

# US Financial Advisors, LLC

## Form ADV Part 2A – Disclosure Brochure

**Effective: March 30, 2018**

This Form ADV Part 2A (“Disclosure Brochure”) provides information about the qualifications and business practices of US Financial Advisors, LLC (“USFA” or the “Advisor”). If you have any questions about the contents of this Disclosure Brochure, please contact us at (781) 849-9200 or by email at [compliance@uswealthmanagement.com](mailto:compliance@uswealthmanagement.com).

USFA is a registered investment advisor with the U.S. Securities and Exchange Commission, located in the Commonwealth of Massachusetts. The information in this Disclosure Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about USFA to assist you in determining whether to retain the Advisor.

Additional information about USFA and its advisory persons are available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching for our firm name or by our CRD# 108763.

**US Financial Advisors, LLC**  
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## Item 2 – Material Changes

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Form ADV 2 is divided into two parts: *Part 2A (the "Disclosure Brochure")* and *Part 2B (the "Brochure Supplement")*. The Disclosure Brochure provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. The Brochure Supplement provides information about advisory personnel of USFA. For convenience, we have combined these documents into a single disclosure document.

USFA believes that communication and transparency are the foundation of its relationship with Clients and will continually strive to provide its Clients with complete and accurate information at all times. USFA encourages all current and prospective Clients to read this Disclosure Brochure and discuss any questions you may have with us. And of course, we always welcome your feedback.

### Material Changes

There have been [no] material changes to this Disclosure Brochure since the last filing and distribution to Clients.

### Future Changes

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching for our firm name or by our CRD# 108763. You may also request a copy of this Disclosure Brochure at any time, by contacting us at (781) 849-9200 or by email at [compliance@uswealthmanagement.com](mailto:compliance@uswealthmanagement.com).

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## **Item 4 – Advisory Services**

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### **A. Firm Information**

U.S. Financial Advisors, LLC (referred to throughout this document as “U.S. Financial Advisors,” “USFA”, the “firm”, “us,” and/or “we”), is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) and is a limited liability company formed under the laws of the State of Delaware. USFA has been registered as an investment adviser since October 1998. USFA is owned and controlled by John Napolitano through the firm’s parent company, U.S. Wealth Management, LLC. There are other members of U.S. Wealth Management, LLC; however, Mr. Napolitano is the only member with more than 25% control.

Certain investment advisory representatives of USFA have chosen not to carry their individual broker-dealer licenses and brand themselves solely as an investment advisor representative of U.S. Financial Advisors, LLC, d/b/a as U.S. Wealth Advisors (“USWA”).

### **B. Advisory Services Offered**

USFA provides fee-based investment advisory and financial planning services to various types of clients, including individuals and high-net-worth individuals (which include trusts and estates), and pension and profit sharing plans, and business entities. The nature and extent of the specific services provided to clients will always depend on each client’s financial status, objectives and needs, time horizons, concerns, expectations, and risk tolerance.

#### **Investment Management Services**

For its discretionary asset management services, USFA receives a limited power of attorney to effect securities transactions on behalf of its clients. Clients may grant USFA limited discretionary authority with respect to advisory client assets, including discretion to select third-party managers on behalf of such USFA advisory clients. Investment advisory services may be provided on a non-discretionary basis, depending on the agreement between the client and USFA. USFA recommends securities transactions to its clients that include securities and strategies as described in Item 8 of this Brochure.

In preparing the asset allocation, USFA will complete a Risk Tolerance Questionnaire with the client to analyze each client’s current investments, investment objectives, goals, age, time horizon, financial circumstances, investment experience, investment restrictions and limitations, and risk tolerance to make appropriate asset allocation recommendations and implementation decisions. USFA may engage third-party service providers to assist with the tax and estate planning portion of the services provided to clients. In addition, USFA may utilize third-party software to analyze individual security holdings and separate account managers utilized within the client’s portfolio. USFA will monitor those portfolios and make additional recommendations from time to time to rebalance and/or reallocate each client’s investments.

USFA’s investment advisory services to clients are either based on asset allocation models or are customized to the individual clients’ personal and financial circumstances that take into account a client’s personal financial circumstances, investment objectives, and tolerance for risk (e.g., cash-flow, tax, and estate). USFA’s engagement with a client will include, as appropriate, the following:

- Providing assistance in reviewing the client’s current investment portfolio against the client’s personal and financial circumstances as disclosed to USFA in response to a questionnaire and/or in discussions with the client and reviewed in meetings with USFA.
- Analyzing the client’s financial circumstances, investment holdings and strategy, and goals.
- Providing assistance in identifying a targeted asset allocation and portfolio design.

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- Implementing and/or recommending securities and strategies as described in Item 8 of this Brochure, each matched to the asset categories in the client's targeted asset allocation for consideration by the client.
- Reporting to the client at an agreed-upon interval, but no less frequently than annually, information on contributions and withdrawals in the client's investment portfolio.
- Proposing changes in the client's targeted asset allocation in consideration of changes in the client's personal circumstances, investment objectives and tolerance for risk, the performance record of any of the client's investments, and/or the performance of any fund or manager retained by the client.

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

#### **Truro Asset Management Program**

USFA also offers the Truro Asset Management Program ("Truro"). Each investment strategy, which is described in Item 8 of this Brochure, consists of investments specifically selected in order to achieve that particular strategy's investment objective. The client's assets are invested in a manner consistent with the investment strategy chosen; however, specific client portfolios may deviate from Truro's investment strategies due to a number of factors, which may include inception date of the account, tax considerations, liquidity needs, and other circumstances specific to the client.

#### **Investment Consulting Services**

USFA provides investment consulting services in the form of oral advice and written recommendations. These services are somewhat similar to investment management services, except that USFA does not implement any recommendations nor does USFA have a continuing obligation to monitor these recommendation or holdings beyond the date of the consultation. Clients signing up for this service must understand that the firm does not provide ongoing reviews of accounts through this service and information about such accounts is limited to information provided exclusively by the client. Clients have the sole discretion to accept or reject the firm's advice. The client must implement any trades themselves in such accounts because the firm will have no access to client accounts.

***Segmented Plans and Hourly Consultations:*** Segmented financial planning engagements are frequently single topic or single goal minded. These are not comprehensive and not designed to be integrated with all of the client's other financial matters. Common segmented engagements include investment reviews, retirement readiness reviews, risk reviews, estate planning, retirement planning, business planning, education planning, social security planning, a review of an existing investment portfolio, or other specific topic. USFA also provides specific consultation and administrative services regarding investment and financial concerns of the client. Additionally, USFA provides advice on non-securities matters, generally in connection with the rendering of estate planning, insurance, retirement planning, and/or annuity advice. As many individuals of USFA may be registered as representatives of a broker-dealer and as insurance agents/brokers of various insurance companies, implementation of proposals could be limited to only those products for which the individuals are licensed.

***Personal Financial Checkup:*** USFA may offer investment advisory consulting services to clients in the form of a personal financial "checkup." The financial checkup is a brief review of the client's entire financial situation, with an objective of recognizing issues with cash flow, risk management plan,

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investment plan, retirement plan, or estate plan that may need attention or warrant further review by the client or some other professional. The purpose of the personal financial checkup is to provide a general overview and analysis of the client's current financial circumstance and is not intended to be a comprehensive financial plan. Should more comprehensive financial planning be suggested and agreed to by the client during the course of the personal financial checkup, the client will enter into a separate agreement with USFA to provide any additional or more extensive personal financial consulting services or a comprehensive financial plan.

**Qualified Plan Review:** USFA may offer investment advisory consulting services to retirement plans including pension, profit sharing, and 401(k) plans in the form of a qualified plan review. As part of the qualified plan review, USFA may provide advice to qualified plan sponsors in the form of a review of the plan document, plan limitations, contribution allocations, investment policy statements, employee notifications, and compliance procedures. USFA may consult with the plan sponsor to determine the plan's investment needs and goals and may assist the plan sponsor with developing an investment policy statement. USFA may review various investments to determine whether the current investment options are appropriate to implement the plan's investment policy statement. For pension, profit sharing, and 401(k) plan clients where there are individual accounts with participants exercising control over assets in their own accounts ("self-directed plans"), USFA may also provide educational support and workshops designed for the plan participants. The nature of the topics to be covered will be determined by USFA and the client under the guidelines established by ERISA Section 404(c).

### **Financial Planning Services**

Comprehensive financial planning involves the review of the client's cash flow and expenses, risk management plan, investment plan, retirement plan, and estate plan with an objective of evaluating alternative strategies integrated with other areas of the client's financial life to help the client make decisions helpful toward his or her stated goals. Comprehensive financial planning engagements will integrate with other professionals and frequently involve matters of family governance and business continuity or succession planning. Clients purchasing this service will receive a written financial plan providing a detailed plan designed to achieve the client's stated financial goals and objectives.

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

- **Personal:** Family records, budgeting, personal liability, estate information, identification and qualification of financial goals.
- **Taxes and Cash Flow:** Income tax forecasts and planning, estate tax projections, spending analysis, and planning for past, current, or future years. USFA may illustrate the impact of various investments or anticipated life or financial events on a client's current income tax and future tax liability.
- **Risk Management, Death and Disability:** Cash needs at death, income needs of surviving dependents, estate planning, disability income analysis, life insurance analysis, long-term care analysis, and a general risk assessment.
- **Retirement Planning:** Analysis of current strategies and investment plans to help the client achieve his/her retirement goals.
- **Investment Management:** Analysis of client's current portfolio and investment alternatives. USFA gathers information through in-depth personal interviews. Information gathered includes the client's current financial status, future goals, and attitude toward risk. Related documents supplied by the client are carefully reviewed and a written report is prepared. Should the client choose to implement the recommendations contained in the plan, USFA provides proposals to implement solutions by offering investment and insurance products. Implementation of financial plan recommendations is entirely at the client's discretion.

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### **Recommendation of Separate Account Managers**

USFA may refer clients to affiliated or unaffiliated separate account managers to manage all or a portion of the client's investment portfolio. In this regard, USFA provides advice with respect to the retention of separate account managers as it relates to the client's individual financial circumstances, risk tolerance, and investment objectives. Upon selection of a separate account manager, the client will receive such account manager's Form ADV Part 2A and 2B brochures with their specific disclosure information.

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

Each client's account will be managed on the basis of the client's financial situation and investment objectives, and in accordance with any reasonable restrictions imposed by the client on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio.

## **C. Client Account Management**

Prior to engaging USFA to provide investment advisory services, each Client is required to enter into an investment advisory agreement with the Advisor that defines the terms, conditions, authority and responsibilities of the Advisor and the Client. These services may include:

- Establishing an Investment Strategy – USFA, in connection with the Client, may a strategy that seeks to achieve the Client's goals and destinations. The strategy is designed to address the Client's personal goals, investment goals, and both long-term and short-term objectives.
- Asset Allocation – USFA will develop a strategic asset allocation that is targeted to meet the investment objectives, time horizon, financial situation and tolerance of risk for each Client.
- Portfolio Construction – USFA will develop a portfolio for the Client that is intended to meet the stated goals and objectives of the Client.
- Investment Management and Supervision – USFA will provide investment management and ongoing oversight of the Client's relationship's investment portfolio.

## **D. Wrap Fee Programs**

On occasion, USFA includes securities transaction fees together with its investment advisory fees. Including these fees into a single asset-based fee is considered a "Wrap Fee Program". The Advisor customizes its investment management services for its Clients. The Advisor sponsors the USFA Wrap Fee Program solely as a supplemental disclosure regarding the combination of fees. Depending on the level of trading required for the Client's account[s] in a particular year, the Client may pay more or less in total fees than if the Client paid its own transaction fees. Please see Appendix 1 –Wrap Fee Program Brochure, which is included as a supplement to this Disclosure Brochure.

## **E. Assets Under Management**

As of December 31, 2017, USFA manages the following assets:

Assets Under Management	Assets
Discretionary Assets	\$405,058,667
Non-Discretionary Assets	\$0.00
<b>Total</b>	<b>\$405,058,667</b>

Clients may request more current information at any time by contacting the Advisor.

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## Item 5 – Fees and Compensation

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The following paragraphs detail the fee structure and compensation methodology for services provided by the Advisor. Each Client engaging the Advisor for services described herein shall be required to enter into a written agreement with the Advisor.

### A. Fees for Advisory Services

#### **Asset-Based Investment Management Services**

Investment advisory fees of USFA are charged based on a percentage of assets under management billed in advance (at the start of the billing period) on a quarterly basis and calculated based on the fair market value of the account as of the last business day of the previous billing period. Fees are prorated based on the number of days service is provided during each billing period. If asset management services are commenced in the middle of the billing period, the prorated fee for that billing period may be deducted from the account when services commence. The firm uses LPL as the qualified custodian as well as a third-party billing service, Orion, to track contributions to and withdrawals from client accounts, and will adjust fees if the change to a client's portfolio is greater than 10%. Such fee adjustments will be prorated for the quarter in which the change occurs.

The client will be charged an annual fee in accordance with the applicable fee schedule below. The fees charged by USFA are based upon the amount of assets under management. Fees charged by USFA will not be based on the capital gains or the capital appreciation of the client's account(s). Fees charged to the client may be higher or lower than fees charged to other clients based on the investment adviser representative providing the services, the client's financial situation and circumstances, the amount of assets under management, the strategy or models used to manage accounts, and the complexity of the services provided.

#### ***Truro Strategic Model Portfolios***

Assets Under Management	Maximum Fee
\$0-\$500,000	2.00%
\$500,001-\$1,000,000	1.80%
\$1,000,001-\$2,000,000	1.60%
Over \$2,000,000	1.50%

#### ***Truro Tactical Model Portfolios***

Assets Under Management	Maximum Fee
\$0-\$500,000	2.00%
\$500,001-\$1,000,000	1.80%
\$1,000,001-\$2,000,000	1.60%
Over \$2,000,000	1.50%

#### ***Truro Dimensional Fund Advisors Portfolios\****

Assets Under Management	Maximum Fee
\$0-\$500,000	2.00%
\$500,001-\$1,000,000	1.80%
\$1,000,001-\$2,000,000	1.60%
Over \$2,000,000	1.50%

\*Investment Policy Statement is required.

#### ***Investment Advisor Representative Managed Portfolios***

Assets Under Management	Maximum Fee
\$0-\$500,000	2.00%
\$500,001-\$1,000,000	1.80%
\$1,000,001-\$2,000,000	1.60%
Over \$2,000,000	1.50%

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For separately managed accounts, the client will be charged an additional fee by the Separate Account Manager ("SAM") for its services. The SAM will be responsible for collecting its fees from the client via separate written agreement with the client. This fee is in addition to the fee charged by USFA. The fee charged by the SAM is based on the total assets allocated to the SAM, which are also included in the calculation of the fee charged by USFA as described above. Please be advised that the fees for SAM accounts when added to the fees charged by USFA may be greater than those accounts managed by USFA. As such, it may be more economically advantageous for clients to select USFA as opposed to a SAM, even though the SAM may provide superior investment services relative to those provided by USFA.

Fees are negotiable. USFA believes that its annual fee is reasonable in relation to: (i) services provided under the client agreement, and (ii) the fees charged by other investment advisers offering similar services/programs. However, USFA's annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs.

USFA generally requires a minimum account value of \$50,000 for accounts it manages on a discretionary basis. Prospective clients may find comparable services at more favorable pricing elsewhere. Separate account managers may have different minimum portfolio size requirements; please review the applicable separate account manager's ADV Part 2A. In the case of USFA- advised assets, USFA, in its sole discretion, may waive the required minimum. Please be advised that certain IARs have negotiated with their clients to absorb the custodian transaction-based fees incurred in the normal course of portfolio management. Clients should understand that advisors who absorb such fees create a dis-incentive to trade.

A client investment advisory agreement may be canceled by either party upon written notice to the other party. Upon termination, any unearned, prepaid fees will be promptly refunded. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

#### **Important Disclosure – Custodian Investment Programs**

Please be advised that USFA utilizes LPL Financial and TD Ameritrade (collectively herein referred to as "custodian") as its primary custodians, which is described in detail under Section 12 of this Part 2A disclosure brochure. Under this arrangement we can access certain investment programs offered by our custodian that offer certain compensation and fee structures that create conflicts of interest of which you need to be aware. Please note the following:

#### **Additional Disclosure Concerning Wrap Programs**

In addition, our custodians offer certain wrap fee programs that (i) allow our investment adviser representatives to select mutual fund classes that either have no transaction fee costs associated with them but include embedded 12b-1 fees that lower the investor's return ("sometimes referred to as "A-Shares," depending on the mutual fund issuer), or (ii) allow the use of mutual fund classes that have transaction fees associated with them but do not carry embedded 12b-1 fees (sometimes referred to as "I- Shares," depending on the mutual fund sponsor). Our wrap fee programs offer investment services and related transaction services for one all-inclusive fee (except as may be described elsewhere in this Brochure).

The trading costs are absorbed by the firm and/or the investment representative. If a client's account holds A-Shares within a wrap fee program, the firm and/or its investment adviser representative avoids paying the transaction fees charged by other mutual fund classes, which in effect decreases the firm's costs and increases its revenues from the account. Effectively the cost is transferred to the client from the firm in the form of a lower rate of return on the specific mutual fund. This creates an incentive for the firm or investment adviser to utilize such funds as opposed to those funds that may be equally appropriate for a client but do not carry the additional cost of 12b-1 fees borne by the client.

As a policy matter, the firm does not allow funds that impose 12b-1 or revenue sharing fees on the client's investment within its wrap fee programs. Should a client prefer an A-Share class or mutual fund share class that has embedded 12b-1 and/or revenue sharing fees, then the utilization of such funds within the wrap fee program requires specific written client consent acknowledging the conflict. Clients should understand and discuss with

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their investment adviser representative the types of mutual fund share classes available in the wrap fee program and the basis for using one share class over another in accordance with their individual circumstances and priorities.

### **Financial Planning Services**

USFA offers financial planning services for a fixed or hourly fee engagement fee ranging from \$1,000 to \$75,000 or more, depending on the nature and complexity of each client's circumstance. The fixed fee is payable in advance of services performed. Fees may be negotiable based on the nature and complexity of the services to be provided and the overall relationship with the Advisor. An estimate for total costs will be determined prior to establishing the advisory relationship.

A financial plan or additional investment advisory consulting services may be included in the fixed fee charged for the financial plan, charged as a separate fixed fee, or otherwise charged on an hourly basis. Hourly rates will be negotiable depending upon the complexity, nature, and length of a particular matter and the particular person providing the advice, and typically range between \$150 and \$500 per hour and agreed upon in advance with the client and USFA.

A comprehensive financial plan, with or without additional investment advisory consulting, will be completed within 180 days of entering into an investment advisory consulting agreement, provided that all information needed to complete such services have been provided by the client. USFA will not accept payment in advance for consultations where the completion of the engagement will extend beyond six months.

## **B. Fee Billing**

### **Investment Management Services**

USFA will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) 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. If the client's account is managed by a separate account manager, such manager will generally require that any fees be paid on a quarterly basis, in advance, directly from the client's account with the custodian of the portfolio assets.

The amount due is calculated by applying the quarterly rate (annual rate divided by 4) to the total assets under management with USFA at the end of the prior quarter. Clients will be provided with a statement, at least quarterly, from the Custodian reflecting deduction of the investment advisory fee.

### **Financial Planning Services**

Invoices will be mailed out upon the client and USFA signing a financial planning contract when requested. In most instances the signed financial planning agreement serves as the invoice. Unless otherwise arranged, all financial planning engagement fees are due in advance. A financial planning agreement may be terminated by either party for any reason upon receipt of written notice. Clients seeking to terminate this service must do so in writing. Upon termination any unearned prepaid fees will be promptly refunded.

## **C. Other Fees and Expenses**

Clients may incur certain fees or charges imposed by third parties in connection with investments made on behalf of the Client's account[s]. USFA includes securities transactions costs as part of its overall investment advisory fee through the USFA Wrap Fee Program. Securities transaction fees for Client-directed trades may be charged back to the Client. Please see Item 4.D. above as well as Appendix 1 – Wrap Fee Program Brochure.

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In addition, all fees paid to USFA for investment advisory services or part of the USFA Wrap Fee Program are separate and distinct from the expenses charged by mutual funds and exchange-traded funds to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee.

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 USFA 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.

A Client could invest in these products directly, without the services of USFA, but would not receive the services provided by USFA which are designed, among other things, to assist the Client in determining which products or services are most appropriate for each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by USFA to fully understand the total fees to be paid. Please refer to Item 12 – Brokerage Practices for additional information.

#### **D. Advance Payment of Fees and Termination**

##### **Investment Management Services**

USFA requires the prepayment of fees for all of its investment advisory services, subject to the terms of the investment advisory agreement. The custodian will deliver directly to the client an account statement, at least monthly, showing all investment and transaction activity for the period, including fee disbursements from the account.

A client investment advisory agreement may be canceled by either party upon written notice to the other party. Upon termination, any unearned, prepaid fees will be promptly refunded. Fees will be adjusted for significant contributions to a client's portfolio and withdrawals. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

##### **Financial Planning Services**

USFA requires prepayment of financial planning fees. Financial planning fees are billed in advance based upon the scope of the engagement. Clients seeking to terminate this service must do so in writing. USFA will not accept payment in advance for consultations where the completion of the engagement will extend beyond six months.

A financial planning agreement may be terminated by either party for any reason upon receipt of written notice within five days of the effective date of the contract. Upon termination of any contract, all unearned, prepaid fees will be promptly refunded and any earned, unpaid fees will be due and payable.

#### **E. Compensation for Sales of Securities**

Certain Advisory Persons are also registered representatives of LPL Financial LLC ("LPL"). LPL is a registered broker/dealer (CRD No. 6413), member FINRA, SIPC. In one's separate capacity as a registered representative of LPL, the Advisory Person can implement securities transactions through LPL and not through USFA. In such instances, the Advisory Person will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products.

Compensation earned by the Advisory Person in one's capacity as a registered representative is separate and in addition to the Advisor's fees. This practice presents a conflict of interest because the Advisory Person who is a registered representative has an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on the Client's best interests.

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- Neither the Advisor nor Advisory Persons will earn ongoing investment advisory fees in connection with any products or services implemented in the Advisory Person's separate capacity as a registered representative.
- Investment adviser representatives, in their capacity as an LPL registered representative, are prohibited from earning an advisory fee on the securities value transferred from an advisory client's LPL brokerage account unless commissions earned on such securities transactions occurred at least a 12–18 months prior to the transfer.
- Clients are not obligated to implement any recommendation provided by the Advisor nor Advisory Persons.

Please see "Item 10 – Other Financial Industry Activities and Affiliations".

Certain Advisory Persons are also licensed as independent insurance professionals. As an independent insurance professional, the Advisory Person will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because the person providing investment advice on behalf of the Advisor who is also an insurance agent has an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any Advisory Person affiliated with the Advisor.

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

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USFA does not charge performance-based fees for its investment advisory services. The fees charged by USFA are as described in "Item 5 – Fees and Compensation" above and are not based upon the capital appreciation of the funds or securities held by any Client.

USFA does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients.

## **Item 7 – Types of Clients**

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USFA generally provides investment advice to individuals and high-net-worth individuals (which include trusts and estates), and pension and profit sharing plans, and business entities.

USFA generally requires a minimum account value of \$50,000 for accounts it manages on a discretionary basis. Prospective clients may find comparable services at more favorable pricing elsewhere. Separate account managers may have different minimum portfolio size requirements; please review the applicable separate account manager's ADV Part 2A. In the case of USFA- supervised assets, USFA, in its sole discretion, may waive the required minimum.

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

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### **A. Methods of Analysis**

USFA 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.

USFA 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

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

#### **Mutual Funds, Exchange-Traded Funds, Separate Account Managers, Individual Equity and Fixed Income Securities, Pooled Investment Vehicles**

USFA may recommend mutual funds and individual securities (including fixed income instruments), and pooled investment vehicles. Such investments may represent certain asset class styles, such as large-cap, mid-cap and small-cap value, growth and core; international and emerging markets; and alternative investments. USFA may also assist the client in selecting one or more appropriate manager(s) for all or a portion of the client's portfolio. Such managers typically manage assets for clients who commit to the manager a minimum amount of assets established by that manager—a factor that USFA will take into account when recommending managers to clients.

A description of the criteria to be used in formulating an investment recommendation for mutual funds, exchange-traded funds, individual securities (including fixed-income securities), managers, and pooled investment vehicles is set forth below.

USFA has formed relationships with third-party vendors that provide a technological platform for separate account management and perform due diligence monitoring of mutual funds, managers, and pooled investment vehicles that perform billing and certain other administrative tasks. USFA may utilize additional independent third parties to assist it in recommending and monitoring individual securities, mutual funds, managers, and pooled investment vehicles to clients as appropriate under the circumstances.

USFA reviews certain quantitative and qualitative criteria related to mutual funds and managers and to formulate investment recommendations to its clients. Quantitative criteria may include:

- the performance history of a mutual fund or manager evaluated against that of its peers and other benchmarks;
- an analysis of risk-adjusted returns;
- an analysis of the manager's contribution to the investment return (e.g., manager's alpha), standard deviation of returns over specific time periods, sector and style analysis;

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- the fund, sub-advisor, or manager's fee structure; and,
- the relevant portfolio manager's tenure.

Qualitative criteria used in recommending mutual funds or managers include the investment objectives and/or management style and philosophy of a mutual fund or manager, a mutual fund or manager's consistency of investment style, and employee turnover and efficiency and capacity. USFA may discuss relevant quantitative and qualitative factors pertaining to its recommendations with clients prior to their determination to retain a mutual fund or manager upon request of any client.

Quantitative and qualitative criteria related to mutual funds and managers are reviewed by USFA on a quarterly basis or such other interval as determined by USFA's investment committee. In addition, mutual funds or managers are reviewed to determine the extent to which their investments reflect efforts to time the market, or evidence style drift such that their portfolios no longer accurately reflect the particular asset category attributed to the mutual fund or manager by USFA (both of which are negative factors in implementing an asset allocation structure). Based on its review, USFA will make changes regarding the retention or discharge of a mutual fund or manager and act accordingly under our discretionary asset management agreement.

USFA may negotiate reduced account minimum balances and reduced fees with managers under various circumstances (e.g., for clients with minimum level of assets committed to the manager for specific periods of time, etc.). There can be no assurance that clients will receive any reduced account minimum balances or fees, or that all clients, even if apparently similarly situated, will receive any reduced account minimum balances or fees available to some other clients. Also, account minimum balances and fees may significantly differ between clients. Each client's individual needs and circumstances will determine portfolio weighting, which can have an impact on fees given the mutual funds or managers utilized. USFA will endeavor to obtain equal treatment for its clients with mutual funds or managers, but cannot assure equal treatment.

USFA, for asset-based fee clients, will regularly review the activities of mutual funds and managers selected by USFA or the client. For financial planning clients, USFA will not undertake ongoing reviews unless specifically agreed to by the client and USFA. Clients that engage managers or invest in mutual funds should first review and understand the disclosure documents of those managers or mutual funds, which contain information relevant to such retention or investment, including information on the methodology used to analyze securities, investment strategies, fees, and conflicts of interest. Similarly, clients qualified to invest in pooled investment vehicles should review the private placement memoranda or other disclosure materials relating to such vehicles before making a decision to invest.

### **Important Disclosure – Custodian Investment Programs**

To the extent we recommend an asset allocation using the LPL SWM II platform, such program will be done as USFA's wrap fee program. Please refer to Appendix 1 of Part 2A: USFA Wrap Fee Program Brochure. Please be advised that USFA utilizes LPL Financial as its primary custodian, which is described in detail under Section 12 of this Part 2A disclosure brochure. Under this arrangement we can access certain investment programs offered by LPL Financial that offer certain compensation and fee structures that create conflicts of interest of which clients need to be aware. Please see Item 5.A. of this Brochure for detailed information. As a matter of policy, we don't offer a wrap fee program through any other custodians.

### **B. Risk of Loss**

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. USFA will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

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While the methods of analysis help the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in these methods of analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in "Item 13 – Review of Accounts".

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis.

USFA typically invests in equity securities, corporate debt instruments, municipal fixed income instruments, government securities including asset-backed securities, and options on securities as detailed below:

Equity securities	Certificates of Deposit	Government and agency
Warrants and rights	Municipal securities	Mortgage-backed securities
Mutual fund securities	U.S. government securities	Corporate debt obligations
Exchange-traded funds	Option contracts on securities	Mortgage-backed securities
Corporate debt securities	Pooled Investment Vehicles	Collateralized obligations
Commercial paper		

### **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.

### **Warrants and Rights**

Warrants are securities, typically issued with preferred stock or bonds, which give the holder the right to purchase a given number of shares of common stock at a specified price and time. The price of the warrant usually represents a premium over the applicable market value of the common stock at the time of the warrant's issuance. Warrants have no voting rights with respect to the common stock, receive no dividends and have no rights with respect to the assets of the issuer.

Investments in warrants and rights involve certain risks, including the possible lack of a liquid market for the resale of the warrants and rights, potential price fluctuations due to adverse market conditions or other factors, and failure of the price of the common stock to rise. If the warrant is not exercised within the specified time period, it becomes worthless.

### **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 desired by USFA, and the type and amount of sector diversification within specific industries desired by USFA. In addition, mutual funds may be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

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### **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 or USFA could purchase an ETF to gain exposure to a portion of a particular 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., employ 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.

### **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 safer 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.

### **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.

### **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. 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.

### **Options on Securities**

A call option is a contract under which the purchaser of the call option, in return for a premium paid, has the right to buy the security (or index) underlying the option at a specified price at any time during the term of the option. The writer of the call option, who receives the premium, has the obligation upon exercise of the option to deliver the underlying security against payment of the exercise price. A put option gives its purchaser, in return for a premium, the right to sell the underlying security at a specified price during the term of the option. The writer of the put, who receives the premium, has the obligation to buy, upon exercise of the option, the underlying security (or a cash amount equal to the value of the index) at the exercise price. The amount of a premium received or

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paid for an option is based upon certain factors, including the market price of the underlying security, the relationship of the exercise price to the market price, the historical price volatility of the underlying security, the option period and interest rates.

### **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.

### **Government and Agency Mortgage-Backed Securities**

The principal issuers or guarantors of mortgage-backed securities are the Government National Mortgage Association ("GNMA"), Fannie Mae ("FNMA") and the Federal Home Loan Mortgage Corporation ("FHLMC"). GNMA, a wholly owned U.S. government corporation within the Department of Housing and Urban Development ("HUD"), creates pass-through securities from pools of government-guaranteed (Farmers' Home Administration, Federal Housing Authority or Veterans Administration) mortgages. The principal and interest on GNMA pass-through securities are backed by the full faith and credit of the U.S. government.

FNMA, which is a U.S. government-sponsored corporation owned entirely by private stockholders that is subject to regulation by the secretary of HUD, and FHLMC, a corporate instrumentality of the U.S. government, issue pass-through securities from pools of conventional and federally insured and/or guaranteed residential mortgages. FNMA guarantees full and timely payment of all interest and principal, and FHMLC guarantees timely payment of interest and ultimate collection of principal of its pass-through securities. Mortgage-backed securities from FNMA and FHLMC are *not* backed by the full faith and credit of the U.S. government.

### **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, USFA may 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).

### **Mortgage-Backed Securities**

Mortgage-backed securities represent interests in a pool of mortgage loans originated by lenders such as commercial banks, savings associations, and mortgage bankers and brokers. Mortgage-backed securities may be issued by governmental or government-related entities, or by non-governmental entities such as special-purpose trusts created by commercial lenders.

Pools of mortgages consist of whole mortgage loans or participations in mortgage loans. The majority of these loans are made to purchasers of between one and four family homes. The terms and characteristics of the mortgage instruments are generally uniform within a pool but may vary among pools. For example, in addition to fixed-rate, fixed-term mortgages, USFA may purchase pools of adjustable-rate mortgages, growing equity mortgages, graduated payment mortgages and other types. Mortgage poolers apply qualification standards to lending institutions, which originate mortgages for the pools as well as credit standards and underwriting criteria for individual mortgages included in the pools. In addition, many mortgages included in pools are insured through private mortgage insurance companies.

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Mortgage-backed securities differ from other forms of fixed income securities, which normally provide for periodic payment of interest in fixed amounts with principal payments at maturity or on specified call dates. Most mortgage-backed securities, however, are pass-through securities, which means that investors receive payments consisting of a pro rata share of both principal and interest (less servicing and other fees), as well as unscheduled prepayments as loans in the underlying mortgage pool are paid off by the borrowers. Additional prepayments to holders of these securities are caused by prepayments resulting from the sale or foreclosure of the underlying property or refinancing of the underlying loans. As prepayment rates of individual pools of mortgage loans vary widely, it is not possible to accurately predict the average life of a particular mortgage-backed security. Although mortgage-backed securities are issued with stated maturities of up to 40 years, unscheduled or early payments of principal and interest on the mortgages may shorten considerably the securities' effective maturities.

### **Collateralized Obligations**

Collateralized mortgage obligations ("CMOs") are collateralized by mortgage-backed securities issued by GNMA, FHLMC or FNMA ("mortgage assets"). CMOs are multiple-class debt obligations. Payments of principal and interest on the mortgage assets are passed through to the holders of the CMOs as they are received, although certain classes (often referred to as "tranches") of CMOs have priority over other classes with respect to the receipt of mortgage prepayments.

Each tranche is issued at a specific or floating coupon rate and has a stated maturity or final distribution date. Interest is paid or accrues in all tranches on a monthly, quarterly or semi-annual basis. Payments of principal and interest on mortgage assets are commonly applied to the tranches in the order of their respective maturities or final distribution dates, so that generally no payment of principal will be made on any tranche until all other tranches with earlier stated maturity or distribution dates have been paid in full.

Collateralized debt obligations ("CDOs") include collateralized bond obligations ("CBOs"), collateralized loan obligations ("CLOs") and other similarly structured securities. CBOs and CLOs are types of asset-backed securities. A CBO is a trust that is backed by a diversified pool of high-risk, below-investment-grade fixed income securities. A CLO is a trust typically collateralized by a pool of loans, which may include, among others, domestic and foreign senior secured loans, senior unsecured loans, and subordinate corporate loans, including loans that may be rated below investment grade or equivalent unrated loans.

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

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

### **Model Portfolio Strategies**

USFA offers several strategies when managing client accounts, which are branded under the name of "Truro." Each investment strategy consists of investments specifically selected in order to achieve that particular strategy's investment objective. The client's assets are invested in a manner consistent with the investment strategy chosen; however, specific client portfolios may deviate from USFA's investment strategies due to a number of factors, which may include inception date of the account, tax considerations, liquidity needs, and other circumstances specific to the client. Following is a description of each strategy:

- **Growth** – Targeting real growth through capital appreciation. The Truro Growth Strategy is typically utilized for clients who are very comfortable with volatility and do not intend to access their assets within the short to intermediate time frame.
- **Growth and Income** – Targeting real growth through both capital appreciation and income. The Truro Growth & Income Strategy is typically utilized for clients comfortable with volatility and do not intend to access their assets within the short to intermediate time frame.

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- **Balanced** – Targeting real return through both capital appreciation and income. The Truro Balanced Strategy is typically utilized for clients comfortable with a modest and controlled amount of volatility and benefit from a modest level of cash flow from their portfolio.
- **Conservative** – Targeting real return through both capital appreciation and income with low- volatility. The Truro Conservative Strategy is typically utilized for clients who are generally uncomfortable with volatility and may benefit from a modest level of cash flow from their portfolio.
- **Enhanced Income** – Targeting a consistent and diversified income stream. The Truro Enhanced Income Strategy is typically utilized for clients that are in retirement and
- **Tactical** – Including the US Tactical Growth Strategy, Global Tactical Growth Strategy, and the Global Tactical Balanced Strategy.
  - **US Tactical Growth Strategy**  
The Truro US Tactical Growth Strategy utilizes exchange- traded funds (ETFs) representing ten sectors of the Standard & Poor's 500 Index. It uses realized volatility measures exclusively to measure risk and guide allocation decisions. The strategy may have full exposure to the equity market risk, reduced exposure to equity market risk, or no exposure to equity market risk. The strategy seeks to capture positive market performance while minimizing the capture of negative market performance. The strategy may trade as frequently as daily. Trading may be frequent in this strategy thereby causing increased costs due to trading and potential income tax costs associated with short-term gains. This strategy is exposed to equity market risk.
  - **Global Tactical Growth Strategy**  
The Truro Global Tactical Growth Strategy invests in a globally diversified basket of ETFs. It uses realized volatility measures exclusively to measure risk and guide asset allocation decisions. The strategy may have full exposure to equity market risk, reduced exposure to equity market risk, or no exposure to equity market risk. The strategy seeks to capture positive market performance while minimizing the capture of negative market performance. The strategy may trade as frequently as daily. Trading may be frequent in this strategy, thereby causing increased costs due to trading and potential income tax costs associated with short-term gains. This strategy is exposed to global equity market risk.
  - **Global Tactical Balanced Strategy**  
The Truro Global Tactical Balanced Strategy invests in a globally diversified basket of ETFs. It uses realized volatility measures exclusively to measure risk and guide asset allocation decisions. The strategy may have full exposure to equity and credit market risk, reduced exposure to equity and credit market risk, or no exposure to equity and credit market risk. The strategy seeks to capture positive market performance while minimizing the capture of negative market performance. The strategy may trade as frequently as daily. Trading may be frequent in this strategy, thereby causing increased costs due to trading and potential income tax costs associated with short-term gains. This strategy is exposed to global equity and credit market risk.
- **DFA Models**  
The DFA portfolios are a blend of DFA mutual funds that provide exposure to publicly traded stocks, bonds, and cash/equivalent investments. This analysis considers the characteristics of the overall model portfolio rather than each fund in isolation. Model portfolios have been constructed for the following objectives: balanced, growth with income, and aggressive growth.

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### **Leverage**

Although USFA, 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, USFA will utilize leverage.

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

Broker-dealers who carry customer accounts have a minimum equity requirement when clients utilize 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 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.

### **Short-Term Trading**

USFA, as a general business practice, does utilize short-term trading. The three Truro tactical strategies are particularly susceptible to short-term trading during periods of elevated volatility in the invested asset classes. 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.

### **Short Selling**

USFA 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.

### **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.

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

- **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

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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.

- **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.

- **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.

### **Technical or Tactical 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.

### **Concentration Risk**

There is an inherent risk for clients whose investment portfolios lack diversification—that is, they have their investment portfolios heavily weighted in a specific investment style, security, industry or industry sector, geographic location, investment manager, 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**

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Securities laws require an advisor to disclose any instances where the Advisor or its Advisory Persons have been found liable in a legal, regulatory, civil or arbitration matter that alleges violation of securities and other statutes; fraud; false statements or omissions; theft, embezzlement or wrongful taking of property; bribery, forgery, counterfeiting, or extortion; and/or dishonest, unfair or unethical practices.

There are no legal, regulatory or disciplinary events involving USFA or any of its management persons. USFA values the trust you place in us. As we advise all Clients, we encourage you to perform the requisite due diligence on any advisor or service provider with whom you partner. Our backgrounds are on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching by our firm name or our CRD# 108763.

In addition, Clients may also obtain information relating to the disciplinary history of any investment advisor representative conducting business in Massachusetts by contacting the Commonwealth of Massachusetts Securities Division at (617) 727-3548.

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

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### **Broker-Dealer Affiliation**

USFA is not affiliated with a broker/dealer. However, as previously disclosed, certain Advisory Persons are also registered representatives of LPL Financial LLC (“LPL”). LPL is a registered broker/dealer (CRD No. 6413), member FINRA, SIPC. In one’s separate capacity as a registered representative of LPL, the Advisory Person can implement securities transactions through LPL and not through USFA. In such instances, the Advisory Person will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products.

USFA offices are also LPL branch office locations and USFA professionals licensed with LPL as registered representatives generally spend less than 25% of their time engaged in commission product sales through LPL. In their capacity as registered representatives of LPL, they are subject to the general oversight of LPL and the Financial Industry Regulatory Authority Inc. (“FINRA”). As such, clients of USFA should understand that their personal and account information is available to FINRA and LPL for the fulfillment of their regulatory oversight obligations and duties.

### **Insurance Agency Affiliations**

As previously disclosed, Certain Advisory Persons are also licensed as independent insurance professionals. As an independent insurance professional, the Advisory Person will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because the person providing investment advice on behalf of the Advisor who is also an insurance agent has an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any Advisory Person affiliated with the Advisor.

### **Futures or Commodity Registration**

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

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

### **LPL Financial LLC**

Certain members and employees of USFA are registered representatives with LPL Financial (“LPL”), a FINRA-registered broker-dealer and member of SIPC. As a result, such professionals, in their capacity as registered representatives of LPL, are subject to the oversight of LPL and the Financial Industry Regulatory Authority, Inc. (“FINRA”). As such, clients of USFA should understand that their personal and account information is available to FINRA and LPL personnel in the fulfillment of their oversight obligations and duties.

USFA advisory clients are not compelled to effect securities transactions through LPL. USFA professionals who effect transactions for advisory clients will generally not receive transaction or commission compensation from either LPL or any other executing broker. However there may be instances where USFA advisory representatives may earn commission on variable annuity, insurance, real estate investment trust and related types of transactions. Although we view this as non-material to USFA’s business, please understand that commission based products create an incentive for USFA to recommend such products over other non-commission based products. We manage this conflict through disclosure and by ensuring our recommendations are in the client’s best interests.

USFA has a conflict of interest in that effecting transactions through LPL will benefit USFA by providing leverage to potentially negotiate a better fee structure from LPL. Further, a potential conflict of interest may be deemed to exist as a result of USFA personnel being licensed with LPL; in that regard please note the following:

- A conflict of interest may exist between USFA and its clients.

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- Clients are not compelled to establish brokerage accounts with LPL.
- Clients may direct that USFA use another broker-dealer to effect transactions.

Please see Item 12.B. for limitations on client-directed brokerage transactions. Please see Item 12 of this Brochure for additional details regarding USFA's relationship with LPL Financial.

### **Accounting Services**

Certain members and employees of USFA may also be separately licensed as certified public accountants or enrolled agents with the Internal Revenue Service. They may provide accounting or tax preparation services to clients. If appropriate, advisory clients may be referred to these individuals for accounting or tax preparation services, but they are not obligated to use these services. If clients do elect to use these services, charges for tax or accounting services provided will be from the professional or entity that performed the services directly and be separate from the services delivered and the fees charged for advisory services by USFA.

Clients are advised of a potential conflict of interest in that there is an economic incentive to recommend the services of such accountants. Clients are also advised that USFA professionals strive to put their clients' interests first and foremost. Clients may utilize any accounting firm they desire.

### **U.S. Insurance Brokers, LLC**

Certain members and employees of USFA are also independently licensed insurance agents and may be affiliated with various insurance companies. When selling insurance products in this separate capacity, they may receive normal and customary commissions. U.S. Wealth Management, LLC, is the sole owner of USFA and U.S. Insurance Brokers ("USIB"), a licensed insurance agency. Some of USFA's investment advisor representatives sell insurance products through USIB.

USIB is engaged in the business of placing life insurance, health insurance, disability insurance, long-term care insurance, and annuity business on a brokerage basis with a number of insurance companies. USIB may be recommended for the placement of various life insurance, annuity, long term care, disability insurance, and other appropriate insurance products to meet the needs of USFA's advisory clients. Most investment adviser representatives of USFA are also licensed insurance brokers, and are associated with USIB. As insurance brokers, insurance recommendations provided by the investment advisor representative to our advisory clients as part of a financial plan or consultation could be limited to only those insurance products available to the investment advisor representative through his/her affiliation with USIB.

Clients are advised of a potential conflict of interest in that there is an economic incentive to recommend insurance and other investment products of such carriers. Clients are also advised that USFA professionals strive to put their clients' interests first and foremost. Other than for insurance products that require a securities license, such as variable insurance products, clients may utilize any insurance carrier or insurance agency they desire.

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

Other than what is provided in Item 10.C above, USFA does not recommend separate account managers or other investment products in which it receives any form of compensation from the separate account manager or investment product sponsor.

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

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

In accordance with the Advisers Act, USFA has adopted policies and procedures designed to detect and prevent insider trading. In addition, USFA has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of USFA's 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 USFA. USFA will send clients a copy of its Code of Ethics upon written request.

USFA has policies and procedures in place to ensure that the interests of its clients are given preference over those of USFA, 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. Personal Trading with Material Interest**

USFA 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, USFA does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

#### **C. Personal Trading in Same Securities as Clients**

USFA, 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 USFA specifically prohibits. USFA 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 fraudulent conduct in connection with the trading of securities in a client account.
- Prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions.
- Prohibit the firm or its employees from profiting or causing others to profit on knowledge of completed or contemplated client transactions.
- Allocate investment opportunities in a fair and equitable manner.
- 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 USFA's procedures when purchasing or selling the same securities purchased or sold for the client.

#### **D. Personal Trading at Same Time as Client**

USFA, 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 USFA clients. USFA 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.

It is the policy of USFA to place clients' interests above those of USFA and its employees.

## **Item 12 – Brokerage Practices**

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### **A. Recommendation of Custodian[s]**

Following are additional details regarding the brokerage practices of the Advisor:

#### **Custodian Recommendations**

USFA generally recommends that clients establish brokerage accounts with LPL Financial ("LPL"), a FINRA-registered broker-dealer and member of SIPC. Clients may also establish brokerage accounts with TD Ameritrade Institutional, division of TD Ameritrade, Inc. ("TD Ameritrade"), member FINRA/SIPC/NFA. Although USFA may recommend that clients establish brokerage accounts with such custodians, USFA is independently owned and operated and not affiliated with the custodians.

These custodians do not charge separately for custody services, but are compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through or that settle into the custodians' accounts.

In certain instances and subject to approval by the firm, USFA will recommend to clients certain broker-dealers and/or custodians based on the needs of the individual client, 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 USFA 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.

#### **Recommendation of LPL Financial Material Conflicts of Interest**

Certain investment adviser representatives of USFA may receive forgivable loans through USFA's primary custodian, LPL Financial, in order to assist with transitioning their business onto the LPL Financial custodial platform. This loan may be forgiven by LPL Financial based on the scope of business such representatives engage in with LPL Financial, including the amount of their client assets with LPL Financial. This presents a conflict of interest in that such investment adviser representatives have a financial incentive to recommend that clients maintain their account with LPL Financial in order to benefit by having the loan forgiven. However, to the extent such representatives recommend clients use LPL Financial for such services, it is because the representatives believe it is in clients' best interest to do so based on the quality and pricing of the execution, benefits of an integrated platform for brokerage and advisory accounts, and other services provided by LPL Financial.

#### **How We Select Brokers/Custodians to Recommend**

USFA 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)

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- 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

**1. Soft Dollars** - Soft dollars are revenue programs offered by broker-dealers whereby an advisor enters into an agreement to place security trades with the broker in exchange for research and other services. USFA does not participate in soft dollar programs sponsored or offered by any broker-dealer. However, the Advisor receives certain economic benefits from the Custodian. Please see Item 14.

#### **Institutional Trading and Custody Services**

The custodians provide USFA with access to its institutional trading and custody services, which may not be available to the custodians' retail investors. These services are generally 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 such custodians. These services are not contingent upon USFA committing to the custodians any specific amount of business (assets in custody or trading commissions). The custodians' brokerage services include the execution of securities transactions, custody, research, reporting, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or that would require a significantly higher minimum initial investment.

#### **Other Products and Services**

The custodians also make available to USFA other products and services that benefit USFA 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 USFA's accounts, including accounts not maintained at such custodians. The custodians also make available to USFA their managing and administering 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 USFA's fees from its clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

The custodians also offer other services intended to help USFA manage and further develop its business enterprise. These services may include:

- Compliance, legal, and business consulting

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

The custodians may also provide other benefits, such as educational events or occasional business entertainment of USFA personnel. In evaluating whether to recommend that clients custody their assets at such custodians, USFA 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 custodians, which may create a potential conflict of interest.

### **Independent Third Parties**

The custodians may make available, arrange, and/or pay third-party vendors for the types of services rendered to USFA. The custodians 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 USFA.

### **Additional Compensation Received from Custodians**

USFA may participate in institutional customer programs sponsored by broker-dealers or custodians. USFA may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between USFA's participation in such programs and the investment advice it gives to its clients, although USFA 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 USFA 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 USFA by third-party vendors.

The custodian may also pay for business consulting and professional services received by USFA's related persons, and may pay or reimburse expenses (including client transition services, travel, lodging, meals and entertainment expenses for USFA's personnel to attend conferences). Some of the products and services made available by such custodian through its institutional customer programs may benefit USFA but may not benefit its client accounts. These products or services may assist USFA 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 USFA manage and further develop its business enterprise. The benefits received by USFA or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

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USFA also participates in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and its continued participation may require USFA to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, USFA will typically receive benefits similar to those listed above, including research, payments for business consulting and professional services received by USFA's related persons, and reimbursement of expenses (including travel, lodging, meals and entertainment expenses for USFA's personnel to attend conferences sponsored by the broker-dealer or trust company). As part of its fiduciary duties to clients, USFA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by USFA or its related persons in and of itself creates a potential conflict of interest and may indirectly influence USFA's recommendation of broker-dealers for custody and brokerage services.

**2. Brokerage Referrals** - USFA does not receive any compensation from any third party in connection with the recommendation for establishing a brokerage account.

**3. Directed Brokerage** - All Clients are serviced on a "directed brokerage basis", where USFA will place trades within the established account[s] at the custodian designated by the Client. Further, all Client accounts are traded within their respective brokerage account[s]. The Advisor will not engage in any principal transactions (i.e., trade of any security from or to the Advisor's own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client's account[s]). In selecting the Custodian, USFA will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the designated Custodian.

#### **USFA Recommendations**

USFA typically recommends LPL Financial or TD Ameritrade Institutional as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.

#### **Client-Directed Brokerage**

Occasionally, clients may direct USFA to use a particular broker-dealer to execute portfolio transactions for their accounts or request that certain types of securities not be purchased for their accounts. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage USFA 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. USFA loses the ability to aggregate trades with other USFA advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

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

#### **Best Execution**

USFA, pursuant to the terms of its investment advisory agreement with clients, may have discretionary authority to determine which securities are to be bought and sold, the amount of such securities, and the executing broker. USFA recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. USFA 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)

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- 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, USFA seeks to ensure that clients receive best execution with respect to the clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of USFA's knowledge, these custodians provide high-quality execution, and USFA's 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, USFA believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

#### **Security Allocation**

Since USFA may be managing accounts with similar investment objectives, the firm 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 USFA in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

USFA's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. USFA 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.

USFA's advice to certain clients and entities and the actions of USFA 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 objectives, guidelines, and circumstances. Thus, any action of USFA with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice or actions of USFA to or on behalf of other clients.

#### **Aggregating and Allocating Trades**

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the broker. USFA will execute its transactions through an unaffiliated broker-dealer selected by the Client. USFA may aggregate orders in a block trade or trades when securities are purchased or sold through the same broker-dealer for multiple (discretionary) accounts in the same trading day. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by

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the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage any particular Client accounts.

Although USFA's trading policy is to implement all client orders on an individual basis, there may be occasion to aggregate or "block" client transactions when USFA deems it appropriate. If orders are aggregated, then 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.

Considering the types of investments we hold in advisory client accounts, we do not believe clients are hindered when we trade accounts individually. This is because we develop individualized investment strategies for clients, and holdings will vary from client to client.

### **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."

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

## **Item 13 – Review of Accounts**

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### **A. Frequency of Reviews**

Client accounts are reviewed in the first instance by the investment adviser representative servicing the client relationship on at least an annual basis. Such professionals are subject to the general authority of USFA's Managing Member. The CCO or designee(s) must review and approve the opening of each new advisory relationship and oversee reviews of client accounts.

To the extent USFA clients utilize one or more Truro model portfolio strategies, reviews of Truro model portfolios and strategies are also performed by the Investment Committee on a consistent and ongoing basis. At least quarterly, the Investment Committee reviews the model portfolios' strategy allocations, fund performance, and strategy performance. In addition, should capital markets call for more immediate review, the Investment Committee will make a determination regarding changes to the models' allocation and/or investments.

Individual clients' model portfolios will be reviewed by the client's investment advisor professional.

### **B. Causes for Reviews**

Reviews may be conducted more or less frequently at the Client's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, investment objectives or risk tolerance and/or large deposits or withdrawals in the Client's account. The Client is encouraged to notify USFA if changes occur in the Client's personal financial situation that might adversely affect the Client's investment plan. Additional reviews may be triggered by material market, economic or political events.

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## C. Review Reports

Investment advisory clients receive performance reports summarizing account performance against applicable benchmarks. In addition, 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 USFA.

Financial planning clients receive written reports pursuant to the terms of their financial planning agreement.

## Item 14 - Client Referrals and Other Compensation

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### A. Compensation Received by USFA

#### Expense Reimbursements

USFA may from time to time receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing, such as advertising, publishing, and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. This creates a conflict of interest in that there is an incentive to recommend certain products and investments based on the receipt of this compensation instead of what is in the best interest of our clients. We attempt to control for this conflict by always basing investment decisions on the individual needs of our clients.

#### TD Ameritrade

As disclosed under Item 12, USFA participates in TD Ameritrade's institutional customer program and may recommend TD Ameritrade Institutional to clients for custody and brokerage services. There is no direct link between USFA's participation in the program and the investment advice it gives to clients, although the firm receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided either 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 our clients
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to our client's accounts)
- The ability to have advisory fees deducted directly from our client's
- 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 our firm by third-party vendors

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#### US Financial Advisors, LLC

30 Braintree Hill Office Park - Suite 201, Braintree, MA 02184

Phone: (781) 849-9200 \* Fax: (781) 849-0677

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TD Ameritrade may also have paid for business consulting and professional services received by USFA's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit USFA but may not benefit its clients' accounts. These products or services may assist USFA in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help USFA manage and further develop its business enterprise. The benefits received by USFA or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade.

As part of its fiduciary duties to clients, USFA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by USFA or its related persons in and of itself creates a potential conflict of interest and may indirectly influence USFA's choice of TD Ameritrade for custody and brokerage services.

## **B. Client Referrals from Solicitors**

USFA may enter into agreements with solicitors who will refer prospective advisory clients to USFA 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 USFA. The solicitor must provide the client with a disclosure document describing the fees it receives from USFA, whether those fees represent an increase in fees that USFA would otherwise charge the client, and whether an affiliation exists between USFA and the solicitor.

## **Item 15 – Custody**

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USFA does not accept or maintain custody of any Client accounts, except for the authorized deduction of the Advisor's fees. All Clients must place their assets with a qualified Custodian. Clients are required to engage the Custodian to retain their funds and securities and direct USFA to utilize that Custodian for the Client's security transactions. Clients should review statements provided by the Custodian and compare to any reports provided by USFA to ensure accuracy, as the Custodian does not perform this review. For more information about custodians and brokerage practices, see "Item 12 - Brokerage Practices".

## **Item 16 – Investment Discretion**

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USFA generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by USFA. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an investment advisory agreement containing all applicable limitations to such authority. All discretionary trades made by USFA will be in accordance with each Client's investment objectives and goals.

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

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USFA does not take discretion with respect to voting proxies on behalf of its clients. USFA may 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 USFA supervised and/or managed assets. In no event will USFA take discretion with respect to voting proxies on behalf of its clients. Except as required by applicable law, USFA 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. USFA has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. USFA 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, USFA 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 USFA 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**

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Neither USFA, nor its management, have any adverse financial situations that would reasonably impair the ability of USFA to meet all obligations to its Clients. Neither USFA, nor any of its advisory persons, has been subject to a bankruptcy or financial compromise. USFA is not required to deliver a balance sheet along with this Disclosure Brochure as the Advisor does not collect fees of \$1,200 or more for services to be performed six months or more in advance.

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# US Financial Advisors, LLC

## Form ADV Part 2A – Appendix 1 ("Wrap Fee Brochure")

**Effective:** March 30, 2018

This Form ADV2A - Appendix 1 ("Wrap Fee Brochure") provides information about the qualifications and business practices for USFA Advisors, LLC ("USFA" or the "Advisor") services when offering services pursuant to a wrap program. This Wrap Fee Brochure shall always be accompanied by the USFA Disclosure Brochure, which provides complete details on the business practices of the Advisor. If you did not receive the complete USFA Disclosure Brochure or you have any questions about the contents of this Wrap Fee Brochure or the USFA Disclosure Brochure, please contact us at (781) 849-9200 or by email at [compliance@uswealthmanagement.com](mailto:compliance@uswealthmanagement.com).

USFA is a registered investment advisor with the U.S. Securities and Exchange Commission ("SEC") located in the Commonwealth of Massachusetts. The information in this Wrap Fee Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Wrap Fee Brochure provides information about USFA to assist you in determining whether to retain the Advisor.

Additional information about USFA and its advisory persons are available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching for our firm name or by our CRD# 108763.

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## **Item 2 – Material Changes**

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Form ADV 2 - Appendix 1 provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. In particular, this Wrap Fee Brochure discusses wrap fee programs offering by the Advisor.

### Material Changes

There have been no material changes to the content of this Wrap Fee Program Brochure.

### Future Changes

From time to time, we may amend this Wrap Fee Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Wrap Fee Brochure (along with the complete USFA Disclosure Brochure) or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs in the business practices of USFA.

At any time, you may view this Wrap Fee Brochure and the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching for our firm name or by our CRD# 108763. You may also request a copy of this Disclosure Brochure at any time, by contacting us at (781) 849-9200 or by email at [compliance@uswealthmanagement.com](mailto:compliance@uswealthmanagement.com).

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## Item 4 – Services Fees and Compensation

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### A. Services

US Financial Advisors, LLC (USFA) is an investment adviser registered with the United States Securities and Exchange Commission ("SEC") and is a limited liability company formed under the laws of the State of Delaware.

USFA has been registered as an investment adviser since October 1998. USFA is owned and controlled by John Napolitano through the firm's parent company, U.S. Wealth Management, LLC. There are other members of U.S. Wealth Management, LLC; however, Mr. Napolitano is the only member with more than 25% control.

This Wrap Fee Program Brochure is provided as a supplement to the USFA Disclosure Brochure (Form ADV 2A). This Wrap Fee Program Brochure is provided along with the complete Disclosure Brochure to provide full details of the business practices and fees when selecting USFA as your investment advisor.

Certain investment advisory representatives of USFA have chosen not to carry their individual broker-dealer licenses and brand themselves solely as an investment advisor representative of U.S. Financial Advisors, LLC, d/b/a as U.S. Wealth Advisors ("USWA"). Details on whether or not a specific investment advisor representative is dually licensed can be found in their respective Part 2B Brochure Supplement.

### B. Program Costs

Advisory services provided by USFA are offered in a wrap fee structure whereby normal securities transaction costs are included in the overall investment advisory fee paid to USFA. As the level of trading in a Client's account[s] may vary from year to year, the annual cost to the Client may be more or less than engaging for advisory services where the transactions costs are borne separately by the Client. The cost of the Wrap Fee Program varies depending on services to be provided to each Client, however, the Client is not charged more if there is higher trading activity in the Client's account[s]. A Wrap Fee structure has a potential conflict of interest as the Advisor may have an incentive to limit the number of trades placed in the Client's account[s]. Please see Item 5 – Fees and Compensation of the Disclosure Brochure for complete details on fees.

### C. Fees

Investment advisory fees of USFA are charged based on a percentage of assets under management billed in advance (at the start of the billing period) on a quarterly basis and calculated based on the fair market value of the account as of the last business day of the previous billing period. Fees are prorated based on the number of days service is provided during each billing period. If asset management services are commenced in the middle of the billing period, the prorated fee for that billing period may be deducted from the account when services commence. The firm uses a third-party billing service, Orion, to track contributions to and withdrawals from client accounts, and will adjust fees if the change to a client's portfolio is greater than 10%. Such fee adjustments will be prorated for the quarter in which the change occurs.

The client will be charged an annual fee in accordance with the applicable fee schedule below. The fees charged by USFA are based upon the amount of assets under management. Fees charged by USFA will not be based on the capital gains or the capital appreciation of the client's account(s). Fees charged to the client may be higher or lower than fees charged to other clients based on the investment adviser representative providing the services, the client's financial situation and circumstances, the amount of assets under management, the strategy or models used to manage accounts, and the complexity of the services provided.

#### ***Truro Strategic Model Portfolios***

Assets Under Management	Maximum Fee
\$0-\$500,000	2.10%
\$500,001-\$1,000,000	1.90%
\$1,000,001-\$2,000,000	1.70%
Over \$2,000,000	1.60%

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**Truro Tactical Model Portfolios**

Assets Under Management	Maximum Fee
\$0-\$500,000	2.10%
\$500,001-\$1,000,000	1.90%
\$1,000,001-\$2,000,000	1.70%
Over \$2,000,000	1.60%

**Truro Dimensional Fund Advisors Portfolios\***

Assets Under Management	Maximum Fee
\$0-\$500,000	2.10%
\$500,001-\$1,000,000	1.90%
\$1,000,001-\$2,000,000	1.70%
Over \$2,000,000	1.60%

\*Investment Policy Statement is required.

**Investment Advisor Representative Managed Portfolios**

Assets Under Management	Maximum Fee
\$0-\$500,000	2.10%
\$500,001-\$1,000,000	1.90%
\$1,000,001-\$2,000,000	1.70%
Over \$2,000,000	1.60%

These fees include ticket charges.

The trading cost component of the above-mentioned advisory fees are estimated to range from \$100 to \$450 per year based upon a \$100,000 account size.

**Cost Difference if Services Purchased Separately**

With respect to USFA's investment management services, there is no difference in how the portfolios are managed. The only difference is that the USFA wrap program is offered where clients pay one all-inclusive fee. A portion of such fee is paid to USFA for its investment management services.

Depending on a number of factors, such as the number, size, and nature of the securities transactions in an advisory account, the overall fees and charges borne by the client over time could be more or less than what these fees and charges would be if the same services were provided on a separate basis, either as asset-based fees or transaction-based fees. Bundled fees (where the adviser assumes the cost of processing the trade) generally provide an economic incentive for the advisory firm to select investments and strategies that minimize trading costs. Frequent trading in an account where transactions fees are included as part of the overall advisory fee to the client drive trading costs higher and reduce the overall fee revenue to the advisor. As a result, higher trading costs in a bundled fee account have a negative impact on the advisory firm's profitability.

**Compensation for Recommending the USFA Wrap Fee Program**

USFA may enter into networking and marketing arrangements with broker-dealer and/or other investment adviser firms pursuant to which representatives of such firms and/or certain advisors, as defined hereinabove (collectively referred to as "solicitors") offer USFA's services to the public. A portion of the total USFA wrap program fee collected by USFA is shared with the solicitors and/or advisors for introducing and servicing advisory accounts ("network fee"). Compensation received by the solicitors and/or advisors may or may not be more than what the solicitor would receive from USFA if the client paid separately for investment advice, brokerage and other services; therefore, the solicitors and/or advisors may have a financial incentive to recommend the wrap fee program over the programs and services.

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## **D. Compensation**

USFA is the sponsor and portfolio manager of this Wrap Fee Program. USFA receives investment advisory fees paid by Clients for participating in the Wrap Fee Program and pays the Custodian for the costs associated with the normal trading activity in the Client's account[s].

## **Item 5 – Account Requirements and Types of Clients**

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USFA generally provides investment advice to individuals and high-net-worth individuals (which include trusts and estates), and pension and profit sharing plans.

USFA generally requires a minimum account value of \$50,000 for accounts it manages on a discretionary basis. Prospective clients may find comparable services at more favorable pricing elsewhere. Separate account managers may have different minimum portfolio size requirements; please review the applicable separate account manager's ADV Part 2A. In the case of USFA- supervised assets, USFA, in its sole discretion, may waive the required minimum.

## **Item 6 – Portfolio Manager Selection and Evaluation**

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### **Portfolio Manager Selection**

USFA serves as sponsor and as portfolio manager for the services under this Wrap Fee Program.

USFA offers its suite of investment advisory services in either a non-wrap option, or a wrap fee option in which the trading costs are included as part of the overall advisory fee. No other managers are selected. The USFA wrap fee program is a proprietary product offered exclusively through USFA. USFA does not participate in any other wrap fee programs.

USFA offers its wrap fee exclusively as a wrap fee program sponsored by USFA. For its discretionary asset management services, USFA receives a limited power of attorney to effect securities transactions on behalf of its clients. Clients may grant USFA limited discretionary authority with respect to advisory client assets, including discretion to select third-party managers on behalf of such USFA advisory clients. Investment advisory services may be provided on a non-discretionary basis, depending on the agreement between the client and USFA.

### **Related Persons**

USFA personnel serve as portfolio managers for this Wrap Fee Program.

### **Performance-Based Fees**

USFA does not charge performance-based fees.

### **Supervised Persons**

USFA Advisory Persons serve as portfolio managers for all accounts, including the services described in this Wrap Fee Brochure. Details of the advisory services provided are included in Item 4.A. of the Disclosure Brochure.

### **Methods of Analysis**

Please see Item 8 of the Disclosure Brochure (included with this Wrap Fee Brochure) for details on the research and analysis methods employed by the Advisor.

### **Risk of Loss**

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. USFA will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

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Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account[s]. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account[s]. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis.

Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor. Please see Item 8.B of the included ADV 2A – Risk of Loss in the Disclosure Brochure for details on investment risks.

### **Proxy Voting**

USFA does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. The Advisor will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting.

## **Item 7 – Client Information Provided to Portfolio Managers**

USFA is the sponsor and sole portfolio manager for the Program. The Advisor does not share Client information with other portfolio managers because it is the sole portfolio manager for this Wrap Fee Program. Please also see the USFA Privacy Policy (included after this Wrap Fee Program Brochure).

## **Item 8 – Client Contact with Portfolio Managers**

USFA is a full-service investment management advisory firm. Clients always have direct access to the Portfolio Managers at USFA.

## **Item 9 – Additional Information**

### **A. Disciplinary Information and Other Financial Industry Activities and Affiliations**

Our backgrounds are on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching for our firm name or by our CRD# 108763. There is no disciplinary information (criminal or civil), administrative or self-regulatory enforcement proceedings to disclose.

Please see Item 9 of the USFA Disclosure Brochure as well as Item 3 of each Advisory Person's Brochure Supplement (included with this Wrap Fee Program Brochure) for additional information.

### **Other Financial Activities and Affiliations**

Please see Items 10 and 14 of the included ADV Part 2A – Disclosure Brochure (included with this Wrap Fee Brochure).

### **B. Code of Ethics, Review of Accounts, Client Referrals, and Financial Information**

USFA has implemented a Code of Ethics that defines our fiduciary commitment to each Client. This Code of Ethics applies to all persons subject to USFA's compliance program (our "Supervised Persons"). Complete details on the USFA Code of Ethics can be found under Item 11 of the included ADV 2A – Code of Ethics, Participation in Client Transactions and Personal Trading in the Disclosure Brochure (included with this Wrap Fee Program Brochure).

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**Review of Accounts**

Investments in Client accounts are monitored on a regular and continuous basis by Advisory Persons of USFA under the supervision of the Chief Compliance Officer ("CCO"). Details of the review policies and practices are provided in Item 13 of the included ADV Part 2A – Disclosure Brochure.

**Other Compensation**

Please see Item 14 – Other Compensation in the Form ADV Part 2A – Disclosure Brochure (included with this Wrap Fee Brochure) for details on additional compensation that may be received by USFA or its Advisory Persons. Each Advisory Person's Brochure Supplement (also included with this Wrap Fee Brochure) provides details on any outside business activities and the associated compensation.

**Client Referrals from Solicitors**

USFA may enter into agreements with solicitors who will refer prospective advisory clients to USFA 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 USFA. The solicitor must provide the client with a disclosure document describing the fees it receives from USFA, whether those fees represent an increase in fees that USFA would otherwise charge the client, and whether an affiliation exists between USFA and the solicitor.

**Financial Information**

Neither USFA, nor its management has any adverse financial situations that would reasonably impair the ability of USFA to meet all obligations to its Clients. Neither USFA, nor any of its Advisory Persons, has been subject to a bankruptcy or financial compromise. USFA is not required to deliver a balance sheet along with this Disclosure Brochure, as the firm does not collect advance fees of \$1,200 or more for services to be performed six months or more in advance. Please see Item 18 of the Form ADV Part 2A – Disclosure Brochure.

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## Privacy Policy

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Effective: March 30, 2018

### Our Commitment to You

USFA Advisors, LLC ("USFA" or the "Advisor") is committed to safeguarding the use of personal information of our Clients (also referred to as "you" and "your") that we obtain as your Investment Advisor, as described here in our Privacy Policy ("Policy").

Our relationship with you is our most important asset. We understand that you have entrusted us with your private information, and we do everything that we can to maintain that trust. USFA (also referred to as "we", "our" and "us") protects the security and confidentiality of the personal information we have and implements controls to ensure that such information is used for proper business purposes in connection with the management or servicing of our relationship with you.

USFA does not sell your non-public personal information to anyone. Nor do we provide such information to others except for discrete and reasonable business purposes in connection with the servicing and management of our relationship with you, as discussed below.

Details of our approach to privacy and how your personal non-public information is collected and used are set forth in this Policy.

### Why you need to know?

Registered Investment Advisors ("RIAs") must share some of your personal information in the course of servicing your account. Federal and State laws give you the right to limit some of this sharing and require RIAs to disclose how we collect, share, and protect your personal information.

### What information do we collect from you?

Driver's license number	Date of birth
Social security or taxpayer identification number	Assets and liabilities
Name, address and phone number(s)	Income and expenses
E-mail address(es)	Investment activity
Account information (including other institutions)	Investment experience and goals

### What Information do we collect from other sources?

Custody, brokerage and advisory agreements	Account applications and forms
Other advisory agreements and legal documents	Investment questionnaires and suitability documents
Transactional information with us or others	Other information needed to service account

### How do we protect your information?

To safeguard your personal information from unauthorized access and use we maintain physical, procedural and electronic security measures. These include such safeguards as secure passwords, encrypted file storage and a secure office environment. Our technology vendors provide security and access control over personal information and have policies over the transmission of data. Our associates are trained on their responsibilities to protect Client's personal information.

We require third parties that assist in providing our services to you to protect the personal information they receive from us.

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### How do we share your information?

An RIA shares Client personal information to effectively implement its services. In the section below, we list some reasons we may share your personal information.

Basis For Sharing	Do we share?	Can you limit?
<b>Servicing our Clients</b> We may share non-public personal information with non-affiliated third parties (such as administrators, brokers, custodians, regulators, credit agencies, other financial institutions) as necessary for us to provide agreed upon services to you, consistent with applicable law, including but not limited to: processing transactions; general account maintenance; responding to regulators or legal investigations; and credit reporting.	Yes	No
<b>Marketing Purposes</b> USFA does not disclose, and does not intend to disclose, personal information with non-affiliated third parties to offer you services. Certain laws may give us the right to share your personal information with financial institutions where you are a customer and where USFA or the client has a formal agreement with the financial institution. <b>We will only share information for purposes of servicing your accounts, not for marketing purposes.</b>	No	Not Shared
<b>Authorized Users</b> Your non-public personal information may be disclosed to you and persons that we believe to be your authorized agent(s) or representative(s).	Yes	Yes
<b>Information About Former Clients</b> USFA does not disclose and does not intend to disclose, non-public personal information to non-affiliated third parties with respect to persons who are no longer our Clients.	No	Not Shared

### State-specific Regulations

Massachusetts	In response to a Massachusetts law, clients must "opt-in" to share non-public personal information with non-affiliated third parties before any personal information is disclosed. We may disclose non-public personal information to other financial institutions with whom we have joint business arrangements for proper business purposes in connection with the management or servicing of your account.
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### Changes to our Privacy Policy

We will send you a copy of this Policy annually for as long as you maintain an ongoing relationship with us.

Periodically we may revise this Policy, and will provide you with a revised policy if the changes materially alter the previous Privacy Policy. We will not, however, revise our Privacy Policy to permit the sharing of non-public personal information other than as described in this notice unless we first notify you and provide you with an opportunity to prevent the information sharing.

### Any Questions?

You may ask questions or voice any concerns, as well as obtain a copy of our current Privacy Policy by contacting us at (781) 849-9200 or via email at [compliance@uswealthmanagement.com](mailto:compliance@uswealthmanagement.com).

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