

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

March 27, 2019

**Fortis Advisors, LLC**

SEC File No. 801-80177

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This brochure provides information about the qualifications and business practices of Fortis Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 610-313-0910. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Fortis Advisors, LLC is a registered investment advisor with the SEC pursuant to the Investment Advisers Act of 1940, as amended. Registration with the SEC or state regulatory authority does not imply a certain level of skill or expertise.

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

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## **ITEM 2 – MATERIAL CHANGES**

Fortis Advisors, LLC's previous Brochure was dated March 29, 2018. The material changes made to this Brochure since the last annual amendment. are as follows:

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss: additional risks were identified.

Item 10 – Other Financial Industry Activities and Affiliations: additional financial industry affiliations were added for the Chief Compliance Officer.

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## ITEM 4 – ADVISORY BUSINESS

Fortis Advisors, LLC (the “Advisor”), a Pennsylvania limited liability company, is a registered investment adviser with the SEC pursuant to the Investment Advisers Act of 1940, as amended. The Advisor is wholly owned by Fortis Wealth, LP, a Delaware limited partnership. The President of the Advisor is Derek Boles. Matthew Topley is the Advisor’s Chief Investment Officer. The Advisor has been offering investment advisory services since August 2013.

**Investment Advisory Services.** Pursuant to investment advisory agreements (each an “Advisory Agreement”), the Advisor provides investment advisory services that relate to asset allocation, portfolio diversification, portfolio risk management, and other general economic and financial topics. Client portfolios are managed in accordance with each client’s investment objectives, taking into consideration risk tolerance, time horizon, tax issues, liquidity and cash flow needs, restrictions/constraints, and other relevant guidelines.

The Advisor’s investment management services involve the allocation of client assets among different asset classes with varying levels of risk and return. The Advisor may recommend changes to this allocation, in an attempt to take advantage of conditions in the current economic environment, while being sensitive to transaction costs and taxes, as appropriate. These changes may result in short-term underweights or overweights to various assets classes and are designed to capitalize on current economic conditions over a shorter time period.

Clients may impose restrictions on investing in certain securities or types of securities. The Advisor’s investment program consists of four primary components:

- **Investment Objectives Review** – The client and the Advisor will discuss and review the client’s investment objectives, risk tolerance, and liquidity needs. The Advisor will assist in developing investment objectives based on the results of the review, which will serve as a guide for measuring volatility and performance. The Advisor will then design an account or portfolio of accounts based on the client’s investment objectives as agreed upon during the review phase of the investment process.
- **Asset Allocation** – Based on the result of the investment policy review, the Advisor will allocate investment dollars between growth and fixed-income assets. This allocation is adjusted from time to time, depending on changes in a client’s personal circumstances, financial considerations, and/or investment performance.
- **Investment Manager Selection** – Once the investment policy review and asset allocation are complete, the Advisor will recommend an initial investment plan. Typically, this will include a list of pooled investment vehicles, including but not limited to private funds, mutual funds, exchange traded funds (“ETFs”), individual securities, and separately managed accounts. The initial allocation of assets may include the use of individual bonds or stocks or the retention of assets currently owned by the client.

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- Management – Once the client’s portfolio is in place, the Advisor will monitor performance of the overall account as well as the performance of each security. From time to time, the Advisor will implement changes to the portfolio as it deems appropriate and in the best interests of the client.

The Advisor’s specialization is not in one given instrument or asset class, but rather in the ongoing process of (i) assessing client objectives; and (ii) developing an appropriate asset allocation to best achieve those objectives and modifying that allocation when risks/opportunities are present in the markets.

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

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

The Advisor does not participate in any wrap fee programs.

**Financial Planning and Consulting Services.** The Advisor also provides a variety of financial planning and investment consulting services to high net worth individuals and their related entities, such as trusts, limited liability companies, limited partnerships, foundations, and other non-profit organizations. Such services are made pursuant to a separate agreement between the client and the Advisor and the fees for such services are separate from the fees and services under the Advisory Agreement.

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

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

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## implementation of recommendations

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

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

- Preparation of a recommended asset allocation that serves to diversify the client's portfolio among different categories of investments, such as domestic and international small, medium, and large capitalization securities; corporate and government fixed income (short-, intermediate-, and long-term maturities); emerging market securities (i.e., foreign issuers); real estate investment trusts; and such other alternative asset categories that are suitable in light of the client's investment goals, objectives, and risk tolerance.
- Preparation of an investment policy statement setting forth the client's investment plan, with specific direction in terms of diversification requirements, tax issues, estate planning issues, risk tolerance, retirement, and other identified objectives of the client, including a targeted rate-of-return objective.
- Preparation of a retirement plan that serves to identify whether the client is saving enough and investing in a way that meets retirement objectives in light of the client's financial circumstances and risk tolerance.
- Preparation of cash flow projections to ensure that the client can meet daily living expenses and obligations.
- Insurance planning to meet the needs of the client, taking into account family, business, and other financial objectives of the client. This may be offered through an affiliate of the Advisor as described in Item 10.
- General family office and business consulting:
  - Retirement objectives
  - Philanthropy
  - Estate planning
  - Wealth transition
  - Business succession and related issues
  - Recommendation of third-party managers for use by the client

The Advisor gathers required information through in-depth personal interviews and questionnaires. Information gathered includes a client's current financial status, investment objectives, future goals, and attitudes toward risk. Related documents supplied by the client

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are carefully reviewed, and a report is prepared covering one or more of the above-mentioned topics as directed by the client.

**Bill Payment Services.** The Fortis Family Office, LLC will provide bill payment, reconciliation, and related bookkeeping services for clients of the Advisor. Such services require written mutual consent by both the client and the Advisor. The Advisor has developed reasonable policies and procedures to address identity theft and misappropriation of funds issues.

As of December 31, 2018, the Advisor manages \$286,047,483 on a discretionary basis and \$62,690,505 on a non-discretionary basis.

## **ITEM 5 – FEES AND COMPENSATION**

**Fee for Investment Management Services.** Fees for investment management are calculated as a percentage of assets under management. The basic fee for the Advisor's services is calculated on the market value of assets, including cash, under the Advisor's management in accordance with the fee schedule below. Under certain circumstances this fee may be negotiable. For example, accounts of members of the same household may be aggregated for purposes of determining the management fee. The Advisor may allow such aggregation, for example, where its services accounts on behalf of minor children of current clients, individual and joint accounts for a spouse, and other types of related accounts. This consolidation practice is designed to allow clients the benefit of an increased asset total, which could potentially cause the account(s) to be assessed a reduced advisory fee based on the Advisor's fee schedule. Some employees and their family members may have accounts which pay a discounted fee. Fees are not charged in advance. The fee terms for a particular client are described in each Advisory Agreement.

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

An Advisory Agreement may be canceled at any time by either party upon written notice. Upon termination, any earned, unpaid fees will be due and payable. Clients will not be assessed a penalty fee for terminating an agreement. The client has the right to terminate the Advisory Agreement without penalty within five (5) business days of entering into the agreement.

**Fees for Financial Planning and Consulting Services.** Financial planning and consulting services are billed on a fee basis. The Advisor's financial planning and consulting services fees are negotiable, but generally range from \$1,500 to \$50,000 on a fixed fee basis, depending

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

The Advisor generally requires all clients to authorize the direct debit of fees from their accounts. Exceptions may be granted subject to the Advisor's consent for clients to be billed directly for its fees. For directly debited fees, the custodian's periodic statements will show each fee deduction from the client's account. Clients may withdraw the authorization for direct billing at any time by notifying the Advisor or their custodian in writing.

Advisory fees will be directly deducted from a client's account by the custodian and remitted to the Advisor provided that:

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

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

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by exchange-traded funds, mutual funds, separate account managers, private placement, pooled investment vehicles, broker-dealers, and custodians retained by clients. Such fees and expenses are described in each exchange-traded fund and mutual fund's prospectus, each separate account manager's Form ADV and Brochure and Brochure Supplement or similar disclosure statement, each private placement or pooled investment vehicle's confidential offering memoranda, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using the Advisor 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 Advisor's brokerage practices.



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

The Advisor does not require the prepayment of its fees for Advisory services but may for financial planning services as described above.

The Advisor's investment professionals are compensated primarily through a salary and bonus structure. Certain of the Advisor's investment professionals may receive commission-based compensation for the sale of insurance products through the affiliated entity, Fortis Solutions, LLC. Please see Item 10.C. for detailed information and conflicts of interest.

## **ITEM 6 – PERFORMANCE BASED FEES AND SIDE BY SIDE MANAGEMENT**

With the exception of one of the Advisor's two proprietary funds, the Fortis Capital Real Estate Fund LLC, the Advisor does not currently charge performance-based fees. Please be advised that for separately managed accounts managed side by side with the Funds, there is a potential conflict of interest in that the Advisor may have an economic incentive to allocate securities transactions with a higher expected return to the Funds whereby the Advisor can take advantage of the performance-based fee structure of the Funds and earn higher compensation.

As a practical matter, the Advisor may engage in higher risk securities transactions within the Funds which may not be appropriate or suitable for an individually managed separate account.

Performance-based fees may only be offered to "qualified" clients who are defined as:

- A natural person who or a company that immediately after entering into the contract has at least \$1,000,000 under the management of the investment adviser;
- A natural person or a company that the investment adviser entering into the contract (and any person acting on his behalf) reasonably believes, immediately prior to entering into the contract, either:
  - Has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$2,000,000 at the time the contract is entered into, exclusive of the value of their primary residence; or
  - Is a qualified purchaser as defined in section 2(a)(51)(AA) of the Investment Company Act of 1940 (15U.S.C. 80a-2(51)(A)) at the time the contract is entered into; or
- A natural person who immediately prior to entering into the contract is:
  - An executive officer, director, trustee, general partner, or person serving in similar capacity of the investment adviser; or

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- An employee of the investment adviser (other than an employee performing solely clerical, secretarial, or administrative functions with regard to the investment adviser) who, in connection with his or her regular functions or duties, participates in the investment activities of such investment adviser, provided that such employee has been performing such functions and duties for or on behalf of the investment adviser, or substantially similar functions or duties for or on behalf of another company for at least 12 months.

## **ITEM 7 – TYPES OF CLIENTS**

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

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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

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

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

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

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

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generally is described in the investment policy statement.

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

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

The Advisor 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.

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

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

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

### **General Risks**

Investment Risks. Investing in securities markets involves the risk of loss that clients should be

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prepared to bear. The Advisor typically invests in mutual funds and ETFs for the vast majority of its clients. In addition, the Advisor may effect transactions in (i) individual equity securities; (ii) fixed income securities; and (iii) real estate securities and derivatives. The clients also may invest in private funds offered by the Advisor. The most common forms of risk that investors should consider are:

**Market Risk.** The risk to a specific investment or portfolio that the value could decline due to general market conditions not specifically related to a particular security. Examples include real or perceived adverse market conditions now or in the future, changes in the outlook for earnings and changes in interest rates or currency and exchange rates.

**ETFs and Mutual Funds.** When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing or selling ETFs. Clients are encouraged to review the prospectuses of these investment vehicles to learn more about risks specific to the mutual fund or ETF in which the client is invested.

**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.

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

**Interest-Rate Risk.** The risk that an investment's value will change due to a change in the absolute level of interest rates, in the spread between two rates, in the shape of the yield curve or in any other interest rate relationship.

**Inflation Risk.** The risk of loss of purchasing power due to rising prices of goods and services.

**Credit Risk.** The possibility that a debt issuer might not be able to repay you for your investment principal or interest owed to you.

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**Reinvestment Risk.** The risk that an investor faces when an investment matures and the new interest rates available are less than they were previously.

**Currency Exchange Risk.** A form of risk that comes from the change in price of one country's currency against another.

**Business Risk** - Often referred to as company risk, this is the risk of owning one or only a few investments in specific companies. This risk includes competition, technological obsolescence of the company's products or systems, reductions in the market demand and pricing for the company's products (such as reduced pricing for oil and natural gas), regulatory changes which make the company's business model no longer competitive (and in some cases permissible), management missteps, cybersecurity risk, and fraud whether real or perceived.

**Leverage Risk** - This risk comes from using debt, or margin, to fund investments. As debt has to be repaid regardless of investment performance, leverage has the potential to multiply your losses or gains.

**Options Risk** - As an options holder, you risk the entire amount of the premium you pay. Since initial options investments usually require less capital than equivalent stock positions, your potential cash losses as an options investor are usually smaller than if you'd bought the underlying stock or sold the stock short.

**Liquidity Risk** - The risk that your investment cannot be converted into cash when you would like.

**Political Risk** – The risk an investment's returns could suffer as a result of political changes or instability in a country. Instability affecting investment returns could stem from a change in government, legislative bodies, or foreign policy makers or military control.

Our investment process is designed with an awareness of the risks listed above; however, it is impossible to eliminate all of these risks when investing. While individual portfolio structuring can take many of these risks into consideration, there can be no assurance of success in investing or that Fortis attempts to address risk will prove to be successful.

### **Private Fund Risks**

The investments of each Private Fund may lose all or a substantial portion of their value. investors in Private Funds must be prepared to bear the risk of loss of their investments therein. It is critical that potential investors refer to the relevant Private Fund's PPM and organizational documents, which include more comprehensive, detailed disclosure of the material risks of investing in a Private Fund, for a complete understanding. In addition, while certain risks may be more important for certain investment strategies, certain risks may overlap investment.

**Diverse Limited Partner Group.** Investors may have conflicting investment, tax and other interests with respect to their investments in Private Funds. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments

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made by the Advisers on behalf of the Private Fund in which such Investors are invested, the structuring or the acquisition of such investments and the timing of disposition of such investments. In selecting and structuring investments appropriate for a Private Fund, the Advisers will consider the investment and tax objectives of the Private Fund as a whole, and not the investment, tax or other objectives of any of its Investors.

**No market for interests;** restrictions on transferability; no withdrawal rights.- The interests acquired by Investors in each Private Fund ("Interests") have not been registered under the Securities Act of 1933 (the "1933 Act") or the securities laws of any state or other jurisdiction, and cannot be resold unless they are subsequently registered under the 1933 Act and other applicable securities laws or an exemption from registration is available. It is not contemplated that registration of the Interests under the 1933 Act or other securities laws will ever be effected. There is no public market for the interests and none is expected to develop. An investor will also generally not be permitted to assign its Interests without the prior consent of the relevant Adviser, which may be withheld in its sole discretion. Investors may not, except in extraordinary circumstances, withdraw from the Private Fund in which they are invested. Consequently, investors may not be able to liquidate their interests prior to the expiration of the term applicable to such Private Fund and must be prepared to bear the risks of owning Interests for an extended period of time.

**Real Estate Securities and Related Derivatives.** The Advisor may gain exposure to the real estate sector by investing in real estate-linked derivatives, REITs, and common, preferred and convertible securities of issuers in real estate-related industries. Each of these types of investments are subject to risks similar to those associated with direct ownership of real estate, including loss to casualty or condemnation, increases in property taxes and operating expenses, zoning law amendments, changes in interest rates, overbuilding and increased competition, variations in market value, and possible environmental liabilities.

REITs are subject to management fees and other expenses, and so the Fund, when investing in REITs, will bear its proportionate share of the costs of the REITs' operations. An investment in a REIT or a real estate-linked derivative instrument that is linked to the value of a REIT is subject to additional risks, such as poor performance by the manager of the REIT, adverse changes to the tax laws or failure by the REIT to qualify for tax-free pass-through of income under the Code. In addition, some REITs have limited diversification because they invest in a limited number of properties, a narrow geographic area, or a single type of property. Furthermore, REITs are not diversified because they only operate in the real estate business and are heavily dependent on cash flow. Also, the organizational documents of a REIT may contain provisions that make changes in control of the REIT difficult and time-consuming.

*Other Potential Risks*



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**Cybersecurity.** With the increased use of technology, Fortis is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber incidents impacting Fortis have the ability to cause disruptions and impact business operations, potentially resulting in the inability to transact business, financial losses, violations of applicable privacy and other laws, regulatory fines, penalties or reputational damage. While Fortis has established a business continuity plan and risk management systems intended to identify and mitigate cyber incidents, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, Fortis cannot control the cybersecurity plans and systems put in place by third party service providers and issuers in which client portfolios invest. As a result, clients could be negatively impacted.

## **ITEM 9 - DISCIPLINARY INFORMATION**

Neither the Advisor or any of its employees have any disciplinary history to report.

## **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

**The following are affiliated entities of Fortis Advisors, LLC:**

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

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

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insurance commission product. Clients are reminded that they may purchase insurance products recommended by Fortis Solutions through other non-affiliated insurance agents.

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

**Fortis Capital Partners, LLC.** Mr. Boles is an indirect owner of Fortis Capital Partners, LLC (“Fortis Capital”), a Delaware limited liability company. Mr. Hubschmidt is the President of Fortis Capital. Fortis Capital provides advisory and consulting services to individuals and businesses beyond traditional public market investing activities. We provide due diligence services for private transactions and investments as well as arranging secondary market transactions. Fortis Capital creates and administers private funds including the Fortis Capital Real Estate Fund as well as The Convergence Fund. The Advisor may refer clients to Fortis Capital in situations where the clients need these services. The recommendation the Advisor that a client engage Fortis Capital presents a conflict of interest as the receipt of fees by Fortis Capital may provide an incentive to recommend services based on fees to be received, rather than on a particular client’s need. No client is under any obligation to retain Fortis Capital. Clients are reminded that they may obtain these services through other non-affiliated companies.

**Fortis Services, LLC.** Mr. Boles and Mr. Hubschmidt are members of Fortis Services, LLC (“Fortis Services”), a Delaware limited liability company. Fortis Services’ sole purpose is to provide management and employee-related services to Fortis Wealth, LP.

**Fortis Business Growth Accelerator, LLC.** Mr. Boles is an indirect owner of Fortis Business Growth Accelerator, LLC (“Fortis Business Growth”), a Delaware limited liability company. Fortis Business Growth assists business owner clients in the growth and exit stages of their companies’ life-cycle. Identifies company growth opportunities and provides outsourced business development and operating partner services. The Advisor may refer clients to Fortis Business Growth in situations where the clients need certain assistance with growth and exit strategies for their companies. The recommendation by the Advisor that a client engage Fortis Business Growth presents a conflict of interest as the receipt of fees by Fortis Business Growth may provide an incentive to recommend services based on fees to be received, rather than on a



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particular client's need. No client is under any obligation to retain Fortis Business Growth for business development and operating partner services. Clients are reminded that they may obtain these services through other non-affiliated companies.

**Fortis Capital Real Estate Fund, LLC.** Fortis Capital Real Estate Fund, LLC ("Real Estate Fund"), a Delaware limited liability company, is a private investment fund formed to invest directly and indirectly in various underlying funds and certain other investments. Fortis Capital Real Estate Manager, LLC, a Pennsylvania limited liability company, serves as the Real Estate Fund's manager (the "Manager"). The principal officers of the Manager are Mr. Boles and Mr. Hubschmidt. The Manager will, among other things, manage the affairs of the Real Estate Fund, recommend potential underlying funds into which the Real Estate Fund may invest, and monitor the Real Estate Fund's assets that are managed by the investment managers of the underlying funds. Fortis Capital Real Estate Manager is currently a wholly owned subsidiary of the Fortis Capital Partners, LLC.

**Convergence Fund.** Convergence Fund I, LP, a Delaware limited partnership (the "Partnership"), is organized to operate as a private investment partnership to invest its assets in a wide variety of investment opportunities including, without limitation, direct investments in securities and other financial instruments. The General Partner, Convergence Fund GP, LLC, is a Pennsylvania limited liability company. The General Partner is responsible for the management and administration of the Partnership and has ultimate responsibility for the management, operations and the investment decisions made by the Investment Manager on behalf of the Partnership. Convergence Management, LLC, a Pennsylvania limited liability company, will serve as the Investment Manager for the Partnership. The Investment Manager is currently a wholly owned subsidiary of Fortis Capital Partners, LLC. The principal officer of the Investment Manager is Mr. Topley.

**Subadvisors.** Although the Advisor does not receive any remuneration from other advisers, investment managers, or other service providers that it recommends to clients, the Advisor engages sub-advisors to manage certain of the Advisor's client accounts. The subadvisor receives a portion of the advisory fees charged by the Advisor for its investment management services.

Colleen A. Kelly is Fortis' Chief Compliance Officer. Ms. Kelly is a compliance consultant who has been engaged by Chenery Compliance Group, LLC to provide investment management compliance consulting services to investment advisers and other SEC/state registered clients of Chenery. Fortis has entered into a compliance services agreement with Chenery pursuant to which Ms. Kelly provides compliance services to Fortis, including her appointment as Fortis' Chief Compliance Officer.

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## ITEM 11 - CODE OF ETHICS

The Advisor has adopted a Code of Ethics for all Access Persons of the firm describing its high standard of business conduct and the fiduciary duty owed to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, and restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, pre-clearance procedures, among other things. All Access Persons at the Advisor must acknowledge the terms of the Code of Ethics annually and as amended. A definition of Access Person can be found in the Advisor's Code of Ethics.

Officers, directors, and employees of the Advisor and its affiliates may trade for their own accounts in securities that are recommended to and/or purchased for Advisor's clients. At no time, to the extent controllable by Advisor, will the transactions of Advisor or its associates be given priority over client transactions and these trades are usually aggregated with client orders or traded afterward. The Code of Ethics is designed to ensure that the personal securities transactions, activities, and interests of the employees of the Advisor will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code of Ethics, certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of Advisor's clients. As the Code of Ethics permits employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between Advisor and its clients. It is Advisor's policy that the firm will not engage in any principal transactions for client accounts. Principal transactions are generally defined as transactions where an advisor, acting as principal for its own account buys from or sells any security to any advisory client.

A complete copy of the Advisor's Code of Ethics is available to clients and prospective clients upon request by contacting Colleen Kelly, the Advisor's Chief Compliance Officer.

There are additional conflicts of interest with respect to the Fortis Capital Real Estate Fund and the Convergence Fund. Such conflicts of interest and the management of those conflicts are detailed in the Fund's offering materials. Please note that the Advisor waives its advisory fee on that portion of an advisory client's investment portfolio invested in any affiliate Funds.

With respect to private fund management:

- (i) The Advisor, either individually or through affiliate entities, may create additional funds and as a result may sell or purchase assets from one affiliate fund to another affiliate fund which may pose a conflict of interest. Although the Advisor strives to

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put the interests of its fund clients first, such inter-fund transactions could be viewed as being in the best interest of one fund versus another fund. Inter-fund transactions may occur for a variety of reasons, such as lack of liquidity, the closing of a fund, tax, and related issues. The Advisor and its affiliates will ensure, among other things, that inter-fund transactions are properly disclosed to the parties of the transaction and reviewed to ensure one fund is not disadvantaged versus another fund and that the transactions are appropriate in light of the specific fund's objectives, tax status, liquidity needs, and related factors.

- (ii) If a potential portfolio investment meets the investment objectives of more than one private fund and each of such private funds have capital available to invest, we will allocate the investment among such private funds taking into account the following:
- The amount of capital each private fund has available to invest, as compared to the total amount of capital each private fund anticipates raising;
  - The extent to which the potential investment deviates from the private funds' investment objectives; and
  - The extent to which the potential acquisition would promote such private funds' sector, geographic, or other diversification goals.

Additionally, when recommending a transaction in which more than one private fund invests, we will:

- Not disadvantage one fund over another fund
- Not pursue the transaction unless each fund invests on the same terms as all other funds— including the ability of a fund to exit
- Ensure that no affiliated person has any ownership interest in the potential investment
- Not recommend one fund invest as a method to increase our fees from that or another fund
- Not pursue such transactions as a method to transfer investment risk from one fund to another fund
- Not bring in additional funds into the transaction for the purpose of reducing another fund's transactional costs
- Not favor the investment over our fund's interests, even if our personnel serve as officers or directors of such portfolio investment

The Advisor, 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.

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

- require our advisory representatives and employees to act in the client's best interest,
- prohibit front-running, and
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow the Advisor's procedures when purchasing or selling the same securities purchased or sold for the client. The Advisor will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation (please refer to Item 12.B.3 Order Aggregation). It is the policy of the Advisor to place the clients' interests above those of the Advisor and its employees.

## **ITEM 12 - BROKERAGE PRACTICES**

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

The Advisor considers the financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, and related factors in recommending Schwab to advisory clients.

In certain instances, the Advisor may recommend to clients certain other broker-dealers and/or custodians based on the needs of the individual client, and taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by the Advisor 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.

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The Advisor 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. The Advisor considers a wide range of factors, including, among others, the following:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear, and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength, and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below

**Schwab Custody and Brokerage Costs.** For client accounts that the Advisor maintains Schwab generally does not charge clients separately for custody services but is compensated by charging commissions or other fees on trades that it executes or that settle into Schwab's accounts. Schwab's commission rates applicable to the Advisor's client accounts were negotiated based on the Advisor's commitment to maintain a certain minimum amount of client assets at Schwab. This commitment benefits the client because the overall commission rates paid are lower than they would be if the firm had not made the commitment. In addition to commissions, Schwab charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that the Advisor has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's custodian account. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer. Because of this, in order to minimize the client's trading costs, the firm has the custodian execute most trades for the account.

The Advisor does not utilize soft dollar arrangements.

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

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commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Schwab also makes available to the Advisor other products and services that benefit the Advisor 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 the Advisor's accounts, including accounts not maintained at Schwab. Schwab may also make available to the Advisor 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 the Advisor's fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

Schwab may also offer other services intended to help the Advisor manage and further develop its business enterprise. These services may include

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

Schwab may also provide other benefits such as educational events or occasional business entertainment of the Advisor's personnel. In evaluating whether to recommend that clients custody their assets at the custodian, the Advisor 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 Schwab, which may create a potential conflict of interest.

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

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



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- Receipt of duplicate client statements and confirmations
  - Research-related products and tools
  - Consulting services
  - Access to a trading desk serving the Advisor's 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 the Advisor by third-party vendors

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

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

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

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

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

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

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

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

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

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



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able to be achieved elsewhere.

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

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

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

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

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

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 rata allocation based on the initial allocation. This policy also applies if an order is "over-filled."

The Advisor acts in accordance with its duty to seek best price and execution and will not continue any arrangements if the Advisor determines that such arrangements are no longer in

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the best interest of its clients.

### **ITEM 13: REVIEW OF ACCOUNTS**

Mr. Matthew Topley, the Advisor's CIO, will review the holdings in each client account on at least a quarterly basis. Each client's portfolio holdings are monitored by Mr. Topley in light of trading activity, significant market and economic developments, and other activities or circumstances which may dictate a change in portfolio positions.

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

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

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

The client's independent custodian provides account statements directly to the client no less frequently than quarterly. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client the Advisor. Clients are urged to compare billing statements provided by the Advisor to the custodian statement for accuracy. Any discrepancies should be brought to the firm's attention. The custodian's statement is the official record of the account.

### **ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

The Advisor does not receive economic benefits for referring clients to third-party service providers.

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

### **ITEM 15 - CUSTODY**

An affiliate of the Advisor provides bill payment, reconciliation, and related bookkeeping services for clients of its affiliate, Fortis Family Office, LLC, who have supervised assets with

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the Advisor. Such services require written mutual consent by both the client and the Advisor. The Advisor has developed reasonable policies and procedures to address identity theft and misappropriation of funds issues.

With respect to the Convergence Fund, the Advisor complies with the requirements of the audit exemption from certain requirements of Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended. The Convergence Fund undergoes an annual audit by an independent accountant registered with the Public Company Accounting Oversight Board. Such audited financial statement is prepared in accordance with Generally Accepted Accounting Principles and is distributed to all investors within 120 of the Convergence Fund's fiscal year end.

With respect to the Fortis Capital Real Estate Fund, LLC, this fund is subject to the Surprise Verification Audit pursuant to paragraph (a)(1) of Rule 206(4)-2 of the Investment Advisers Act of 1940 by an outside independent certified public accountant.

The Advisor may act as a trustee or act pursuant to a power of attorney for a client and therefore the Advisor has actual, as opposed to deemed, custody of such client's assets. In these cases, such accounts are subject to a Surprise Verification Audit pursuant to paragraph (a)(1) of Rule 206(4)-2 of the Investment Advisers Act of 1940 by an outside independent certified public accountant.

#### **ITEM 16: INVESTMENT DISCRETION**

Clients of the Advisor generally grant the firm discretionary authority to select securities and to execute transactions based on the client's objectives.

Clients may request that the Advisor impose reasonable restrictions on investing in certain securities. In these situations, the will consider the request for implementation provided that it is a reasonable request and in the best interest of the client.

The Advisor obtains discretion by asking the client to sign the Advisory Agreement.

#### **ITEM 17 - VOTING CLIENT SECURITIES**

The Advisor will not vote proxies for securities held in client accounts. The client maintains authority and responsibility for the voting of proxies which are provided to them by their custodian. Clients may contact their portfolio manager regarding any questions they may have related to these materials.

#### **ITEM 18 - FINANCIAL INFORMATION**

The Advisor does not charge any clients fees for services more than 90 days' advance and, therefore, has no material additional financial disclosures to make. The Advisor does not have any financial issues that would impair its ability to provide services to clients.