

Item 1 – Cover Page



# StrategicPoint

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## Firm Brochure (Part 2A of Form ADV)

February 2, 2024

This Brochure provides information about the qualifications and business practices of StrategicPoint Investment Advisors, LLC (hereinafter “SPIA,” “we” or the “Firm”). If you have any questions about the contents of this ADV 2A brochure (“Brochure”), please contact us at (401) 273-1500 or [info@strategicpoint.com](mailto:info@strategicpoint.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.

SPIA is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

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

## Item 2 – Material Changes

As an SEC-registered investment adviser, we are required to provide our clients with a summary of any material changes to our Brochure since our most recent prior annual updating amendment within 120 days of the close of our business' fiscal year (December 31st of each year).

We note the following changes to our Brochure since our last annual amendment on March 31, 2023:

On August 31, 2023, funds affiliated with Clayton, Dubilier & Rice, LLC ("CD&R") and Stone Point Capital LLC ("Stone Point") completed an acquisition of Focus Financial Partners Inc. ("Focus Inc."). This transaction resulted in funds affiliated with CD&R collectively becoming majority owners of Focus Inc. and funds affiliated with Stone Point collectively becoming owners of Focus Inc. Because SPIA is an indirect, wholly-owned subsidiary of Focus Inc., the CD&R and Stone Point funds are indirect owners of SPIA. Items 4 and 10 have been revised to reflect this new ownership structure.

The foregoing is only a summary of the material changes to the Brochure. It does not purport to identify every change to the Brochure since the last annual update. Clients are encouraged to read the Brochure in detail and contact their advisor with any questions.

Our Brochure may be requested by contacting Richard J Anzelone, J.D., Managing Partner and Chief Compliance Officer at (401) 273-1500 or [ranzelone@strategicpoint.com](mailto:ranzelone@strategicpoint.com). Our Brochure is also available on our website at [www.strategicpoint.com](http://www.strategicpoint.com), free of charge.

Additional information about SPIA is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with SPIA who are registered, or are required to be registered, as investment adviser representatives of the firm. You can search this site by a unique identifying number, known as a CRD number. The CRD number for SPIA is 124636.

### Item 3 -Table of Contents

Item 1 – Cover Page .....	i
Item 2 – Material Changes.....	ii
Item 3 -Table of Contents .....	iii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	6
Item 6 – Performance-Based Fees and Side-By-Side Management .....	10
Item 7 – Types of Clients .....	10
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	11
Item 9 – Disciplinary Information .....	15
Item 10 – Other Financial Industry Activities and Affiliations .....	15
Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading.....	16
Item 12 – Brokerage Practices .....	16
Item 13 – Review of Accounts .....	19
Item 14 – Client Referrals and Other Compensation .....	20
Item 15 – Custody.....	20
Item 16 – Investment Discretion.....	21
Item 17 – Voting Client Securities .....	21
Item 18 – Financial Information.....	22

## **Item 4 – Advisory Business**

### **FOCUS FINANCIAL PARTNERS, LLC**

SPIA, registered with the SEC since 1992, is part of the Focus Financial Partners, LLC (“Focus LLC”) partnership. Specifically, SPIA is a wholly-owned subsidiary of FI Services Holdings, LLC., which is a wholly-owned subsidiary of Focus Operating, LLC (“Focus Operating”), which is, directly and indirectly, a wholly-owned subsidiary of Focus LLC. Focus Financial Partners Inc. (“Focus Inc.”) is the sole managing member of Focus, LLC and has 100% of its governance rights. Accordingly, all governance is conducted through the voting rights and the Board of Directors at Focus Inc. Focus Inc. is the managing member of and owns, directly and indirectly, approximately 99% of the economic interests in Focus LLC.

Focus Inc. is majority-owned, indirectly and collectively, by funds affiliated with Clayton, Dubilier & Rice (“CD&R”). Funds affiliated with Stone Point Capital LLC (“Stone Point”) are indirect owners of Focus Inc. Because SPIA is an indirect, wholly-owned subsidiary of Focus Inc., CD&R and Stone Point funds are indirect owners of SPIA.

Focus, LLC also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, business managers and other financial service firms (the “Focus Partners”), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADVs.

SPIA is managed by Richard Anzelone, Derek Amey and Betsey Purinton (“SPIA Principals”), pursuant to a management agreement between SPM Management Company, FI Services Holdings and Focus. The SPIA Principals serve as leaders and officers of SPIA and are responsible for the management, supervision, and oversight of SPIA.

### **INVESTMENT MANAGEMENT SERVICES (“IMS”)**

We provide proactive investment management services that include asset allocation, security selection, broker-dealer and custodial recommendations and ongoing portfolio management for clients’ retirement and non-retirement accounts. We create personalized portfolios geared to our client’s stated goals, along with proactive account management and monitoring on an ongoing basis with rebalancing whenever economic, market and geopolitical conditions deem it advisable. As part of our investment management services, we offer unlimited access to a SPIA financial advisor, general financial planning and a customized web portal for investment performance and account reporting.

We generally begin by evaluating the risk-assessment questionnaire completed by the client, which helps the advisor determine the client’s overall investment experience, financial goals, targeted retirement date and tolerance for market risk. Based on this information, we recommend a model investment portfolio for our client’s account. After reviewing the financial information provided by the client and based on the client’s long-term goals, risk tolerance and time horizons, we will develop an investment strategy for each account that the client maintains. An account typically consists of, but is not limited to, equity mutual funds, exchange traded

funds, commodities, alternatives and/or bond mutual funds, which hold only the client's securities and allows the client to have his/her own cost basis in each of the securities in the account.

SPIA generally offers six portfolio models, each with a range of investment risk. As a SPIA client, you are placed in a portfolio model based on measurements of your risk tolerance. Before selecting a portfolio model, we talk to you about your understanding of, and ability to accept, risk. The goal is to select a portfolio model where you can feel comfortable in both good times and bad.

The portfolios are generally built around the following major strategies: Capital Preservation, Income, Conservative, Balanced, Growth and Aggressive Growth. We also offer sustainable investing portfolios (an approach that considers environmental, social and governance ("ESG") factors and their impact) which add a layer of ESG integration to our existing asset allocation methodology.

SPIA actively monitors each strategy and shifts assets and sector rotations within a specified range, based on our market and economic analyses. As the investment manager, SPIA will invest/reinvest client assets in accordance with the Investment Policy Statement ("IPS") created by SPIA for each client.

Clients may change portfolio models at any time by signing a new IPS. However, we encourage those changes only after careful discussion between client and client's advisor to ensure that life events are driving the request and not emotional reactions to temporary market conditions. SPIA will rebalance the portfolio's investments as necessary, to remain consistent with the client's stated financial goals and objectives.

If SPIA is managing a client's variable annuity, SPIA will be limited by the fund options available by the variable annuity product. Variable annuities will be managed under similar policies and procedures as we manage participants' employer-sponsored retirement plans (e.g., 401(k), 403(b) or 457 plans) as explained below.

SPIA offers investment management services to participants in employer-sponsored retirement plans (e.g., 401(k), 403(b) or 457) plans. Investment management of an employer-sponsored retirement plan ("Plan") account is incorporated into a client's overall financial plan. If the client is a participant in a Plan that permits participants to direct investments into one or more investment alternatives, SPIA will assist the client in selecting among these investment options. If the client chooses and the Plan permits, SPIA will exercise direct control and discretion in managing the client's Plan account.

If SPIA is managing an employer-sponsored retirement plan account with full discretion, we will access the client's Plan account and evaluate the current investments and/or allocations to make sure they are aligned correctly with the client's portfolio model (e.g., Growth or Balanced) based on the risk level the client has specified. We strive wherever possible to match a client's holdings in their retirement plans to the allocation of our portfolio models but must work within the constraints of the Plan offerings. We review the accounts at least quarterly and will rebalance the account when our review determines that rebalancing is needed to remain consistent with the client's stated financial goals and objectives. We also change the allocation of future salary deductions when warranted to maintain or obtain the appropriate asset allocation for the client's portfolio.

SPIA's ability to manage a Plan account pursuant to a client's investment objectives, as compared to the management of accounts held at Fidelity, is limited due to Plan rules, restrictions, investment choices and the labor-intensive nature of managing a client's Plan account. Typically, a client opens an account with a custodian (i.e., SPIA recommends Fidelity as broker-dealer and custodian) allowing SPIA greater flexibility in rebalancing

an account along with a greater number of investment choices as opposed to what is usually offered by an employer-sponsored retirement plan.

Our services include providing our clients with annual updates to their investment strategy as needed by meeting with clients in person, virtual meeting or conference call. In addition, clients will have daily access to portfolio reports through a web-based portfolio management and technology platform offered through Orion Technology Services, LLC ("Orion") by accessing SPIA's website. Except for certain web-based Plan restrictions, most clients will also receive web-based portfolio reports from SPIA offered through Orion with respect to their employer-sponsored retirement plan. However, clients should always make sure that they receive at least quarterly statements from the custodian of their Plan account (e.g., 401(k) or 403(b)) along with the custodian of any other account.

Accounts under IMS are managed on a discretionary basis, which means that SPIA has the authority to make ongoing investment decisions within accounts without prior consent for individual transactions, unless mutually agreed to otherwise by SPIA and client. SPIA actively discourages client-directed trading within a managed account; however, clients will have the opportunity to place reasonable restrictions on SPIA management authority. As mentioned previously, clients may change their portfolio model at any time by signing a new IPS. However, we encourage those changes only after careful discussion between client and client's advisor to ensure that life events are driving the request and not emotional reactions to temporary market conditions.

Under limited circumstances, as mutually agreed to by SPIA and client, SPIA may advise clients on a non-discretionary basis or an investment consulting/advisory basis.

In certain cases, under SPIA's IMS, SPIA utilizes separately managed accounts available on the Fidelity Managed Account Xchange ("FMAX") platform to aid in the investment management of a client's account. FMAX allows clients and SPIA access to one or more separately managed accounts offered on the platform. FMAX is a comprehensive wealth advisory platform that integrates planning, managed accounts, clearing and custody capabilities, and other third-party products and services into one technology-supported solution. FMAX is sponsored by Fidelity Institutional Wealth Advisors ("FIWA"), an unaffiliated Investment Adviser. FIWA is responsible for the due diligence of the separately managed accounts available on FMAX. SPIA is responsible for determining the appropriate separately managed accounts based on the client's investment risk profile, and will have the discretion to hire and fire separately managed account managers within certain parameters.

The separately managed accounts provide SPIA with access to a universe of investment style-specific professionally managed portfolios composed of individual securities. SPIA may combine the separately managed account with mutual funds or ETFs in order to meet a client's personal asset allocation requirements. Clients who decide to use a separately managed account will be subject to, the Fidelity Managed Account Xchange Program Terms and Conditions and Statement of Investment Selection ("SIS"), which along with FIWA's Form ADV Part 2A brochure, explain the program in greater detail.

### **FINANCIAL PLANNING SERVICES (Stand Alone)**

SPIA offers financial planning services to clients. The financial plan may include, without limitations, an analysis of the following financial planning topics as applicable to the client's current situation:

- a balance sheet, retirement projections
- a review of life/disability and long-term care insurance coverage

- college funding/savings
- a risk tolerance assessment

The financial plan will cover those areas of financial planning that SPIA determines are applicable to the client based solely on the information provided to SPIA by the client.

SPIA's financial planning agreement is a one-time service that does not include implementation or monitoring. Clients who desire us to implement the plan and monitor their investments must hire SPIA in an ongoing arrangement. Any implementation of recommendations or day-to-day management of client funds, securities or other assets will require the signing of a Discretionary Investment Management Services Agreement.

Financial consulting not covered under the financial planning agreement is available to all clients and prospective clients at an hourly rate.

### **RETIREMENT PLAN ADVISOR SERVICES ("REPAS")**

SPIA provides advisory services to retirement plans ("REPAS") subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), including participant-directed defined contribution plans, such as 401(k) plans ("ERISA Plan Clients"). Each ERISA Plan Client is required to enter into an investment advisory or investment management agreement with SPIA describing the services that SPIA will perform for the ERISA plan and its participants. SPIA provides both ERISA fiduciary services and non-fiduciary services to ERISA Plan Clients.

***Fiduciary Services:*** SPIA provides REPAS fiduciary services either as a discretionary investment manager or a non-discretionary investment adviser.

SPIA provides investment management services to ERISA Plan Clients on a discretionary basis as an investment manager under ERISA § 3(38) and in that capacity, SPIA's investment decisions are made in its sole discretion without the ERISA Plan Client's prior approval. Each ERISA Plan Client who engages SPIA to perform investment management services is required to enter into an investment management agreement. SPIA's investment management services include developing and implementing an investment policy statement, selecting a broad range of investment options consistent with ERISA § 404(c), making decisions about the selection, retention, removal and addition of investment options and if the ERISA Plan Client has determined that the Plan should have a qualified default investment alternative (a "QDIA") for participants who fail to make an investment election, selecting the investment that will serve as a QDIA. The investment options and/or QDIA selected by SPIA may include managed portfolios developed by SPIA that use the Plan's investment options. SPIA's managed portfolios consist of but are not limited to: Conservative, Balanced, Growth, and Aggressive Growth. SPIA has full discretionary authority over investment management of the Plan assets invested in the SPIA managed portfolios including, but not limited to, determination of the asset class allocations and selection of the underlying investments for each portfolio, adjustment of the asset class allocations, and the addition, removal or modification of the underlying investments. However, ERISA Plan Clients will have the opportunity to place reasonable restrictions on SPIA management authority. If SPIA managed portfolios are offered as Plan investment options and/or a QDIA, it will not result in additional compensation to SPIA. The managed portfolios are made available to retirement plans by the record-keeper through Mid-Atlantic Trust Company's ("MATC") ModelxChange® platform.

SPIA also provides investment advisory services to ERISA plans on a non-discretionary basis and in that capacity, the ERISA Plan Client retains, and exercises, final decision-making authority and responsibility for the implementation (or rejection) of SPIA's recommendations or advice. Each ERISA Plan Client who engages SPIA to perform non-discretionary investment advisory services is required to enter into an investment advisory agreement. SPIA's non-discretionary investment advisory services include assisting the ERISA Plan Client in developing and implementing an investment policy statement, assisting the ERISA Plan Client in selecting a broad range of investment options consistent with ERISA § 404(c), assisting the ERISA Plan Client in making decisions about the selection, retention, removal and addition of investment options, and if the ERISA Client has determined that the Plan should have a QDIA for participants who fail to make an investment election, assisting in the selection of the investment that will serve as a QDIA. SPIA also provides asset allocation services that enable participants to allocate the money in their Plan account among the Plan's designated investment alternatives. The asset allocation service is not an investment itself, but instead a service to help participants to decide how to invest their Plan account.

**Non-Fiduciary Services:** SPIA's non-fiduciary services to ERISA Plan Clients include assisting in educating plan participants about general investment principles and the investment alternatives under the plan and educating the ERISA Plan Client as to its fiduciary responsibilities. SPIA's non-fiduciary services also include assisting the ERISA Plan Client in monitoring, selecting and supervising service vendors. In carrying out this service, SPIA will introduce Sentinel Benefits & Financial Group ("Sentinel") as a potential third-party administrator and/or record-keeper. Recommending Sentinel creates a conflict of interest due to the fact that Sentinel and SPIA are both owned by Focus LLC. However, SPIA and Sentinel do not share in any fees and SPIA does not earn any additional revenue if Sentinel is used as the third-party administrator and/or record-keeper. The ERISA Plan Client is not obligated to use Sentinel as the third-party administrator and/or record-keeper.

For a more detailed description of SPIA's fiduciary and non-fiduciary services, the ERISA Plan Client should refer to the investment advisory agreement or investment management agreement.

SPIA is a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") with respect to investment management services and investment advice provided to ERISA plan clients, including ERISA plan participants. SPIA is also a fiduciary under section 4975 of the Internal Revenue Code (the "IRC") with respect to investment management services and investment advice provided to individual retirement accounts ("IRAs") ERISA plans, and ERISA plan participants (collectively, "Retirement Account Clients"). As such, SPIA is subject to specific duties and obligations under ERISA and the IRC that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice in which it has a conflict of interest, the fiduciary must either avoid the conflict or eliminate the conflict or rely upon a prohibited transaction exemption (a "PTE").

As a fiduciary, we have duties of care and loyalty to you and are subject to obligations imposed on us by the federal and state securities laws. As a result, you have certain rights that you cannot waive or limit by contract. Nothing in our agreement with you should be interpreted as a limitation of our obligations under the federal and state securities laws or as a waiver of any unwaivable rights you possess.

As of December 31, 2022, we managed client assets totaling approximately \$637,000,000 on a discretionary basis.



## Item 5 – Fees and Compensation

**INVESTMENT MANAGEMENT SERVICES FEE** StrategicPoint Investment Advisors’ (“SPIA”) annual investment management fee for investment management services shall be based upon a percentage (%) of the market value of the assets under management in accordance with the following fee schedule (the “Fee Schedule”):

<u>Assets under Management (End-of-Quarter)</u>	<u>Quarterly Fee Percent</u>	<u>Annual Fee Percent*</u>
Under \$500,000	.3125%	1.25%
\$500,000-\$1,000,000	.2500%	1.00%
\$1,000,001-\$1,500,000	.2125%	0.85%
\$1,500,001-\$2,000,000	.1875%	0.75%
\$2,000,001-\$3,000,000	.1500%	0.60%
\$3,000,001-\$5,000,000	.1250%	0.50%
Over \$5,000,000	Negotiable	Negotiable

**\* This is a tiered or breakpoint fee schedule, such that the entire portfolio is charged the same investment management fee. For example, a client with \$750,000 of assets under management would pay 1.00% on an annual basis and a client with \$1,100,000 of assets under management would pay .85% on an annual basis.**

SPIA fees are payable quarterly in arrears based on the aggregate net value of the assets in the accounts, valued as of the last business day of the calendar quarter as determined by third-party sources. SPIA may maintain cash and cash equivalent positions in the accounts to ensure the proper portfolio allocation, to provide a buffer for market volatility and to provide liquidity for withdrawals from the accounts. All such cash and cash equivalent positions, not including accrued and unpaid interest, will be included in assets under management for purposes of the investment management fee, unless otherwise agreed to between SPIA and client. For the initial quarter, the investment management fee shall be calculated in arrears on a pro rata basis based on the number of days that services are provided. SPIA reserves the right, in SPIA’s discretion, to prorate the investment management fee for significant contributions during a calendar quarter. In the event that the services are terminated during a calendar quarter, the investment management fee shall be calculated in arrears on a pro rata basis based on the number of days that services are provided, and any earned, unpaid fees will be due and payable.

Clients who pay our investment management fees via debit of their accounts, authorize the custodian to disburse our investment management fee to us upon our instruction to the account custodian. We also permit clients to pay our investment management fee by check or credit card (via PayPal). SPIA shall provide client with an invoice reflecting the amount of any fees due for a given period while at the same time providing such notice to the custodian. The amount deducted from the accounts for any investment management fee will also be shown as a disbursement on any account statement given to client by the custodian. The invoice will show the amount of the investment management fee, how it was calculated and the value of the assets on which the invoice was based. Client agrees to inspect promptly all invoices, and to promptly notify SPIA in writing concerning any complaint or objection.

SPIA generally requires a minimum of \$250,000 of assets under management for each client relationship.

The standard investment management fee shown in our Fee Schedule is subject to negotiation between SPIA and the client. SPIA from time to time agrees to discount its fees and agrees to payment arrangements different from

our standard fee arrangements. In addition, existing advisory clients are subject to legacy fee arrangements that are lower than current standard fee schedule. Accordingly, while we strive to be consistent, fees vary from client to client based on a number of factors, including, but not limited to, the type and size of account, the services provided to the account, the client's other accounts with SPIA, the accounts of the client's family with SPIA, the expectation that the client will add additional funds to their account, account composition or SPIA's overall assessment of the client relationship. Certain fees are waived for SPIA employees and are waived or discounted for certain family members or friends of employees.

Fees charged for separately managed accounts and the FMAX platform ("Program Fee") shall be in addition to SPIA's investment management services fee. Separately managed accounts establish and maintain their own separate billing processes over which we have no control. In addition to the separately managed account fees, the FMAX Platform fees range from 12 bps to 22 bps (0.12% to 0.22%) based on the dollar amount of the individual account. There is a minimum annual per-account FMAX Platform fee of \$65. The Program Fee is expressed on your custodial statement. Clients who select the FMAX program will also receive FIWA Form ADV Part 2A, which provides greater detail regarding the program sponsor. The Program Fee and any other fees are outlined in the Statement of Investment Selection (SIS) that is provided to you prior to investing. The Program Fee is calculated as an annual percentage of assets based on the market value of the account at the end of a calendar quarter. The Program Fee is paid to FIWA and covers FIWA's services associated with FMAX, including access to the FMAX Platform, the Implementation Manager and the Investment Managers, implementation of a Model, if applicable, and brokerage, clearing, custody, and other services provided by affiliates of FIWA. The Program Fee calculation considers cash and cash equivalents. Program Fees are charged on a calendar quarter basis in arrears prorated during the calendar quarter upon inception of the account. Upon termination of any Account, any prepaid, unearned fees will be promptly refunded on a pro-rata basis, and any earned, unpaid fees will be due and payable.

#### Additional Fees and Expenses

In addition to SPIA's investment management fee, clients are responsible for fees and expenses charged by third parties in connection with the investment of their assets. These fees and expenses could potentially include brokerage and other transaction costs, and fees and taxes, related to the purchase and sale of securities for their accounts, and any fees charged by custodians for holding their assets. Certain investments we select for clients that are managed or sponsored by third parties, such as mutual funds, exchange-traded funds, alternative investments and any securities managed by external managers of separately managed accounts (as discussed above), bear fees and expenses for their management and operation. A client could invest in a mutual fund directly, without the services of SPIA. In that case, the client would not receive the services provided by SPIA which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, SPIA encourages the client to review both the fees charged by the funds and the investment management fees charged by SPIA to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

The principal executive officers and other employees of SPIA, in their individual capacities, act as licensed insurance agents. These individuals, in their separate capacity as insurance agents, through Focus Risk Solutions, LLC ("FRS"), an affiliate of SPIA, sell insurance products to clients, for which they (directly or indirectly) and FRS will each receive a portion of the upfront and/or ongoing commissions paid by the insurance carrier with which the policy was placed. The amount of revenue earned (directly or indirectly) will vary based

on the type of insurance product. Further information on this conflict of interest is available in Item 10 of this Brochure.

### Retirement Account Clients

A conflict of interest arises, and the prohibited transaction rules are implicated when an SPIA representative recommends an annuity, such as a fixed rate annuity, to a Retirement Account Client or recommends that a Retirement Account Client take a distribution from an IRA to purchase an annuity because this results in compensation (i.e., a commission) that would not have been received absent the recommendation. When this occurs, the SPIA representative complies with PTE 84-24, including the disclosure of the SPIA representative's relationship with the issuing insurance company, the sales commission, and fees and charges associated with the acknowledged receipt of this information.

A conflict of interest arises and the prohibited transaction rules are implicated when SPIA recommends that an ERISA plan participant take a distribution from an ERISA Plan and roll it over to an IRA that SPIA advises or if SPIA recommends that an IRA owner transfer his IRA to an IRA that SPIA advises because SPIA will receive compensation that it would not have received absent the recommendation – i.e., the IRA investment management services fee. SPIA will manage this conflict through a process designed to develop an informed recommendation in the best interest of the client. No client is under any obligation to roll over ERISA plan or IRA assets to an account advised or managed by SPIA. When SPIA makes a rollover recommendation, it is fiduciary advice under both the Investment Advisers Act of 1940 and ERISA. In addition to being a conflict of interest, it is also a prohibited transaction under ERISA where SPIA receives compensation from the rollover IRA that it would have not received absent the recommendation. In that circumstance, SPIA will comply with the conditions of exceptions to the prohibited transaction rules (e.g., an applicable prohibited transaction exemption such as PTE 2020-02 or non-enforcement policy).

No client is under any obligation to roll over retirement plan assets to an account managed by SPIA.

Note that there is no conflict of interest and the prohibited transaction rules are not implicated when a client or prospective client independently and without seeking SPIA's recommendation voluntarily makes a decision to rollover ERISA plan assets or transfer an IRA to an IRA advised by SPIA. Under these circumstances where SPIA has not provided a recommendation or otherwise influenced the client's or prospective client's decision-making, SPIA is not acting in a fiduciary capacity and is merely carrying out the client's instructions. Because this does not result in a prohibited transaction, PTE 2020-02 does not apply.

### **RETIREMENT PLAN ADVISOR SERVICE ("REPAS") FEES**

The annual investment management fee or investment advisory fee for SPIA's REPAS shall be based upon a percentage (%) of included plan assets as reported by the plan custodian or record-keeper under the schedule set forth below. Included plan assets are the plan assets for which SPIA provides services as described in the investment advisory or management agreement.

<u>Market Value of Included Plan Assets (End-of-Quarter)</u>	<u>Quarterly Fee Percent</u>	<u>Annual Fee Percent**</u>
Under \$5,000,000	.125% or (minimum*)	.50% or (\$2500.00 minimum*)
\$5,000,000-\$10,000,000	.10%	.40%
\$10,000,001-\$20,000,000	.075%	.30%
Over \$20,000,000	Negotiable	Negotiable

**\*If agreed to as between SPIA and ERISA Plan Client**

**\*\*This is a tiered or breakpoint fee schedule, such that the entire portfolio is charged the same investment management or advisory fee. For example, a client with under \$5,000,000 of Plan assets under management would pay .50% on an annual basis and a client with \$8,000,000 of Plan assets under management would pay .40% on an annual basis.**

Fees are payable quarterly in arrears (the "Fee Period"). The initial fee is the amount, prorated for the number of days remaining in the initial Fee Period from the effective date of the investment advisory or management agreement, based upon the market value of the included assets on the last business day of the initial Fee Period. Thereafter, the fee is based upon the market value of the included assets on the last business day of the Fee Period (without adjustment for anticipated withdrawals by plan participants or other anticipated or scheduled transfers or distributions of assets). The ERISA plan is obligated to pay SPIA's fee. As agreed, under the investment management or advisory agreement between SPIA and the ERISA Plan Client, the ERISA Plan Client may authorize the plan custodian to automatically deduct the fee from the plan or the plan sponsor of the ERISA Plan Client may choose to pay the fee. All fees paid to SPIA are separate and distinct from the fees and expenses charged by mutual funds and other parties such as third-party administrators, record-keepers and custodians. For example, if MATC is selected as the custodian, such fees will include regular custodial fees along with ModelxChange® fees for the plan participants utilizing the SPIA managed portfolios. The fees charged by MATC are independent of SPIA's fees.

SPIA's standard REPAS fee is subject to negotiation between SPIA and the ERISA Plan Client. SPIA, in its discretion, negotiates a different fee in appropriate circumstances for similarly situated ERISA Plan Clients and/or waives the minimum fee. Accordingly, while we strive to be consistent, fees vary from client to client based on a number of factors, including, but not limited to the type and size of the plan, the services provided to the ERISA Plan Client, the expected growth in assets of the plan or SPIA's overall assessment of the client relationship.

Either SPIA or the ERISA Plan Client can terminate the investment management or advisory agreement at any time, without penalty, by sending the other party 30 days prior written notice. Both parties remain responsible for obligations arising under any transactions initiated before the agreement was terminated. SPIA is entitled to a fee, prorated for the number of days in the Fee Period prior to the effective date of termination, based on the market value of the included assets on the effective date of termination.

### **FINANCIAL PLANNING SERVICE FEES (Stand-Alone)**

The fee for a financial plan is \$300.00 per hour. SPIA and the client will agree on the number of hours needed to complete the financial plan at the time of entering into a written agreement. Fees are payable at the time of presentation of the financial plan to the client. The fee can be paid by check or credit card (via PayPal), as selected by the client. If a client enters into a Discretionary Investment Management Services Agreement within one year of signing a written agreement for a financial plan, fifty percent (50%) of the paid fee will be credited

toward the quarterly investment management services fee. If the client is not satisfied with the financial plan for any reason, the client does not have to pay the fee.

All financial planning and consulting are billed at \$300.00 per hour and total hours billed for the planning and/or consulting may be agreed to by SPIA and client prior to entering into a written agreement.

### **GENERAL INFORMATION ON FEES & SERVICES**

**Termination of Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason upon receipt of prior written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement. In the event of withdrawal of funds or the termination of any account, any fees, commissions or other expenses associated with rebalancing or liquidating the account holdings may be assessed to the client's account.

From time to time, portions of positions will be sold to bring the cash account balance to the level required for automatic deduction of fees. It is understood that the payment of these fees will reduce the total investment return.

The specific manner in which fees are charged by SPIA is established in a client's written agreement with SPIA. Clients may elect to be billed directly for fees or to authorize SPIA to directly debit fees from applicable client accounts. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any accounts, any prepaid, unearned fee will be promptly refunded, and any earned, unpaid fees will be due and payable.

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

SPIA does not charge any performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client).

### **Item 7 – Types of Clients**

SPIA provides services for a variety of clients including individuals, high net worth individuals and retirement plan sponsors under ERISA.

SPIA generally requires a minimum of \$250,000 of assets under management for each client relationship but reserves the discretion to waive the minimum on a case-by-case basis.

The FMAX Platform and FIWA may have minimum account values and fees. Please refer to FIWA's ADV 2A Brochure and other documents for additional information related to minimum requirements. FMAX and FIWA minimums are not subject to our control, and therefore, may not be negotiable or waived.

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

SPIA's Portfolio Management Committee ("PMC") is led by Betsey Purinton, CFP®, Managing Partner and Co-Chief Investment Officer, and includes Richard Anzelone, JD, Managing Partner and Chief Compliance Officer, Derek Amey, Managing Partner and Co-Chief Investment Officer, Aaron Reynolds, Associate Portfolio Manager and Kristina Mello, Senior Financial Advisor. The PMC determines SPIA's principal investment strategies, including the types and particular securities to buy, sell or hold on behalf of client accounts. SPIA's PMC generally meets weekly to discuss existing and prospective investments, with research being conducted between meetings. Investments are evaluated independently, as well as in the context of a client's existing holdings and sector exposures.

The PMC works together to conduct fundamental analysis on all securities selected for client accounts. This analysis varies depending on the security in question.

For mutual funds and exchange traded funds ("ETFs") the analysis generally includes a review of:

- The fund's management team;
- The fund's historical risk and return characteristics;
- The fund's exposure to sectors;
- The fund's fee structure; and
- Any other factors considered relevant

### **Tactical Asset Allocation**

SPIA employs a proactive, tactical asset allocation process that incorporates our analysis of macro global economic data and industry/sector trends. Tactical asset allocation does not mean "market timing," but it is fundamentally different than the "buy and hold" strategy or passive reallocation based on fixed formulas.

Tactical asset allocation requires the manager to establish ranges for the weighting of each asset class in the portfolio. SPIA determines actual percentage allocations within the established ranges based on our economic and market analysis.

Tactical asset allocation is an active investment strategy. It means ongoing review of data, markets and specific assets. That does not mean that we trade every day, but it means that we must be ready to trade every day.

### **Portfolio Construction**

The following steps are used in the formation and management of our portfolios:

***Establishing Macroeconomic Trends:*** Our portfolios are constructed and monitored by our Portfolio Management Committee ("PMC") which consists of key members of the StrategicPoint executive team and supporting staff. In building and reviewing our portfolios, the PMC first compiles the data necessary to formulate a thesis about where we believe we are in the business cycle. This "top-down" analysis includes, but is not limited to, such domestic and international data points such as: monetary policy, inflation, corporate profits, forward P/E, employment, GDP, business cycle trends, consumer sentiment and spending, productivity, mutual fund inflows, fiscal policy and geopolitical events.

*Practicing Risk Diversification:* Different asset classes work best with different risk scenarios. Unlike traditional diversification, which only requires investing in a variety of assets, SPIA encourages risk diversification, whereby we place assets within different risk parameters and then emphasize or de-emphasize the holdings based on our macroeconomic view of the economy.

*Selecting Asset Allocation:* Through our understanding of macroeconomic trends and risk diversification, SPIA's PMC revises its overall asset allocation for each portfolio model with regard to equities, commodities, alternatives, fixed income, cash or any other type of asset class within the models.

The PMC then looks to purchase or sell individual holdings within each of the asset classes based on:

- *Identifying Sectors.* Tactical asset allocators believe that certain sectors of the economy and markets can outperform in different segments of the business cycle.
- *Balancing Income and Growth.* Our performance is based on total return, a combination of yield and appreciation. Our more conservative portfolios tend to hold more income producing assets while our more aggressive portfolios most often focus on appreciation over yield.

#### Sustainable Investment Portfolio

SPIA's sustainable investment portfolio models add a layer of ESG integration to our existing asset allocation methodology. The PMC has developed sustainable investment portfolio models which primarily consist of sustainable investment funds of various asset classes. The Portfolio Management Committee strives to select sustainable investment funds and other investments which are both competitive in their respective asset classes and adhere to relevant sustainable investment criteria (e.g., ESG) as determined by the PMC.

### **Risks**

All investing involves a risk of loss that clients should be prepared to bear. Markets periodically experience recessions, panics, crashes and other periods of volatility that can cause substantial losses in both equity securities and in a client's overall investment portfolio.

All investments present the risk of loss of principal – the risk that the value of securities (e.g., mutual funds and ETFs), when sold or otherwise disposed of, may be less than the price paid for the securities. Even when the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment.

### **Mutual Funds and ETFs**

#### General Background Information

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event, they sell securities for a profit that cannot be offset by a corresponding loss.

Transactions in open-ended mutual fund shares take place directly between investors and the fund company. There is no limit to the number of shares the fund can issue; as more investors buy into the fund, more shares are issued. Federal regulations require a daily valuation process, or “marked to market,” which adjusts the fund’s per-share price to reflect changes in portfolio (asset) value. The trading price at which a share is transacted is equal to a fund’s stated daily per share net asset value (“NAV”), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The value of the individual’s shares is not affected by the number of shares outstanding. For closed-end funds, only a specific number of shares are issued, and the fund does not issue new shares as investor demand grows. Prices are driven by investor demand. Purchases of shares are often made at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). More information about the risks of any market sector can be reviewed in the prospectus for each fund.

### SPIA Strategy

The mutual funds and ETFs utilized by SPIA may include funds invested in domestic and international equities, including real estate investment trusts (“REITs”), corporate and government fixed income securities and commodities. Equity securities may include large capitalization, medium capitalization and small capitalization stocks. Mutual funds and ETF shares invested in fixed income securities are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings.

Among the riskiest mutual funds used in SPIA’s investment strategies are the U.S. and International small capitalization and small capitalization value funds, emerging market funds, and commodity funds. Investments in commodities can be volatile and prices are affected by different risk factors, such as disease, storage capacity, supply, demand, delivery constraints and weather. Because of those risk factors, even a well-diversified investment in commodities can be uncertain. Conservative fixed income securities generally have lower risk of loss of principal, but most bonds (except for Treasury Inflation Protected Securities or TIPS) present the risk of loss of purchasing power through lower expected returns. This risk is greatest for longer-term bonds.

Certain funds utilized by SPIA may contain international securities. Investing outside the United States involves additional risks, such as currency fluctuations, periods of illiquidity and price volatility. These risks may be greater with investments in developing countries.

SPIA may use funds that provide alternative strategies to traditional equity and fixed income investing. These funds are designed to hedge some of the pricing risks of equities and bonds. However, hedging strategies sometimes fail, and turn out to be a risk to portfolio’s returns. For example, we invest client assets in an ETF that sells calls and buys puts on an index to hedge against decline of a portfolio of individual stocks in the ETF. The calls generate income from the premiums on the options. The calls that are intended to serve as a hedge could be ineffective and cause the ETF to experience losses if the relevant index trades up into the money, the call option buyer exercises the right to require the Fund to buy the index at the strike price, and the individual stocks in the Fund’s portfolio. The puts that serve as a hedge may result in the Fund’s loss of premiums paid in the event that the put options expire unexercised.



More information about the risks of any market sector can be reviewed in mutual fund and ETF prospectuses within each applicable sector.

### **FMAX Platform**

We will not perform quantitative or qualitative analysis of individual securities. Instead, we will advise you on how to allocate your assets among various separately managed accounts. We may replace/recommend replacing a separately managed account if there is a significant deviation in characteristics or performance from the stated strategy.

### **Cybersecurity**

The computer systems, networks and devices used by SPIA and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach.

We could experience other interruptions to the continuity of our business operations. We have procedures in place designed to facilitate continued functioning of our business under adverse circumstances. However, disruptions to our normal business operations could be caused by adverse weather events, pandemics, “acts of God,” threats to our physical security or other as yet unanticipated events.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities to prevent any cybersecurity breaches in the future.

The transmission of COVID and efforts to contain its spread have resulted in border closings and other travel restrictions and disruptions, market volatility, disruptions to business operations, supply chains and customer activity and quarantines. With widespread availability of vaccines, the U.S. Centers for Disease Control and Prevention has revised its guidance, travel restrictions have started to lift, and businesses have reopened. However, the COVID pandemic continues to evolve and the extent to which our investment strategies will be impacted will depend on various factors beyond our control, including the extent and duration of the impact on economies around the world and on the global securities and commodities markets. Volatility in the U.S. and global financial markets caused by the COVID pandemic may continue and could impact our firm’s investment strategies.

Although currently there has been no significant impact, the COVID outbreak, and future pandemics, could negatively affect vendors on which our firm and clients rely and could disrupt the ability of such vendors to perform essential tasks.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of SPIA or the integrity of SPIA's management. SPIA has no information applicable to this Item.

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

### **Financial Industry Affiliations**

As previously mentioned in Item 4 under REPAS, SPIA's non-fiduciary services also include assisting the ERISA Plan Client in monitoring, selecting and supervising service vendors. In carrying out this service, SPIA will introduce Sentinel Benefits & Financial Group ("Sentinel") as a potential third-party administrator and/or Plan record-keeper. Recommending Sentinel is a potential conflict of interest since Sentinel and SPIA are both owned by Focus LLC and Focus Inc. However, SPIA and Sentinel do not share in any fees and SPIA does not earn any additional revenue if Sentinel is used as the third -party administrator and/or record-keeper. The ERISA Plan Client is not obligated to use Sentinel as the third -party administrator and/or record-keeper.

Focus Risk Solutions ("FRS") (formerly StrategicPoint Insurance Services), an affiliate of SPIA, is a licensed business entity insurance producer which acts as an agent for various insurance companies. The principal executive officers and other employees of SPIA, in their individual capacities, also act as licensed insurance agents. As such, these individuals, in their separate capacity as insurance agents, through FRS sell insurance products (e.g., fixed annuities, equity indexed annuities or life insurance) to clients, for which they (directly or indirectly) and FRS will each receive a portion of the upfront and/or ongoing commissions paid by the insurance carrier with which the policy was placed. The amount of revenue earned (directly or indirectly) will vary based on the type of insurance product.

Our executive officers and employees have a conflict of interest when they recommend that our clients purchase insurance products that our executive officers, employees and affiliate would be compensated for, because the potential for compensation provides an incentive to make a recommendation that is not based solely on the client's needs. This revenue is also revenue for our and FRS's common parent company, Focus. Clients, however, decide whether they will purchase insurance products and are not under any obligation to engage these individuals or FRS for their insurance needs. SPIA acknowledges its duty, as a fiduciary, to make recommendations reasonably believed to be in the best interest of our clients, mitigates this conflict through this disclosure and believe our recommendations are appropriate when the conflict of interest is disclosed.

The implementation of any or all insurance products is solely at the discretion of the client. The investment management fee paid to SPIA does not cover any commissions or other compensation resulting from transactions effected through FRS or any other insurance agency.

### Focus Financial Partners

As noted above in response to Item 4, certain funds affiliated with CD&R collectively are indirect majority owners of Focus Inc., and certain funds affiliated with Stone Point are indirect owners of Focus Inc. Because SPIA is an indirect, wholly-owned subsidiary of Focus Inc., CD&R and Stone Point investment vehicles are indirect owners of SPIA.

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

SPIA has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. SPIA's Code of Ethics requires the Firm's personnel to comply with applicable laws, describes the firm's fiduciary duties and responsibilities to clients and sets forth SPIA's practice of supervising the personal securities transactions of employees with access to client information. Individuals associated with SPIA may buy or sell securities for their personal accounts identical or different than those selected for clients. It is the expressed policy of SPIA that no person employed by the firm shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on investment decisions of advisory clients.

To supervise compliance with its Code of Ethics, SPIA requires that anyone associated with this advisory practice with access to advisory recommendations provide annual securities holding reports and quarterly transaction reports to the firm's Chief Compliance Officer for review. SPIA also requires such access persons to receive approval from the Chief Compliance Officer prior to investing in any IPO's, private placements (limited offerings) or placing any trades in an account not managed by SPIA.

SPIA will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

## **Item 12 – Brokerage Practices**

### **INVESTMENT MANAGEMENT SERVICES ACCOUNTS**

#### **Recommendation of Fidelity as Broker-Dealer and Custodian**

SPIA routinely recommends to clients that they select Fidelity Brokerage Services LLC, a registered broker-dealer ("FBS") as the broker-dealer for their accounts and National Financial Services LLC ("NFS" together with FBS, "Fidelity") an affiliate of FBS, as custodian of securities held in their accounts. NFS, also a registered broker-dealer, provides execution and clearance for securities transactions for SPIA accounts. In its role as broker-dealer and custodian, Fidelity will maintain custody of client assets, and provide securities transaction execution and clearance.

While not all advisers recommend that clients utilize the services of a particular custodian or broker-dealer for custody clearing and brokerage services, SPIA routinely recommends that clients select the custody, brokerage and clearing services of Fidelity for client accounts. Clients are not required to select Fidelity and are free to select a different broker-dealer and custodian for their account. If a client selects a broker-dealer or custodian other than Fidelity, the client will negotiate terms and arrangements for the account with that financial

institution and SPIA will not seek better custody or execution services or prices from such other financial institutions or be able to “aggregate” client transactions for execution through other financial institutions with orders for other accounts managed by SPIA (as described below). This may result in clients paying higher fees, higher commissions or other transaction costs, greater spreads or receive less favorable prices as a result of choosing another financial institution.

Factors which SPIA considers in recommending Fidelity to clients include its respective financial strength, reputation, securities transaction execution, pricing, research and service and the range of mutual funds available on Fidelity’s platform. The commissions and/or transaction fees charged by Fidelity may be higher or lower than those charged by other financial institutions.

Clients may pay commissions that are higher than another qualified financial institution might charge to effect the same transaction where SPIA determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a financial institution’s services, including among others, the value of research provided, execution capability, commission rates and responsiveness. SPIA seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions. SPIA has implemented compliance procedures related to the selection of mutual fund share classes which are designed to assist the Firm in its efforts to maximize the value of the client’s portfolio.

### **Software and Support Provided by Fidelity**

SPIA receives without cost from Fidelity computer software and related systems support, which allows SPIA to better monitor client accounts maintained at Fidelity. SPIA receives the software and related support without cost because SPIA renders investment management services to clients that maintain assets at Fidelity. The benefits SPIA receives may include, but are not limited to:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that services its institutional traders;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and
- Access to an electronic communication network for client order entry and account information

The software and support are not provided in connection with securities transactions of clients (i.e., not “soft dollars”). However, the software and related systems support may benefit SPIA but not its clients directly. Clients should be aware that SPIA’s receipt of certain benefits from Fidelity creates a conflict of interest since these benefits may influence SPIA’s recommendation of Fidelity over another financial institution that does not furnish similar software, systems support or services.

The certain benefits received from Fidelity do not reduce the investment management fees clients pay to SPIA. The arrangement may incentivize SPIA to recommend that client accounts custody their assets at Fidelity based on SPIA’s receipt of certain benefits rather than clients’ interest in receiving the best prices and services and most favorable execution. SPIA has adopted compliance procedures to address these conflicts and to act in the

best interest of clients. SPIA has, for example, adopted compliance procedures related to best execution and the selection of mutual fund share classes.

### **Brokerage for Client Referrals**

SPIA does not participate in any client referral programs sponsored by Fidelity, or any other broker-dealer.

### **Directed Brokerage**

As discussed above, SPIA routinely recommends that clients select FBS as the broker-dealer for SPIA accounts and, NFS as custodian for those accounts. SPIA generally does not facilitate client requests for transactions to be executed by a broker-dealer other than the broker-dealer that also is maintaining, either directly or in the case of FBS, indirectly through an affiliate, custody of the account. Clients should be aware that if a client's request to use a different broker-dealer for the execution of securities transactions is accommodated by SPIA, the client will negotiate terms and arrangements for the transaction with that other broker-dealer and SPIA will not seek better execution services or prices from such other broker-dealers or be able to "aggregate" client transactions for execution through other broker-dealers with orders for other accounts managed by SPIA (as described below). Clients may pay higher commissions or other transaction costs, greater spreads or receive less favorable prices as a result of choosing another broker-dealer.

### **Trade Aggregation**

While individual client advice is provided to each account, client trades may be executed as a block trade. SPIA recommends its existing and new clients to use Fidelity as broker-dealer and custodian. Only accounts in the custody of Fidelity would have the opportunity to participate in aggregated securities transactions. All trades using Fidelity will be aggregated and done in the name of SPIA. The executing broker will be informed that the trades are for the account of SPIA's clients and not for SPIA itself. No advisory account within the block trade will be favored over any other advisory account, and thus, each account will participate in an aggregated order at the average share price. SPIA and/or any of its employees may participate in block trades with clients and may also participate on a pro rata basis for partial fills, but only after the determination has been made that clients will receive fair and equitable treatment.

### **Trade Errors**

In the event any error occurs in the handling of any client transactions, due to our actions, or inaction, or actions of others, we will seek to identify and promptly correct any errors without disadvantaging the client or benefiting our firm in any way. We correct trade errors through our Trade Error Accounts at Fidelity. We are responsible for any losses in the accounts, and for reimbursing client accounts if we need to do so to implement the correction. Any net gains from a trade error will be donated to charity.

### **Transactions for Retirement Plan Participants**

With respect to investment management to participants for employer-sponsored retirement plans (e.g., 401(k), 403(b) or 457 plans), SPIA is only able to place transactions through the record-keeper or custodian selected by the retirement plan's Trustees. Due to the labor-intensive nature of managing Plan accounts to make investment

and/or allocation changes pursuant to the portfolio models, it could take a few days or longer for all trades in Plan accounts to be completed.

### **RETIREMENT PLAN ADVISOR SERVICES (“REPAS”)**

SPIA provides ongoing investment management and investment advisory services to ERISA Plan Clients participating in the REPAS program. The ERISA Plan Client will work with a third-party administrator and/or record-keeper of their choosing in selecting a custodian for the plan.

Under REPAS investment management services, unless a client directs otherwise, SPIA will recommend Mid-Atlantic Trust Company (“MATC”) to serve as the custodian of the retirement plan. MATC will also provide trade execution, clearance and settlement of transactions. The use of MATC will allow the Plan Sponsor to offer the SPIA managed portfolios to the participants of the plan as described under REPAS in Item 4 and Item 5 of this Brochure. The fees charged by MATC are independent of SPIA’s fees. Such fees will include, but are not limited to, regular custodial fees along with ModelxChange® fees for the plan participants utilizing the SPIA managed portfolios. Under REPAS discretionary investment management service, SPIA is responsible for placing transactions through the custodian for SPIA managed portfolios. The ERISA Plan Client may utilize another custodian and has no obligation to select MATC. If another custodian is selected by ERISA Plan Client, then the use of the SPIA managed portfolios as an option for participants may not be available.

Under REPAS investment advisory services, SPIA is not responsible for the implementation of any recommendations because transactions are executed directly through employee plan participation.

### **Item 13 – Review of Accounts**

As part of SPIA’s Investment Management Services, underlying securities and holdings common to all client accounts are monitored on an ongoing basis and reviewed by the PMC. Accounts are monitored and reviewed as to asset allocation, sector allocation, individual holdings, suitability and performance on a weekly basis, but quarterly for variable annuities, employer-sponsored retirement plans and REPAS accounts, or more frequently as necessary to respond to changes in economic or market conditions or if a client informs SPIA of changes in the client’s financial circumstances or investment objectives. The monitoring of accounts is both computer and manually based with reviews being completed by certain members of the PMC.

The client’s overall financial planning and investment portfolio reports are reviewed with the client by the advisor in charge of the account, associate assigned and/or relationship manager once a year during the annual client review or as is requested by the client. A client’s financial plan is not updated unless requested by client through conversations with the advisor in charge of the relationship.

As previously mentioned in Item 4, SPIA provides access to various portfolio reports to its clients using a web-based portfolio management and technology platform offered through Orion. If a fixed annuity is purchased through FRS, these annuities may also be viewed through Orion. However, fixed equity indexed annuities, due to their individualized strategies, are not included in our portfolio reporting. In addition, for certain employer-sponsored retirement plans and all REPAS clients, SPIA does not provide access to various reports through Orion. The FMAX Program provides clients with access to online performance reports.

## Item 14 – Client Referrals and Other Compensation

SPIA has an agreement with an unaffiliated insurance agent that if SPIA refers a person to this agent and there is a subsequent purchase of long-term care or disability insurance through the unaffiliated insurance agent, FRS will receive fifty (50%) percent of the commission. However, as mentioned previously, clients are under no obligation to use FRS or this unaffiliated insurance agent when SPIA recommends long term care, disability insurance or any other insurance product to the client as part of its Financial Planning or other services. The implementation of any and all insurance products (e.g., fixed annuities or equity indexed annuities), and the agent to utilize for the implementation process, is solely at the discretion of the client.

SPIA's parent company is Focus Financial Partners, LLC ("Focus"). From time to time, Focus holds partnership meetings and other industry and best-practices conferences, which typically include SPIA, other Focus firms and external attendees. These meetings are first and foremost intended to provide training or education to personnel of Focus firms, including SPIA. However, the meetings do provide sponsorship opportunities for asset managers, asset custodians, vendors and other third-party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus firms, including SPIA, and facilitate access to our advisors and employees to discuss ideas, products and services. Although the participation of Focus firm personnel in these meetings is not preconditioned on the achievement of sales targets for any conference sponsor, this practice could nonetheless be deemed a conflict as the marketing and education activities conducted, and the access granted, at such meetings and conferences could cause SPIA to focus on those conference sponsors in the course of their duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the cost of such meeting or future meetings and not as revenue for itself or any affiliate, including SPIA. Conference sponsorship fees are not dependent on assets placed with any specific provider, or revenue generated by such asset placement.

The following entities have provided conference sponsorship to Focus from January 1, 2022 to March 1, 2023:

*Orion Advisor Technology, LLC*  
*TriState Capital Bank*  
*StoneCastle Network, LLC*  
*Charles Schwab & Co., Inc.*  
*BlackRock, Inc.*  
*Fidelity Brokerage Services LLC*  
*Fidelity Institutional Asset Management LLC*

You can access a more recently updated list of recent conference sponsors on Focus' website through the following link:

<https://focusfinancialpartners.com/conference-sponsors/>

## Item 15 – Custody

SPIA is deemed to have legal custody of client assets because the firm debits its advisory fees directly from the custodian's account as agreed in client contracts. SPIA is deemed to have legal custody over client assets in other situations where the Firm could withdraw client assets or transfer them to third parties upon our instructions to custodians. For example, in rare instances, we serve as trustee over assets held by advisory

clients. SPIA also is deemed to have legal custody over client assets from Standing Letters of Authorization (“SLOAs”) that give us the authority to transfer funds to a third-party as directed by the client in the SLOA and signed by the client. SEC no-action guidance concerning SLOAs exempts advisers from the requirement to obtain an annual surprise audit by an independent accountant if conditions of the no-action relief are met.

SPIA is further deemed to have custody in certain instances when a client provides us with password access to his or her account for purposes of trading in the account (e.g., 401(k) account) where we have the ability to withdraw or transfer the assets in the account.

SPIA does not, however, maintain physical custody of client funds or securities. Client assets are maintained by a third-party brokerage firm or other qualified custodian. This provides clients with an important protection and safeguard. Fidelity will maintain actual custody of client assets, unless a client selects an alternative custodian.

Clients will receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains client’s investment assets. SPIA urges you to carefully review such statements and compare such official custodial records to the reports that SPIA may provide to you, including the market value and calculation of our advisory fees. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 – Investment Discretion**

SPIA will have the discretionary authority to pick the securities and the amount of securities for the purchase and sale for the client’s account, without obtaining specific client consent, unless agreed to otherwise by SPIA and client. These purchases and sales will be guided by the stated investment objectives of each client. A client may impose reasonable restrictions on the services provided for the account. SPIA reserves the right to refuse or to terminate any client account (pursuant to the contract’s termination clause) if the client imposes unreasonable restrictions as determined by SPIA. Clients grant SPIA discretionary trading authority through a limited power of attorney contained in their client agreements with us.

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

SPIA’s general policy is to not vote proxies on behalf of its clients. Clients expressly retain the authority for and responsibility to vote proxies for any and all securities maintained in client accounts. Clients will receive proxies directly from the custodian.

SPIA does not have any authority to and does not vote (or recommend how to vote) proxies on behalf of ERISA clients. Responsibility for voting proxies of investments held by the ERISA Plan (or its trust) remain with the ERISA client.

SPIA may provide advice to clients regarding the clients’ voting of proxies.

**Class Actions, Bankruptcies, and Other Legal Proceedings:** Clients should note that SPIA will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held or previously were held in the client’s account(s), including, but not limited to, the filing of “Proofs of Claim” in class action



settlements. If desired, clients may direct SPIA to transmit copies of class action notices to the client or a third party. Upon such direction, SPIA will make commercially reasonable efforts to forward such notices in a timely manner.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the investment adviser's financial condition. SPIA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.