



## **SOLTIS INVESTMENT ADVISORS, LLC**

20 North Main, Suite 400  
St. George, Utah 84770

A SEC Registered Advisory Firm<sup>1</sup>  
Established 1993

### **FIRM BROCHURE, MARCH 2019**

This brochure provides information about the qualifications and business practices of Soltis Investment Advisors, LLC (“Soltis”). If you have any questions about the content of this brochure, please contact us at (435) 674-1600 and/or via our website at [www.soltisadvisors.com](http://www.soltisadvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Soltis is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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<sup>1</sup> SEC registration does not and should not imply any certain level of skill or training.

## **MATERIAL CHANGES**

In 2019, Soltis initiated its Automated Investment Service through which clients are invested in a range of investment strategies each consisting of a portfolio that may include exchange-traded or mutual funds and a cash allocation. The client may instruct us to exclude up to three Funds from their portfolio. The client's portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. We use the Institutional Intelligent Portfolios® platform offered by Schwab Performance Technologies.

Soltis has not had any other material changes to its advisory personnel or business since the filing of its 2018 ADV Amendment.

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## **ADVISORY BUSINESS**

Soltis Investment Advisors, LLC (“Soltis”) is owned by Soltis, Inc.

Soltis provides its Clients<sup>2</sup> with the following Advisory Services which Soltis refers to as **The Investment Management Discipline**:

**1. Review of Client’s Investment Goals and Objectives.** Each Client is provided an **Investment Policy Statement** as a result of this review which details the Client’s investment guiding principles, risk tolerance, portfolio asset allocation, investment selection, and performance expectations.

**2. Recommend an Appropriate Asset Allocation and Investment Selection.**

Based on the Client’s **Investment Policy Statement**, Soltis recommends one of its Model Portfolio strategies, which includes a general allocation by Asset Class (i.e. stock, bonds, cash, ETFs and mutual funds and private funds/alternative investment vehicles) along with risk characteristics and return expectations. Soltis’ portfolios are developed (based on Modern Portfolio Theory Principles and other methods and techniques) to provide diversification by both Asset Class and Style. Securities are selected based on a continuous qualitative and quantitative review of their valuations, performance relative to appropriate market indices and their respective peer group and expected performance. Securities are either retained or replaced based on performance as defined by Soltis’ investment selection criteria.

Soltis has conducted due diligence on certain independent registered investment advisors and has entered into written sub-advisory agreements, including SNW Asset Management, LLC (hereinafter "SNW"), an unaffiliated SEC registered investment advisor, to provide Investment Advisory Services to a selected portion of Soltis’ Client portfolios, as appropriate. Soltis may also enter into additional written sub-advisory agreements with other third party registered investment advisors, from time to time, as it deems appropriate and in the best interests of our Clients. Soltis will monitor the selected sub-advisor(s) and may, from time to time and in its sole discretion, hire and/or replace any sub-advisor as part of our engagement to manage the Client’s portfolio(s) consistent with the Client’s objectives. Soltis will ensure that, as appropriate, the Client receives a copy of the disclosure document (Form ADV, Part 2, or other disclosure document in lieu of Part 2) of any sub-advisor selected to manage all, or a portion of, a Client’s account assets

Soltis has developed a Dynamic Sector ETF strategy based on both fundamental economic metrics combined with quantitative/technical trend analysis. The strategy is anchored in the lowest volatility S&P 500 stocks with a leading sector allocation overlay. The strategy includes downside protection utilizing a trailing stop loss strategy. The strategy features a low cost large cap sleeve with an active approach utilizing passive ETF securities.

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<sup>2</sup> That meet the minimum account threshold of \$750,000.00 or greater.

### **3. Financial Planning and Consulting Services:**

Soltis may provide its clients with a broad range of comprehensive financial planning and consulting services, which may include non-investment related matters. These services generally address a multitude of retirement related matters, including retirement plan analysis, retirement income analysis, estate preservation, charitable giving and asset protection strategies. For clients who only require advice on a single aspect of their financial resources, Soltis' consulting services are generally more appropriate.

In performing its services, Soltis is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Soltis may recommend the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Soltis recommends its own services.

The client is under no obligation to act upon any of the recommendations made by Soltis under a financial planning or consulting engagement or to engage the services of any such recommended professional, including Soltis itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Soltis' recommendations. Clients are advised that it remains their responsibility to promptly notify Soltis if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Soltis' previous recommendations and/or services.

Soltis, in its sole discretion, may agree to provide advisory services to Clients that do not meet its minimum account size threshold. In these circumstances, not all of the above-referenced services may be available or provided in the same manner. Specific advisory services will be set forth in the Client Investment Advisory Agreement.

### **4. Pension/401(k) Consulting Advisory Services**

Soltis also provides investment planning, implementation advice, and portfolio management assistance to 401(k) retirement and pension plans. As part of its services, Soltis works with its Clients to develop Investment Policy Statements which include asset allocation and investment recommendations. Soltis delivers written reports for review and discussion, on a quarterly basis, which include performance evaluations of each investment option and each portfolio, comparative performance for established benchmarks and for peer institutions, and assessment of asset allocation and need, if any, for rebalancing.

Additionally, Soltis' relationship managers present reports to Clients or to its Clients' Investment Committees on at least an annual basis. The Soltis relationship manager will also assist Client and/or the Client's Investment Committee with regular review and updates of Investment Policy Statements including asset allocation, fund manager selection, and selection of appropriate benchmarks. Other services provided may include custodian review and analysis, ongoing research and education and portfolio manager searches, including non-traditional asset classes.

## **5. Soltis Automated Portfolio Management Services**

Soltis offers an automated investment service (the “Service”) through which clients are invested in a range of investment strategies we have constructed and manage, each consisting of a portfolio that may include exchange-traded or mutual funds (“Funds”) and a cash allocation. The client may instruct us to exclude up to three Funds from their portfolio. The client’s portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. (“CS&Co”). We use the Institutional Intelligent Portfolios® platform (“Platform”), offered by Schwab Performance Technologies (“SPT”), a software provider to independent investment advisors and an affiliate of CS&Co., to operate the Service. We are independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co., or their affiliates (together, “Schwab”). Soltis, and not Schwab, are the client’s investment advisor and primary point of contact with respect to the Service. Soltis is solely responsible for determining the appropriateness of the Service for the client, choosing a suitable investment strategy and portfolio for the client’s investment needs and goals, and managing that portfolio on an ongoing basis. Soltis has contracted with SPT to provide the Platform, which consists of technology and related trading and account management services. The Platform enables Soltis to make the Service available to clients online and includes a system that automates certain key parts of our investment process (the “System”).

The System includes an online questionnaire that can help us determine the client’s investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that, if we use the online questionnaire, we will recommend a portfolio via the System in response to the client’s answers to the online questionnaire.

The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, however Soltis will make the final decision and select a portfolio based on all the information we have about the client. The System also includes an automated investment engine through which we manage the client’s portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects). Soltis charges clients a fee for our services as described below under Item 5 Fees and Compensation. Clients do not pay brokerage commissions or any other fees to CS&Co. as part of the Service. Schwab does receive other revenues in connection with the Service.

As of December 2018, Soltis has more than \$1.17 billion dollars in Assets Under Management (“AUM”) and provides additional advisory services to more than \$2.52 billion of Assets Under Advisement (“AUA”).

## **FEES AND COMPENSATION**

Soltis receives its compensation in the form of advisory fees as set forth below. As a policy, Soltis does not receive direct compensation from its recommended managers or other investments.

Investment Advisory Fees are computed quarterly based on the market value of the assets in the Client's account. The initial Investment Advisory Fee is paid by the Client beginning on the day the Agreement is executed based on the market value of the assets in the account on the date of the Agreement pro-rated from such date to the end of the calendar quarter. Thereafter, the Investment Advisory Fee is calculated quarterly based on the market value of the assets in the account on the last business day of the preceding calendar quarter and shall be billed and payable in advance on the first day of each calendar quarter. Soltis' Investment Advisory Fee Schedule is as follows:

<b><u>Advisory Fee Percentage</u></b>				
<u>Assets Under Management</u>	<u>Equity/Balanced</u>	<u>Fixed Income</u>	<u>Short -Term Fixed Income</u>	<u>Cash</u>
\$750,000 - \$1,000,000	1.25	.50	.50	.40
\$1,000,000 - \$2,000,000	1.15	.45	.45	.35
\$2,000,000 - \$5,000,000	.90	.40	.40	.30
\$5,000,000 - \$10,000,000	.60	.25	.25	.20
Over \$10,000,000 -- To be negotiated with Client				

The above fees may vary depending upon the services provided and can be negotiated on an individual basis. Soltis' annual management fee is exclusive of, and in addition to, brokerage commissions, transaction fees and other related costs and expenses that the Client may incur, including those by unaffiliated third-party investment managers/sub-advisors. Soltis will not receive any portion of these commissions, fees and costs. For certain "qualified" accounts; performance-based fees may be offered. If Client requests additional personal administrative or other special services (as distinguished from Soltis' customary investment advisory services), Soltis may bill Client separately for such other services at an hourly rate to be negotiated with the Client. Lower fees for comparable services may be available from other service providers.

Generally, Soltis' Clients that maintain a custodial relationship with Fidelity Investments are placed on their "No Transaction Fee Investment Managers Platform" ("NTF"). Fidelity Investment's NTF allows Soltis' Clients to invest with selected investment managers without having to pay commissions or transaction fees. Due to the strength of Soltis' business relationship, Fidelity Investments provides a revenue share credit to Soltis based on the amount of Client assets invested on the NTF. In order to benefit its Clients, Soltis applies the entire NTF credit received from Fidelity Investments directly to its Clients' accounts, thereby reducing their investment advisory fees. Soltis does not retain any NTF credit or other revenue from this arrangement with Fidelity Investments.

Investment Advisory Fees are billed and payable in advance on a quarterly basis and will be automatically deducted from Client's brokerage accounts. If Client desires to make annual payments rather than quarterly, or wishes to pay the Investment Advisory Fee directly rather than

have them deducted from his/her account, the Client must notify Soltis of such intent in writing prior to the billing date.

**Financial Planning and Consulting Fees:**

Soltis may charge a fixed fees and monthly fees for financial planning and consulting services. These fees are negotiable, but generally range from \$500 to \$50,000 on a fixed fee basis and \$2,500 to \$6,000 per month on a monthly basis depending upon the level and scope of the professional financial planning and/or the consulting services required. If the client engages Soltis for investment management services, Soltis may offset all or a portion of its fees for those services for the financial planning and/or consulting services. Prior to engaging Soltis to provide financial planning and/or consulting services, the client is required to enter into a written agreement with Soltis setting forth the terms and conditions of the engagement.

**Self-Directed Fees**

For existing investment management Clients, Soltis may offer to accommodate a self-directed account in which the Client directs the trading activity of the account. Soltis provides the Client with Directed Trade Execution (Transaction/Commission costs at Soltis' Institutional Rates), Custodial Services, and Quarterly Reporting. Soltis assesses an administrative fee for these accounts equal to the greater of \$300 flat fee per annum or .25% per annum. These fees are billed in the same manner as described above. The Client is responsible for all transaction fees, commission charges, and investment decisions related to the account

**Sub-Advisory Fees**

Soltis may refer Clients to SNW or other investment managers to act as sub-advisors in its sole discretion, subject to the investment guidelines provided by Soltis. SNW will arrange for the execution of securities transactions for the accounts through brokers or dealers that SNW believes will reasonably provide the best execution. All or a portion of the account transactions may be placed away from the Soltis' Custodian if SNW believes this will result in best execution. The Sub-Advisory fee is payable in addition to Soltis fee and is debited separately by the custodian.

**Pension/401(k) Consulting Services Fees**

Soltis may determine to provide certain fiduciary consulting services to plan sponsors on a fixed fee basis. This fee generally starts at \$10,000 but will be determined based on the scope of the services provided and risk associated with such services.

**Soltis Automated Portfolio Management Services**

Soltis advisory fee for this service is 0.70% per annum on all client assets placed within this Service. As described in Item 4 Advisory Business, clients do not pay fees to SPT or brokerage commissions or other fees to CS&Co. as part of the Service. Schwab does receive other revenues in connection with the Service.



## **PERFORMANCE-BASED FEES and SIDE-BY-SIDE MANAGEMENT**

Soltis does offer performance-based fees to its Clients wherein a portion of the management fee is contingent upon the performance of specified asset classes outperforming their respective mutually agreed upon benchmarks.

As discussed above, Soltis may render investment management services to “qualified Clients” (as defined by the Investment Advisers Act of 1940) for a performance-based fee. This fee arrangement may raise potential conflicts of interest. The performance-based fee may be an incentive for Soltis to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In addition, where Soltis charges performance-based fees and also provides similar services to accounts not being charged a performance-based fee, there could potentially be an incentive to favor accounts paying a performance-based fee.

In order to mitigate any apparent conflict of interest, Soltis’ does not differentiate its investment management processes or strategies between performance fee- based and/or regular fee-based Clients. As such, Soltis is able to ensure that all Clients (regardless of fee) who have a similar risk and return objective receive essentially the same advice. Although some portfolio differences may exist due to investment qualification requirements (e.g., accredited investor), Client’s portfolios are all allocated within similar asset classifications.

## **TYPES OF CLIENTS**

Soltis provides investment advisory services to the following Clients:

- Individuals and High Net Worth Individuals;
- Institutions/Corporations;
- Trusts, Endowments, Charitable Organizations & Foundations; and
- Pension Plans & 401(k)

In general, Soltis requires a minimum Client account size of \$750,000. As previously discussed, in certain situations, Soltis may waive such minimum account size requirements in its sole discretion.

### **Soltis Automated Portfolio Management Services**

Clients eligible to enroll in the Service include individuals, IRAs, and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and clients that are subject to the Employee Retirement Income Security Act of 1974, are not eligible for the Service. The minimum investment required to open an account in the Service is \$5,000. Soltis may waive the minimum investment amount at its sole discretion. The minimum account balance to enroll in the tax-loss harvesting feature is \$50,000.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Soltis utilizes a Manager or Investment Selection due-diligence process that includes both a **Qualitative** and **Quantitative** Evaluation. Based on this review, Soltis recommends the securities or combination of securities whose performance and investment characteristics are most consistent with the Client's stated investment objectives and risk profile as determined in the Client's Investment Policy Statement.

### **Quantitative Evaluation:**

Utilizing computer databases and security pricing services, Soltis monitors and analyzes the performance of selected securities, money managers, and over 31,500 mutual fund managers and Exchange Traded Funds (ETFs). Managers are selected based on an number of criteria including performance in each respective asset class. Managers are evaluated on cost, performance relative to their respective asset class index, and their performance relative to peer group in terms of risk-adjusted return. Performance is measured in both positive and negative markets, in the short term (1-3 years), and in the long term (over a full market cycle). Managers have at least 5 years proven, successful experience as a manager, and must have at least \$50 million in assets under management. ETFs are selected based on asset class, sector, or market exposure to implement selected investment themes.

When selecting individual equity securities for Client portfolios, Soltis completes valuation screens such as PE ratios, PEG ratios and earnings yield. In addition, fundamental analysis is done regarding each company's balance sheet strength, earnings and dividend history, debt to capital levels, as well as an analysis of the business strategy for each company. When selecting individual fixed income securities, Soltis considers credit quality, duration and Client specific tax status.

### **Qualitative Evaluation:**

Soltis also considers the critical qualitative factors of its recommended managers to include the following:

- Education and Professional Designations
- Industry Experience, Technical Knowledge and Application
- Economic/Investment Research Capability
- Scale Economies
- Personnel to Support and Execute
- Investment Management Process (Theory and Implementation)
- Client Communication & Service
- Compliance to Investment Charter, Style, and Objective
- Audited Performance Measures
- Business Evaluation of Manager's Firm

Managers and other investments that meet Soltis' Quantitative and Qualitative criteria become part of the portfolio developed to accomplish the goals and objectives of each Client. Investments are replaced when they fail to comply with Soltis' quality standards. Clients are apprised of all investment changes.

Soltis does not guarantee the performance of any account or any specific level of performance, the success of any investment decision or strategy that Soltis may use, or the success of Soltis' overall investment management. All investment decisions made for the Clients' account by Soltis are subject to various market, currency, economic, political, and business risks, and that those investment decisions will not always be profitable. Soltis will manage only the securities, options, cash, and other investments held in the Client's account and in making investment decisions for the account. Soltis may consider other securities, options, cash, or other investments owned by the Client.

### **DISCIPLINARY INFORMATION**

This item requests information relating to legal and disciplinary events in which Soltis or any supervised persons, as defined by the Advisors Act, have been involved that are material to Client's or prospective Client's evaluations of Soltis' advisory business or management. There are no reportable material legal or disciplinary events related to Soltis or any of its supervised persons. In the ordinary course of Soltis' business, Soltis, its affiliates and employees have not in the past been subject to any formal or informal regulatory inquiries, subpoenas, investigations, legal or regulatory proceedings involving the SEC, or any other regulatory authorities, including private parties and self-regulatory organizations.

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Soltis' members, Lon E. Henderson and Hal G. Anderson, are Member Managers of Wingate Capital Partners LLC (Wingate Capital), the General Partner Manager of Wingate Private Equity Fund, LP (Wingate Fund), a Delaware limited partnership formed in 2003 to facilitate several investments in real estate and local business ventures. Interests in Wingate Fund were privately offered pursuant to Regulation D under the Securities Act of 1933, as amended. Wingate Fund relies on an exemption from registration under the Investment Company Act of 1940, as amended.

By virtue of its management, Wingate Capital is deemed an affiliate of Soltis. Both the Wingate Fund and Wingate Capital are in the process of winding down and anticipate liquidating current investments and closing Wingate Fund in the near future. Wingate Fund has not solicited any new investors since 2004. Soltis does not receive any compensation from Wingate Capital or Wingate Fund and does not provide any services to same.

Certain of Soltis' principals are also part owners of Ampelis. Ampelis is an organization that provides legacy planning and related services to high net worth families and organizations. Soltis' member, Lon Henderson, is the President and CEO of Ampelis. In certain situations, Soltis may refer a client to Ampelis. A conflict of interest exists to the extent Soltis' principals benefit indirectly from such client referrals. In order to mitigate any appearance of a conflict, there is no direct contractual arrangement between Soltis and Ampelis. Additionally, Soltis does not receive any compensation or other benefits for clients referred to Ampelis. Simply put, Soltis will only refer clients to Ampelis if it deems to be in the client's best interests.

Soltis' member, Lon Henderson serves as a director to BILT Inc, a private equity firm. In limited situations, certain qualified Soltis clients have been introduced to BILT Inc in order to participate in their private offerings. A conflict of interest exists to the extent Mr. Henderson benefits, indirectly, from Soltis' introductions of advisory clients to BILT Inc. In order to address any potential conflicts of interest, Soltis does not receive any direct or indirect compensation from BILT Inc related to any client introductions. Furthermore, Soltis does not charge any advisory fees on client assets invested with BILT Inc. All Soltis' clients introduced to BILT Inc receive subscription documents and private placement memorandums directly from BILT Inc. These same clients independently make their own investment decision with respect to BILT Inc. Finally, Mr. Henderson does not receive any compensation from BILT Inc that is contingent or related in any way upon its receipt of investor assets.

### **CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

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

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

Soltis has adopted procedures to implement the firm's policy on personal securities transactions and reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- The firm's Compliance Officer maintains a list of the firm's advisory representatives which is updated periodically.
- Employees are to identify any personal investment accounts and any accounts in which the employee has a beneficial interest, including any accounts for the immediate family and household members, upon hire, quarterly thereafter and upon opening or closing any account(s).
- Employees must report all required information for covered personal securities transactions on a quarterly basis within 10 days of being hired or 30 days of the end of each calendar quarter to the Compliance Officer or other designated officer.
- The Compliance Officer, or his designee, maintains appropriate records of the firm's advisory representatives, and reports of personal securities transactions, among other things.
- The Compliance Officer will review all employees' reports of personal securities transactions for compliance with the firm's policies, including the Insider Trading Policy, regulatory requirements and the firm's fiduciary duty to its Clients, among other things.

- Employees are encouraged to arrange for their personal and related accounts to be downloaded electronically directly into Soltis' compliance monitoring software or to be sent by their brokerage firm/custodians to the Compliance Officer and/or designee.

## **BROKERAGE PRACTICES**

### **1. Research and Other Soft Dollar Benefits:**

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

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

Soltis' Clients do not pay more for investment transactions effected and/or assets maintained at a particular broker-dealer/custodian as a result of this arrangement. There is no corresponding commitment made by Soltis to any particular broker-dealer/custodian or to any other entity to invest any specific amount or percentage of Client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

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

Soltis participates in the Fidelity Wealth Advisor Solutions Program (the "WAS Program"), through which Soltis receives referrals from Fidelity Personal and Workplace Advisors LLC (FPWA), a registered investment adviser and Fidelity Investments company. Soltis is independent and not affiliated with FPWA or any Fidelity Investments company. FPWA does not supervise or control Soltis, and FPWA has no responsibility or oversight for Soltis Investment Advisors provision of investment management or other advisory services.

Under the WAS Program, FPWA acts as a solicitor for Soltis, and Soltis pays referral fees to FPWA for each referral received based on Soltis' assets under management attributable to each Client referred by FPWA or members of each Client's household. The WAS Program is designed to help investors find an independent investment advisor, and any referral from FPWA to Soltis does not constitute a recommendation or endorsement by FPWA of Soltis' particular investment

management services or strategies. Soltis' advisory fees are the same for referred and non-referred Clients and are not impacted by the payment of any referral fee.

To receive referrals from the WAS Program, Soltis must meet certain minimum participation criteria, but Soltis may have been selected for participation in the WAS Program as a result of its other business relationships with FPWA and its affiliates, including Fidelity Brokerage Services, LLC ("FBS"). As a result of its participation in the WAS Program, Soltis may have a potential conflict of interest with respect to its decision to use certain affiliates of FPWA, including FBS, for execution, custody and clearing for certain Client accounts, and Soltis may have a potential incentive to suggest the use of FBS and its affiliates to its advisory Clients, whether or not those Clients were referred to Soltis as part of the WAS Program. Under an agreement with FPWA, Soltis has agreed that it will not charge Clients more than the standard range of advisory fees disclosed in its Form ADV 2A Brochure to cover solicitation fees paid to FPWA as part of the WAS Program. Pursuant to these arrangements, Soltis has agreed not to solicit Clients to transfer their brokerage accounts from affiliates of FPWA or establish brokerage accounts at other custodians for referred Clients other than when Soltis' fiduciary duties would so require. Soltis may have an incentive to suggest that referred Clients and their household members maintain custody of their accounts with affiliates of FPWA. However, participation in the WAS Program does not limit Soltis' duty to select brokers on the basis of best execution.

### 3. Directed Brokerage:

The Client may direct Soltis to use a particular broker-dealer (subject to Soltis' right to decline and/or terminate the engagement) to execute some or all transactions for the Client's account. In such event, the Client will negotiate terms and arrangements for the account with that broker-dealer, and Soltis will be unable to seek better execution services or prices from other broker-dealers or be able to "bunch" the Client's transactions with orders for other Client's accounts managed by Soltis. As a result, the Client may pay higher commissions or other transaction costs or greater spreads or receive less favorable net prices on transactions for the account than would otherwise be the case.

Soltis seeks to execute orders for its Clients fairly and equitably. Soltis follows written procedures pursuant to which it may, for Clients who permit it, and to the extent consistent with Best Execution, combine purchase or sale orders for the same security for multiple Clients (sometimes called "bunching") so that they can be executed at the same time. The procedures for bunching trades may differ depending on the particular strategy or type of investment. Soltis is not required to bunch or aggregate orders if it determines that bunching or aggregating is not practical.

When Client orders are bunched by Soltis, the order will be placed with the broker-dealer custodian for execution. When a bunched order is completely filled, Soltis generally will allocate the securities purchased or proceeds of sale among participating accounts based on the purchase or sale order. Adjustments or changes may be made by Soltis under certain circumstances, such as to avoid odd lots or excessively small allocations. If the bunched order is filled at different prices, through multiple trades, generally all such participating accounts will receive the average price. When a bunched order is partially filled, Soltis' procedures provide that the securities are to be

allocated in a manner deemed fair and equitable to Clients. Securities must be allocated proportionately based upon the relative size of the particular Client's pre-trade designation.

Client accounts enrolled in the Soltis Automated Investment Service are maintained at, and receive the brokerage services of, CS&Co., a broker dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. While clients are required to use CS&Co. as custodian/broker to enroll in the Service, the client decides whether to do so and opens its account with CS&Co. by entering into a brokerage account agreement directly with CS&Co. We do not open the account for the client. If the client does not wish to place his or her assets with CS&Co., then we cannot manage the client's account through the Service. CS&Co. may aggregate purchase and sale orders for Funds across accounts enrolled in the Service, including both accounts for our clients and accounts for clients of other independent investment advisory firms using the Platform. Schwab Advisor Services™ (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. Through Schwab Advisor Services, CS&Co. provides us and our clients, both those enrolled in the Service and our clients not enrolled in the Service, with access to its institutional brokerage services— trading, custody, reporting, and related services—many of which are not typically available to CS&Co. retail customers. CS&Co. also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. CS&Co.'s support services described below are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. The availability to us of CS&Co.'s products and services is not based on us giving particular investment advice, such as buying particular securities for our clients. Here is a more detailed description of CS&Co.'s support services: CS&Co.'s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. CS&Co.'s services described in this paragraph generally benefit the client and the client's account. CS&Co. also makes available to us other products and services that benefit us but may not directly benefit the client or its account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at CS&Co. In addition to investment research, CS&Co. also makes available software and other technology that: provide access to client account data (such as duplicate trade confirmations and account statements); facilitate trade execution and allocate aggregated trade orders for multiple client accounts; provide pricing and other market data; facilitate payment of our fees from our clients' accounts; and assist with back-office functions, recordkeeping, and client reporting. CS&Co. also offers other services intended to help us manage and further develop our business enterprise. These services include: educational conferences and events; technology, compliance, legal, and business consulting; publications and conferences on practice management and business succession; and access to employee benefits providers, human capital consultants, and insurance providers. CS&Co. may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. CS&Co. may also discount or waive its fees for some of these services or pay all or a part of a third party's fees.

The availability of services from CS&Co. benefits us because we do not have to produce or purchase them. We don't have to pay for these services, and they are not contingent upon us committing any specific amount of business to CS&Co. in trading commissions or assets in custody. With respect to the Service, as described above under Item 4 Advisory Business, we do not pay SPT fees for the Platform so long as we maintain \$100 Million in client assets in accounts at CS&Co. that are not enrolled in the Service. In light of our arrangements with Schwab, we may have an incentive to recommend that our clients maintain their accounts with CS&Co. based on our interest in receiving Schwab's services that benefit our business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of transactions. This is a potential conflict of interest. We believe, however, that our selection of CS&Co. as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality, and price of CS&Co.'s services and not Schwab's services that benefit only us. We have adopted policies and procedures designed to ensure that our use of Schwab's services is appropriate for each of our clients.

### **REVIEW OF ACCOUNTS**

Soltis provides its Clients with a Quarterly Performance Review. This Review includes the Client's portfolio performance over various periods consistent with the Client's Investment Policy Statement. Adjustments are made as necessary to the Client's portfolio based on this review. Because Soltis utilizes managers which provide audited performance measures and portfolio management software that meets industry performance reporting standards, all portfolio performance measures are calculated and reported on a uniform and consistent basis according to industry conventions.

Each Client receives a comprehensive annual review which may include the following:

- 1) Portfolio performance in terms of investment goals and objectives
- 2) Compliance to the Client's Investment Policy Statement
- 3) Comparison of portfolio performance with relevant asset class indices
- 4) Reallocation of assets among new or additional asset classes, securities or independent investment managers

Soltis also provides Clients with a regularly published newsletter which provides a natural forum for Soltis to communicate market commentary, asset allocation shifts, investment selection changes, tax strategies, and new investment opportunities.

The above-referenced reviews may differ in substance or frequency for those Soltis Clients that do not meet its minimum account size. Specifics of these services will be set forth in the Client agreement.

### **CLIENT REFERRALS AND OTHER COMPENSATION**

Soltis has entered into Solicitor Agreements with Innovative Financial Services, Tabernacle Financial and Insurance Services, the People's Utah Bancorp and RCM Investments. Under these



agreements, Soltis pays the Solicitor between 20 and 60 percent of the advisory fees paid by referred Clients to Soltis. The percentage of the advisory fee to be paid to the Solicitor is jointly determined by Soltis and the Solicitor, based primarily on the projected amount of investment advisory services that each will provide to the advisory Client. Soltis Advisory fees do not differ between referred and non-referred accounts but are determined based on the level of assets managed. Certain terms of the agreement with the Solicitor are disclosed in writing to referred Clients in a Solicitor's Disclosure Statement Pursuant to Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended.

In addition, as disclosed in the Brokerage Practices Section, Soltis participates in the WAS Program, wherein FPWA acts as a solicitor for Soltis, and Soltis pays referral fees to FPWA for each referral received based on Soltis' assets under management attributable to each client referred by FPWA or members of each client's household. For more information regarding this arrangement please refer to the Brokerage Practices Section.

Soltis receives an economic benefit from Schwab in the form of the support products and services it makes available to us. These products and services, how they benefit Soltis, and the related conflicts of interest are described above under Item 12 Brokerage Practices. The availability to us of Schwab's products and services is not based on Soltis giving particular investment advice, such as buying particular securities for our clients

### **CUSTODY**

Soltis does not maintain physical custody of any client assets. However, Soltis' Advisory Agreement authorizes Soltis to debit the client's account for the amount of its advisory fee and directly remit that fee to Soltis in accordance with applicable custody rules. The Custodians recommended by Soltis have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Soltis. In addition, Soltis also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Custodians and compare them to those received from Soltis.

Soltis evaluates the Asset Protection, Product Offering, Execution Capability, Reporting, and Fee Structure of available Custodians. Soltis is committed to providing its Clients with high quality, competitive, comprehensive services available in the marketplace. Soltis will use its best efforts to effect transactions through such broker/dealers based on execution capabilities, speed, efficiency, and confidentiality. Soltis provides value to its individual Clients by passing on the benefits of its institutional economies resulting in low to zero transaction costs and institutionally priced products and services. Soltis focuses on providing no-load investment products at low to no transaction fees to its Clients. Unless directed otherwise, Soltis shall generally recommend several nationally recognized, SEC registered and FINRA member broker-dealer/custodians for its Client investment management assets.

The Securities & Exchange Commission ("SEC") issued a no-action letter on February 21, 2017 (the "SEC No-Action letter") stating that an advisor with a Standing Letter of Authorization ("SLOA") arrangement with a client to transfer assets to a third-party is deemed to have custody of those assets. Accordingly, the advisor is required to comply with the SEC's Custody Rule ("Custody Rule"). However, the SEC does provide an exception to the Custody Rule's "annual surprise audit" requirement if the advisor follows and satisfies the guidance provided in the SEC's no-action letter.

Soltis Investment Advisors effects third party asset transfers in client accounts using a SLOA. Soltis has instituted procedures and controls such that it can comply with the seven representations noted in the SEC No-Action letter and avoid the annual surprise audit requirement. Additionally, since many of the seven representations involve the qualified custodian's operations, Soltis is in close collaboration with these firms to ensure compliance with this SEC guidance.

Soltis, indirectly through its related persons, is deemed to have custody of a small private fund, Wingate Private Equity Fund LP ("Fund"). Although this Fund is in its liquidation phase, Soltis, through its related persons, fully complies with the SEC's Custody Rule requirements with respect to this Fund.

### **INVESTMENT DISCRETION**

Soltis typically receives discretionary authority from the Client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular Client account. When selecting securities and determining amounts, Soltis observes the investment policies, limitations and restrictions of the Clients for which it advises. Investment guidelines and restrictions must be provided to Soltis in writing and must be accepted by Soltis.

### **VOTING CLIENT SECURITIES**

Soltis has adopted formal proxy voting policies and procedures in compliance with SEC Rule 206(4)-6. These proxy voting policies and procedures are designed to ensure that proxies are voted in the best interests of Clients and are available to Clients upon request. Clients may also obtain voting information from Soltis regarding their securities.

Prior to voting, Soltis will verify whether an actual or potential conflict of interest with Soltis or any Interested Person exists in connection with the subject proposal(s) to be voted upon. The determination regarding the presence or absence of any actual or potential conflict of interest shall be adequately documented by Soltis (i.e. comparing the apparent parties affected by the proxy proposal being voted upon against the Soltis' internal list of Interested Persons and, for any matches found, describing the process taken to determine the anticipated magnitude and possible probability of any conflict of interest being present), which shall be reviewed and signed off on by Soltis' Chief Compliance Officer.

If an actual or potential conflict is found to exist, written notification of the conflict (“Conflict Notice”) shall be given to the Client or the Client’s designee (or in the case of an employee benefit plan, the plan’s trustee or other fiduciary) in sufficient detail and with sufficient time to reasonably inform the Client (or in the case of an employee benefit plan, the plan’s trustee or other fiduciary) of the actual or potential conflict involved.

The Conflict Notice will either request the Client’s consent to Soltis’ vote recommendation or may request the Client to vote the proxy directly or through another designee of the Client. The Conflict Notice and consent thereto may be sent or received, as the case may be, by mail, fax, electronic transmission or any other reliable form of communication that may be recalled, retrieved, produced, or printed in accordance with the recordkeeping policies and procedures of Soltis. If the Client (or in the case of an employee benefit plan, the plan’s trustee or other fiduciary) is unreachable or has not affirmatively responded before the response deadline for the matter being voted upon, Soltis may:

- Engage a Non-Interested Party to independently review Soltis’ vote recommendation if the vote recommendation would fall in favor of Soltis’ interest (or the interest of an Interested Person) to confirm that Soltis’ vote recommendation is in the best interest of the Client under the circumstances;
- Cast its vote as recommended if the vote recommendation would fall against Soltis’ interest (or the interest of an Interested Person) and such vote recommendation is in the best interest of the Client under the circumstances; or
- Abstain from voting if such action is determined by Soltis to be in the best interest of the Client under the circumstances.

### **FINANCIAL INFORMATION**

Based upon Soltis’ business practices, use of a qualified custodian and advisory fee procedures, the SEC does not require the disclosure of financial information. Please be advised that there are no known financial conditions that would impair Soltis’ ability to meet contractual commitments to Clients.

Soltis has not been the subject of any bankruptcy petition or filing.

## **SOLTIS INVESTMENT ADVISORS, LLC**

### **PRIVACY NOTICE**

December 31, 2018

This Client Privacy Notice is from Soltis Investment Advisors, LLC, a SEC registered advisory firm in the business of providing investment advisory services to Clients. We are committed to safeguarding the confidential information of our Clients. We hold all personal information provided to our firm in strictest confidence. Except as required or permitted by law, we do not share confidential information about you with nonaffiliated third parties. In the unlikely event there were to be a change in this fundamental policy that would permit or require additional disclosures of your confidential information, we will provide written notice to you, and you will be given an opportunity to direct us as to whether such disclosure is permissible.

#### **AN IMPORTANT NOTICE CONCERNING OUR CLIENTS' PRIVACY**

##### **CLIENT INFORMATION WE COLLECT:**

We collect and develop personal information about you, and some of that information is non-public personal information ("Client Information"). As an advisory firm, we collect and develop Client Information about you in order to provide investment advisory services. Client Information we collect may include:

- Personal and household information such as income, investment objectives, financial goals, statements of account, and other records concerning your financial condition and assets.
- Information developed as part of investment advisory services.
- Information concerning investment advisory account transactions.

##### **DATA SECURITY:**

We restrict access to Client Information to those representatives and employees who need the information to perform their job responsibilities within our firm. We maintain agreements, as well as physical, electronic and procedural securities measures that comply with federal regulations to safeguard Client Information about you.

##### **USE AND DISCLOSURE OF CLIENT INFORMATION:**

To administer, manage and service Client accounts, process transactions and provide related services to your accounts, it is necessary for us to provide access to Client Information within our firm and to non-affiliated companies such as other investment advisors, broker/dealers and custodians. We may also provide Client Information outside of our firm as permitted by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.

##### **FORMER CLIENTS:**

If the account with our firm is closed, we will continue to operate in accordance with the principles stated in the Client Privacy Notice.

##### **REQUIREMENTS OF FEDERAL LAW:**

In November 1999, Congress enacted the Gramm-Leach-Bliley Act ("GLBA"). The GLBA requires certain financial institutions, including broker/dealers and investment advisors, to protect the privacy of Customer Information. To the extent a financial institution discloses Client Information to non-affiliated third parties other than as permitted or required by law, Clients must be given the opportunity and means to opt out (or prevent) such disclosure. Please note that we do not disclose Client Information to non-affiliated third parties except as permitted or required by law (e.g. disclosures to service your account or to respond to subpoenas).