
3. Fieldstone Advisors does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Fieldstone Advisors will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with

orders for other accounts managed by Fieldstone Advisors. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs Fieldstone Advisors to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Fieldstone Advisors.

**Fieldstone Advisors' Chief Compliance Officer, Kristofor R. Behn, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that Fieldstone Advisors provides investment advisory services to its clients, the transactions for each client account generally will be effected independently, unless Fieldstone Advisors decides to purchase or sell the same securities for several clients at approximately the same time. Fieldstone Advisors may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Fieldstone Advisors' clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Fieldstone Advisors shall not receive any additional compensation or remuneration as a result of such aggregation.

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

- A. For those clients to whom Fieldstone Advisors provides investment supervisory services, account reviews are conducted on an ongoing basis by Fieldstone Advisors' Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise Fieldstone Advisors of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with Fieldstone Advisors on an annual basis.
- B. Fieldstone Advisors *may* conduct account reviews on an other-than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Fieldstone Advisors may also provide a written periodic report summarizing account activity and performance.

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

- A. As referenced in Item 12.A.1 above, Fieldstone Advisors may receive an indirect economic benefit, support services, and/or products from Schwab, TD Ameritrade, Fidelity, or Pershing, without cost (and/or at a discount).

Fieldstone Advisors' clients do not pay more for investment transactions effected and/or assets maintained at Schwab, TD Ameritrade, Fidelity, Pershing, or any other entity, or broker-dealer/custodians as a result of this arrangement. There is no corresponding commitment made by Fieldstone Advisors to Schwab, TD Ameritrade, Fidelity, Pershing, or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**Fieldstone Advisors' Chief Compliance Officer, Kristofor R. Behn, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

- B. Fieldstone Advisors does not compensate, directly or indirectly, any person, other than its representatives, for client referrals.

#### **Item 15            Custody**

Fieldstone Advisors shall have the ability to have its investment advisory and planning fee for each client debited by the custodian on a monthly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Fieldstone Advisors may also provide a written periodic report summarizing account activity and performance.

**Please Note:** To the extent that Fieldstone Advisors provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Fieldstone Advisors with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of Fieldstone Advisors' investment advisory and planning fee calculation.

#### **Item 16            Investment Discretion**

The client can determine to engage Fieldstone Advisors to provide investment advisory services on a discretionary basis. Prior to Fieldstone Advisors assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming Fieldstone Advisors as the client's attorney and agent in fact, granting Fieldstone Advisors full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage Fieldstone Advisors on a discretionary basis may, at anytime, impose restrictions, **in writing**, on Fieldstone Advisors' discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Fieldstone Advisors' use of margin, etc.).

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

- A. Fieldstone Advisors does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Fieldstone Advisors to discuss any questions they may have with a particular solicitation.

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

- A. Fieldstone Advisors does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. Fieldstone Advisors is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Fieldstone Advisors has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: Fieldstone Advisors' Chief Compliance Officer, Kristofor R. Behn, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**