

**BROCHURE**  
(Form ADV Part 2A)



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**April 26, 2024**

This brochure ("Brochure") provides you with information about the qualifications and business practices of First Advisors National, LLC ("FAN Advisors"). It contains information that you should consider before becoming a client of our firm.

The information contained herein has not been approved or verified by any governmental authority. Our firm is an investment advisory firm registered pursuant to the laws of the U.S. Securities and Exchange Commission. Registration of an Investment Adviser does not imply a certain level of skill or training. We have only filed the requisite registration documents in the appropriate jurisdictions and with the respective governmental entities.

If you have any questions about the contents of this Brochure, please contact us by telephone at 1-855-326-7427 (Toll-Free). Additional information about FAN Advisors (CRD No. 166212) can be found on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by a search using our CRD Number is 166212.

## **MATERIAL CHANGES (Item 2)**

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*This version of our Brochure, dated April 26, 2024, is a revised annual amendment. The following are material changes to our operations and business practices since our last amendment in November of 2023:*

### **Advisory Services (Item 4)**

#### ***Assets Under Management***

We have updated our assets under management as required by regulations. We manage \$448,270,954\* in client assets on a discretionary basis. \*Our asset values are based on calculations as of December 31, 2023.

### **Fees and Compensation (Item 5)**

#### ***Other Fees and Expenses***

We revised disclosures to remove the Schwab (formerly TD Ameritrade Institutional) client account maintenance fee of up to .18% (18 bps). This fee is no longer charged to client accounts held at Schwab.

### **General Revisions**

We have revised some language and content herein to ensure that our disclosures are concise and unambiguous.

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## ADVISORY SERVICES (Item 4)

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### About Our Business

First Advisors National, LLC (also referred to herein as “we,” “us,” “our,” or “FAN Advisors”) is a financial advisory firm that provides investment management services, asset allocation advice, and recommendations of third-party investment management platforms. FAN Advisors is a Georgia domiciled limited liability company. We began providing advisory services and managing clients’ investments in January of 2013 as First American National Investment Advisors and changed our name to First Advisors National in 2017. Mr. Robert D. Van Sant, Jr. is the sole member and chief compliance officer.

### Types of Advisory Services

Our firm’s supervised persons (i.e., officers, directors, partners, investment advisor representatives, etc.) assist clients in meeting their investment goals and objectives by recommending specific asset allocation strategies, providing advisement regarding individual securities, and monitoring investment performance. We offer advisory services to individuals, corporations, and other business entities. A detailed explanation of our services is as follows:

#### **1. Investment Management Services**

Our investment management services encompass recommending separately managed portfolios. We analyze, select, and recommend third-party investment management platforms (or “third-party money managers”) with managed strategies to meet a client’s financial needs and objectives. These platforms consist of money managers who offer managed portfolios with specific investment strategies and objectives. We monitor the third-party money managers’ strategies to ensure the platform’s objectives align with our client’s investment objectives and risk tolerance. Although these third-party money managers are granted discretionary authority to manage client assets, we are responsible for providing continuous investment advice and ongoing monitoring of our client’s accounts, assets, and securities managed by these platforms.

As a supplement to separately managed portfolios managed by third-party investment management platforms, we provide investment advice regarding equities, exchange-traded funds, mutual funds, and other securities under discretionary or non-discretionary authority (based on client preference). We recommend individual securities to augment a client’s broadly diversified, separately managed portfolio(s).

To access a client’s retirement savings accounts or assets for advice, monitoring, and allocation of assets among the various retirement plan options, we have implemented the use of Pontera, an interactive account aggregation platform. Use of the Pontera platform is voluntary and subject to availability. Additionally, the employer-sponsored retirement plan must have an agreement with Pontera that permits access to retirement savings accounts or assets. Clients must sign a user agreement with Pontera.

Clients who elect to allow our firm to access their retirement savings accounts and assets through Pontera will be notified via e-mail when we access the accounts to reallocate assets utilizing the platform.

**PLEASE NOTE:** Clients are not obligated to use the Pontera platform. There are separate billing procedures for the use of the Pontera platform.

#### **2. Retirement Plan Consulting Services**

We provide non-fiduciary plan consulting services to ERISA plan participants. Our services consist of general education services that assist retirement plan participants in understanding the investment options the retirement plan offers. We also provide education regarding selecting and allocating the retirement plan’s available investment options. Our services also include general assistance with group enrollment meetings and evaluation of fees and expenses for plan participants.

### Tailored Services

Our advice and services are based on the individual needs of a client after analyzing and thoroughly evaluating the client’s goals, objectives, investment horizon, and risk tolerance. Clients may impose restrictions on investing in certain asset classes or any specific type of securities. However, some investment options (i.e., separately managed portfolios) have limitations relative to imposing restrictions on types of securities. Clients should discuss asset class or type of securities restrictions with their investment advisor representative.

### Wrap Fee Programs

Our firm is not a participant in any wrap fee program.

Assets Under Management

We manage \$448,270,954\* in client assets on a discretionary basis. \*Our asset values are based on calculations as of December 31, 2023.

FEES AND COMPENSATION (Item 5)

Advisory Fees

We earn fees and compensation by providing financial advice and investment recommendations as follows:

1. Investment Management Services

Our fee schedule for investment management services is as follows:

Max. Annual Advisory Fee	Up to 1.85%
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As outlined above, our annual advisory fees for investment management services range to a maximum of 1.85% for each client account. Our advisory fees are negotiable, and we retain the right to reduce advisory fees at our discretion. Moreover, based on the account custodian, advisory fee discounts of up to .15% (15 bps) apply to client account values of \$500,000 or more.

Please note that our advisory fee assessments exclude other applicable fees and expenses, such as transaction fees, account maintenance fees, and other administrative costs. Please review the *Other Fees and Expenses* section below for details regarding additional costs related to our advisory services.

**PLEASE NOTE:** The Pontera platform has a subscription fee. Clients pay Pontera subscription or platform fees for the retirement savings accounts and assets we access through the platform.

2. Retirement Plan Consulting Services

Our retirement plan consulting services fees are assessed at an annual rate of up to 1%. The fees are based on a percentage of the market value of includable retirement plan assets. Our fees for retirement plan consulting services are negotiable.

Billing Procedures

The billing procedures of each account custodian that we utilize typically differ. Client accounts held by the custodian, Folio Investments, Inc. d/b/a Goldman Sachs Custody Solutions ("Goldman Sachs"), are billed monthly or quarterly in advance. Moreover, client accounts held by Goldman Sachs are not aggregated for billing purposes; each account is billed separately. On the other hand, client account(s) held by custodian Charles Schwab & Co., Inc. ("Schwab") are billed quarterly in arrears. More details regarding our billing procedures are as follows:

1. Billing for Investment Management Services

Advisory fees for investment management services for client accounts held at Goldman Sachs are due and payable monthly in advance at 1/12<sup>th</sup> of the annual rate or quarterly in advance at 25% of the annual rate. The advisory fee assessment is based on the value of each account on the last day of the previous month as determined by the most recent quotation supplied by the account custodian or broker-dealer that processes the transactions or third-party investment management platform(s).

The value of individual securities in the account(s) is based on the last trading or closing price, as listed on a national securities exchange or the principal market where the securities are traded, as of the last day of the previous month or calendar quarter. Billing valuations for fixed income securities often include accrued interest. Margin interest, if any, will accrue monthly.

If Schwab is the account custodian, advisory fees are assessed quarterly in arrears at the rate of 25% of the annual asset-based fee. The advisory fee assessment is based on a percentage of assets under management calculated based on the account value supplied by the account custodian as of the end of an applicable quarter.

Advisory fee calculations are transmitted electronically to the account custodian monthly or quarterly based on the respective account custodian's procedures. Advisory fees due for any period of less than one month or quarter shall be calculated pro rata. By agreement and a client's written authorization, advisory fees are deducted directly from the client's designated account(s).

**PLEASE NOTE:** There are separate billing procedures for retirement savings accounts or assets accessed through the Pontera platform. Please review the Pontera platform agreement and billing procedures for details.

## **2. *Billing for Retirement Plan Consulting Services***

Fees for retirement plan consulting services are due and payable monthly or quarterly (based on the sponsor's preference). Advisory fees are calculated based on a percentage of the market value of includable retirement plan assets. Plan sponsors generally provide written authorization for our advisory fees to be deducted directly from plan assets. The final fee, as agreed upon, is outlined in our consulting services agreement.

### **Other Fees & Expenses**

Clients will also incur additional fees and expenses related to the management of investments and advisory service provisions. As indicated, FAN Advisors utilizes the institutional services of Goldman Sachs and Schwab for custodial and brokerage services. Please review Item 12, Brokerage Practices, for more information regarding our account custodians.

Clients who utilize Goldman Sachs as an account custodian will also incur an annual asset-based fee according to the following schedule:

- 0.15% applied to accounts with values of \$0 to \$250,000, with no minimum fee
- 0.10% applied to accounts with values of \$250,001 to \$1,000,000
- 0.05% applied to accounts with values of \$1,000,001 or more

The Goldman Sachs account maintenance fee is charged monthly per account and is based on the value of each account as of the last day of the preceding month.

In addition to the fees outlined above, clients incur other expenses that result from fees charged by mutual funds, exchange-traded funds, money market funds, investment companies, and other investment advisors to which a client's assets are allocated. Although, as of the date of this Brochure, Schwab does not charge transaction fees for trades in U.S. exchange-listed equities and exchange-traded funds. Nonetheless, there are internal fees and expenses for mutual funds, exchange-traded funds, and money market funds, which are charged as detailed in the prospectus for each fund, as applicable. These fees and expenses are paid by funds or investment companies but are ultimately borne by clients through the fund's expense ratio. Clients whose assets are invested in separately managed portfolios (or third-party money management platforms) will incur additional fees and expenses. There may also be an assessment of administration fees for other account transactions such as check requests, bank wires, electronic funds transfer, individual retirement account (IRA) maintenance fees, and other legal or transfer fees. Clients are responsible for the payment of all third-party fees and expenses. It is important to note that the advisory fees paid to FAN Advisors are separate from the maintenance fees and transaction expenses charged by third parties.

### **Termination and Refund Policy**

Clients may terminate our advisory agreement at any time by providing advance written notice to us. Upon receiving a client's written termination request, we will assess advisory fees pro rata, if applicable, to the date of termination. We will refund any unearned portion of prepaid fees within fourteen (14) days. Any balances for unpaid advisory fees due to our firm will be collected prior to the disbursement of funds, if applicable. If we are unable to deduct final advisory fees from a client's account(s), in the case of an account transfer, we will transmit a final advisory fee invoice to the client, which is due upon receipt. Clients pay final advisory fee invoices by mailing a check to our address herein.

Clients who have agreed to use the Pontera platform may terminate its use at any time. Upon receipt of a client's termination request, we will advise Pontera, and if applicable, we will ensure that Pontera issues a pro rata refund.

### **Other Compensation**

Some of our supervised persons are also registered representatives of a registered broker-dealer. Since FAN Advisors is not a broker-dealer, these activities conducted by supervised persons are considered other business activities. If a supervised person also acts in a registered representative capacity, he or she is entitled to receive commissions or other fees for services to brokerage clients who may also be clients of our firm (under separate unaffiliated agreements). More details regarding these affiliations are outlined in Item 10, Financial Industry Activities and Affiliations. Please also review Item 4, Other Business Activities section of each supervised person's Brochure supplement for a detailed explanation of other business activities, additional compensation, and conflicts of interest that result from receiving compensation in dual roles.

#### **1. Conflicts of Interest**

The registration of supervised persons in dual capacities (as registered representatives of unaffiliated broker-dealers and investment advisor representatives of FAN Advisors) creates actual conflicts of interest with our advisory clients. As disclosed above, an investment advisor representative's receipt of additional compensation creates a conflict of

interest with our advisory clients. To mitigate the conflicts of interest that result from an investment advisor representative's dual registration, receipt of commissions, other compensation, and advisory fees, we require our investment advisor representatives to adhere to the following standards: (a) recommendation of products and services are based on an evaluation of the client's best interest (our fiduciary duty), and (b) ensure that clients receive written notification of dual compensation or any other actual or potential conflict of interest relative to the purchase or sale of investment products or services (e.g., mutual funds, money market funds, etc.).

#### 2. Non-Exclusive Investment Products

The brokerage products offered by our dually licensed supervised persons or investment advisor representatives are available through other registered representatives not affiliated with FAN Advisors. Prospective clients or clients are not obligated to purchase investment products recommended by our supervised persons or investment advisor representatives.

#### 3. Commission Revenue

Even though some of our dually licensed supervised persons earn commissions and other sales-based revenue through their affiliation with unaffiliated broker-dealers, FAN Advisors does not receive commission revenue.

#### 4. Advisory Fee Offset

The advisory services of FAN Advisors do not include any assessment for the combination of advisory fees and commissions. Moreover, markups do not apply to our advisory business.

### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT (Item 6)**

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We do not charge performance-based fees or conduct side-by-side investment management.

### **TYPES OF CLIENTS (Item 7)**

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We generally provide investment advice to individuals, corporations, and other businesses.

We do not impose a minimum investment value to establish an account. Nonetheless, third-party money managers' platforms may set a minimum investment value that clients must meet.

### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS (Item 8)**

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#### **Methods of Analysis and Investment Strategies**

Clients engage our firm to manage all or a portion of their investment assets. Based on a client's risk tolerance and investment objectives, among other factors, we recommend strategies that primarily encompass the use of various third-party money management platforms. We also recommend various individual securities (equities, fixed income securities, exchange-traded funds, mutual funds, and other asset classes) as a passive strategy to supplement the client's stated asset allocation. These services are generally implemented pursuant to discretionary authority, but we will utilize non-discretionary authority upon a client's request.

We generally use fundamental analysis methods to evaluate individual securities. Our primary sources of information include, but are not limited to, research materials prepared by others, inspections of corporate activities, financial publications, annual reports, prospectuses, and corporate press releases.

Fundamental analysis consists of calculating financial ratios and reviewing industry cyclical trends in conjunction with monetary policy indicators to assess the performance and profitability of markets and companies.

Our investment management services utilize passive strategies for long-term growth objectives. Correspondingly, our investment strategies related to third-party money investment management platforms allocate client assets primarily among two general methodologies: tactical or strategic. The specific details regarding these strategies are as follows:

A tactical asset allocation strategy is an active management strategy. This strategy adjusts the percentage of various asset classes, including the protection of cash or cash equivalents, in periods of heightened volatility to take advantage of market pricing anomalies or strong market sectors. This strategy allows portfolio managers to create extra value by taking advantage of certain situations in the marketplace. It is considered an active strategy since money managers rebalance the asset mix regularly depending on their evaluation of market indicators to participate in positive market returns and mitigate the impact of negative market returns. Money managers use various market activity indicators to include fundamental, technical, and macroeconomic analysis in determining when and how to change the mix of asset classes or individual securities in a portfolio.

Conversely, strategic asset allocation is a more passive management strategy. This strategy involves the periodic and often less frequent rebalancing of a somewhat set allocation of various asset classes to maintain a long-term goal for asset allocation based on a client's risk tolerance, goals, and investment horizon. Since the value of assets can change given market conditions, the portfolio periodically needs to be adjusted to maintain the original long-term goal for asset allocation. Strategic asset allocation is an investment strategy that attempts to balance risk by diversifying among various asset classes to achieve the anticipated long-term performance of each respective asset class. As such, each asset will generally reflect the performance of that asset class while potentially achieving the anticipated long-term performance. This strategy may also reflect increased volatility depending on the actual performance of a given asset class.

As a part of our method of analysis and due diligence, we review and evaluate a third-party money manager's investment style or methodology, years in the business, assets under management, regulatory status, and portfolio costs to ensure that a money manager meets our initial selection requirements. We monitor the performance of the third-party money management platforms to ensure that the portfolios continually meet the performance and value criteria that our firm used during the initial selection process.

## Material Risks of Methods of Analysis and Investment Strategies

Although we utilize conventional investment analysis methods and strategies, some material risks remain. We use fundamental analysis methods that measure the risk of companies by formulating assumptions based on historical financial representations. Although we use valid data sources, examine expense ratios, review return and risk ratings extensively, refer to economic indicators, and review the implications of monetary policy, our strategies are implemented due to assumptions derived from the analysis of historical data. The results of investment strategies derived from this method of analysis are not guaranteed, and the past performance of an investment does not indicate future financial returns.

### **INVESTING IN SECURITIES INVOLVES A RISK OF LOSS THAT CLIENTS SHOULD BE PREPARED TO BEAR.**

Additionally, there remains some material risk in using various methods to evaluate third-party money managers' investment strategies. Clients should know that all securities and investment strategies carry various risks. While it is impossible to name all potential types of risks associated with specific analysis methodologies and strategies, some common risks are as follows:

- **Risks specific to Third-party Money Managers.** Investing clients' assets with another investment advisor involves risks. Such risks include the realization that the money managers are not as qualified as we believe them to be, that the securities or investment strategies that the money managers use are not as liquid as we would normally use in client's portfolios, or that the money manager's risk management guidelines are more liberal than we would typically employ. Additionally, the investment strategy implemented by a third-party money manager may involve an above-average portfolio turnover that could negatively impact the net after-tax gain experienced by a client. Also, portfolio holdings used in the money manager's investment strategy are usually exchanged or transferred without regard to a client's personal tax ramifications.
- **General Market Risk.** As a whole, markets can go up or down on various news releases or for no explanation. This uncertainty means that, at times, the price of specific securities could go up or down without real cause and may take some time to recover any lost value. Adding additional securities may not help minimize this risk since market fluctuations affect all securities. Market fluctuations will ultimately affect client securities or portfolio holdings.
- **Interest Rate Risk.** Changes in interest rates will affect the value of a portfolio's holdings in fixed income securities. As interest rates increase, the value of fixed income securities is more inclined to decrease. This decrease in value may not be offset by income from new investments or other portfolio holdings. Interest rate risk is generally greater for fixed income securities with longer maturities.
- **Inflation Risk.** This risk develops when any type of inflation is present, and a dollar will be worth more today than a dollar next year because purchasing power is eroding at the rate of inflation. Inflation risk can affect the value of a client's investment or portfolio holdings.
- **Time Horizon Risk.** A client may require the liquidation of portfolio holdings earlier than the anticipated stated time horizon. If liquidations occur during a period when portfolio values are low, the client will not realize as much value as he/she would have had the security or portfolio holdings had the opportunity to gain value (or regain its value) as investments frequently do.



- **Liquidity Risk.** Liquidity is the ability to convert an investment into cash readily. Some investment vehicles are highly liquid, while others are illiquid. For example, Treasury Bills are highly liquid, while real estate is not. Illiquid investments carry more risk than other securities because selling or liquidating such investments at a fair market price can be difficult.
- **Financial Risk.** All companies have exposure to financial risks. Excessive borrowing to finance business operations decreases profitability because a company must meet its obligations in good and bad economic times. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy or the declining market value of a company's securities. All businesses are susceptible to financial risks at some point in a business cycle. When our firm or third-party money managers invest in businesses with excessive debt, this strategy could negatively affect a client's portfolio.

**Fixed Income Securities Risk.** Fixed income securities include bonds or other securities issued or guaranteed by the U.S. government (its agencies), or U.S. government-sponsored enterprises, and corporate debt securities of issuers, including convertible securities and corporate commercial paper (e.g., U.S. Treasury securities, U.S. Agency securities, municipal bonds, investment grade bonds, non-investment grade bonds, etc.). The market value of fixed-income securities is sensitive to changes in interest rates. Generally, when interest rates rise, the value of fixed income securities declines, and when interest rates decline, the market value increases. Usually, the longer the remaining maturity of a fixed income security, the greater the effect of interest rate changes on the market value. In addition, changes in the issuer's ability to make payments of interest and principal and the market's perception of an issuer's creditworthiness can affect the market value of its fixed-income securities.

Fixed income securities are also subject to inflation, liquidity, and reinvestment risks. Inflation risk is the risk that inflation will erode the purchasing power of the cash flows generated by debt securities. Fixed-rate debt securities are more susceptible to inflation risk than floating-rate debt securities. Liquidity risk is the risk that certain fixed income securities may be difficult to sell at a particular time or at an acceptable price, which may cause a client's portfolio to hold these securities for longer periods than planned or forgo other investment opportunities, which creates a reinvestment risk.

- **Municipal Securities Risk.** Municipal securities issuers may face local economic or business conditions (including bankruptcy) and litigation, legislation, or other political events that could significantly affect the ability of the municipality to make payments on the interest or principal of its municipal bonds. Municipalities issue municipal securities to finance projects, such as education, healthcare, transportation, infrastructure, and public services, and conditions in those sectors can affect the overall municipal bond market. Moreover, changes in the financial condition of one municipality may affect the overall municipal bond market. The municipal obligations in which clients invest are subject to credit risk, market risk, interest rate risk, credit spread risk, selection risk, call and redemption risk, and tax risk, and the occurrence of any one of these risks may materially and adversely affect the value of a client's portfolio holdings or assets.
- **Equity Securities Risk.** Equity securities such as common stock and preferred stock are subject to changes in value attributable to market perception of a particular issuer or general stock market fluctuations that affect all issuers. Investments in equity securities may be more volatile than other types of investments. Additionally, the value of a company's preferred stock is typically subject to an inverse relationship with interest rates.
- **Investment Company Securities Risk.** Investments in investment company securities ("mutual funds") and exchange-traded funds ("ETFs") have risks. This risk disclosure focuses on mutual funds. See specific details regarding ETF risks below. The risks associated with investing in mutual funds involve substantially the same risks as investing directly in the underlying securities (i.e., general market risks, interest rate risks, financial risks, time horizon risks, liquidity risks, etc.). There is also a risk that a mutual fund may not achieve its investment objective or execute its investment strategy effectively, which may adversely affect the performance of a client's portfolio. Additionally, clients pay a pro rata portion of the fees and expenses associated with mutual funds, which will likely impact the value of a client's portfolio holdings.
- **Exchange-Traded Funds Risk.** Risks associated with investing in exchange-traded funds (ETFs) may be unrecognized. ETFs are offered for all asset classes, industries, sectors, markets, etc. There are two (2) general management styles for ETFs: passive and active. Details regarding the management techniques and associated risks are as follows:

*Passively Managed ETFs* represent an interest in a portfolio of securities designed to track an underlying benchmark or index. These ETFs typically seek to track an underlying benchmark or index; the ETF may or may not hold all securities in the underlying benchmark or index. ETFs are also subject to price variations. ETFs trade throughout the day, and market prices are generally at or near the most recent net asset value (NAV). However, certain market

inefficiencies may cause the shares to trade at a premium or discount to the stated NAV. For example, a high volume of market liquidations may cause ETFs to trade below the value of the underlying NAV.

*Actively Managed ETFs* are designed to outperform an index. These portfolios generally expose a high percentage of its net assets to a fixed list of investments (e.g., U.S. exchange-listed equity securities, U.S. exchange-traded funds that provide exposure to U.S. exchange-listed equity securities, U.S. exchange-listed equity securities of non-U.S. issuers, including the securities of non-U.S. issuers traded on U.S. exchanges in the form of depository receipts, etc.). The ETF may also have exposure to futures, other derivatives, and long and short positions, all of which may not perform as expected. These securities are subject to the risk that they may not effectively outperform the index, industry, or other markets that they intend to outperform. In addition to the risk that expenses reduce returns, that ETF portfolio managers' strategies are not successful, and that the investment is illiquid and has low trading volume, there is the risk that the investment may not perform as expected, resulting in losses.

Moreover, as with any security, there is no guarantee that an active secondary market for such ETF shares will continue to exist. Also, the redemption of ETFs can be limited. Only an authorized participant (generally broker-dealers that act as liquidity providers) may engage in the creation or redemption transactions of an ETF. Furthermore, ETFs typically have a limited number of broker-dealers that may act as authorized participants. To the extent that authorized participants exit the business or are unable to proceed with creation or redemption orders, and no other authorized participant can step forward, the liquidity of an ETF is likely to be impacted and could face trading halts or delisting.

- **Non-traditional Exchange-Traded Funds Risk.** Non-traditional exchange-traded funds (ETFs) include leveraged inverse or inverse-leveraged ETFs. Levered ETFs seek to deliver multiples of the performance of an underlying index or benchmark for a specified period (usually a single day). Inverse ETFs are generally "short positions" seeking to deliver the opposite of an underlying index or benchmark for a specified period of time. Inverse-leveraged ETFs seek to deliver multiples of the opposite of an underlying index or benchmark for a specified period. Due to the effect of compounding, their performance over more extended periods of time can differ significantly from the performance, which can be magnified in volatile markets. Inverse ETFs reset daily and are designed to achieve their stated objectives daily.

Non-traditional ETFs are not long-term investments. They are extremely speculative and can be quite volatile. Investments in non-traditional ETFs should be monitored daily to ensure that risks associated with such investments remain appropriate for a client's portfolio holdings, especially during volatile markets when risks intensify.

- **Risk Related to Structured Notes.** Structured notes are highly complex securities. These securities are not fixed income bonds with regular coupon payments; they are hybrid investments with more than one component – a bond component and an embedded (asset or index) derivative. Structured notes do not invest directly in the linked asset or index, only a derivative associated with the asset or index. A derivative is a security that derives its price from fluctuations in the underlying asset or index. Due to their highly complex nature, structured notes are subject to market risks, pricing risks, liquidity risks, complicated payoff structures, call risks, and unfavorable tax consequences. Structured notes are also subject to unpredictable cash flows and the risk of loss of capital.
- **Margin Risk.** Margin is a loan issued to clients that permits leverage of current portfolio holdings, increases buying power for additional investment holdings, facilitates advanced trading, or enables clients to use it as a line of credit. When margin is used as leverage, clients seek to enhance returns through the use of leverage. Leverage can be described as exposure to changes in the price of an investment at a ratio greater than 1:1 relative to the amount invested. Clients who elect to trade on margin will enter into a separate agreement directly with the account custodian's clearing firm. If a client requests margin and the strategy aligns with the investment strategy implemented by our firm, we will instruct the client to complete and submit the account custodian's margin application for approval.

Using margin as leverage magnifies both the favorable and unfavorable effects of price movements in the investments placed on margin, which may subject the portfolio holdings to a substantial risk of loss. If there is a sudden, steep drop in the value of one or more portfolio holdings, the aggregate value of a client's holdings may also decline. An additional risk is that we may not be able to liquidate assets quickly enough to meet margin or borrowing obligations during market declines. The obligation to meet additional margin or other payment requirements could worsen as the value of portfolio holdings declines.

Also, acquiring and maintaining portfolio holdings on margin allows clients to hold positions that are worth significantly more than the investment in those positions. The amount that a client stands to lose in the event of

adverse price movements is higher in relation to the amount of the investment. Also, since margin is a loan subject to interest, using margin increases account expenses.

Clients should refer to the margin agreement with the account custodian's clearing firm for all terms and conditions of a margin arrangement, including all related fees and expenses.

- **Asset Allocation Risk.** The asset classes represented in a client's portfolio holdings can perform differently from each other at any given time, as well as over the long term. A client's portfolio holdings will be affected by the allocation among separately managed portfolios, individual equity securities, cash equivalents, and, occasionally, fixed income securities (bonds). If any asset class that comprises a client's holdings underperforms, the performance of other asset classes may suffer.
- **Regulatory and Governmental Risk.** Changes in laws and regulations can change the value of securities and separately managed portfolios. Certain industries are more susceptible to government regulation. If portfolio holdings are invested heavily in a particular sector or industry, correlating changes in zoning, tax structure, or specific industry regulations could impact returns or holdings.
- **Risk Related to Public Health Issues.** Our advisory business could be adversely affected materially by pandemics, epidemics, and global or regional outbreaks of disease, such as COVID-19, Ebola, H1N1 flu, H7N9 flu, H5N1 flu, or Severe Acute Respiratory Syndrome (SARS). More specifically, COVID-19 has spread rapidly worldwide since its initial emergence in December 2019 and has severely affected (and may continue to adversely affect materially) the global economy and equity markets. Although we are unable to predict the long-term effects or consequences of COVID-19 or other epidemics, pandemics, and outbreaks of disease, previous occurrences of other pandemics, epidemics, and outbreaks of disease have had a material adverse effect on the economies and markets of those countries and regions in which they were most prevalent.

Significant public health issues, including any occurrence or recurrence (or continued spread) of an outbreak of any epidemic, infectious disease, or virus, could cause a slowdown in the levels of economic activity generally (or cause the global economy to enter into a recession or depression), which would adversely affect our advisory business, financial condition, and operations. Should these or other major public health issues arise or spread further (or continue to spread or materially impact the day-to-day lives of persons around the globe), our firm could be adversely affected by more stringent travel restrictions, additional limitations on operations, or business and/or governmental actions limiting the movement of people between regions and other activities or operations.

- **Cybersecurity Risk.** Our advisory services depend on various computer and telecommunication technologies, many of which are provided by or are dependent on third-party service providers. Systems or component failures could severely compromise our ability to operate successfully, delays in data transmission, telecommunication failure, power loss, a software-related system crash, unauthorized system access or use (such as "hacking"), computer viruses, worms, and similar programs, fire or water damage, human errors in using or accessing relevant systems, or various other events or circumstances. These events may impact trading processes for client advisory accounts. Providing comprehensive and foolproof protection against all such events is impossible. We cannot provide any assurance about the ability of applicable service providers to continue providing services.

Any event that interrupts our computers, telecommunication systems, or operations could compromise our services for an extended time period and cause client advisory accounts to experience losses, including preventing trading, modifying, liquidating, and/or monitoring the portfolios.

Cyber incidents can generally result from deliberate attacks or unintentional events and are not limited to gaining unauthorized access to digital systems, misappropriating assets or sensitive information, corrupting data, or causing operational disruption, including denial-of-service attacks on websites. Cybersecurity failures or breaches that affect our advisory services or service providers have the ability to cause disruptions to our operations, potentially causing clients to experience financial losses, the inability to access advisory accounts, and other damages.

- **Business Continuity Risk.** In the event of a significant business disruption, unforeseeable event, or natural disaster that causes a total or partial outage affecting our offices or a technical problem affecting applications, data centers, or networks, our advisory activities may be adversely impacted. Service providers may also fail to perform, and our ability to conduct business may be curtailed by any disruption in the infrastructure that supports operations.

To mitigate such risks, we have adopted a business continuity plan to implement recovery strategies that are designed to maintain critical functions and limit the impact of any business interruption or disaster on client activities or business transactions.

Notwithstanding the method of analysis or investment strategies employed by our firm, the assets within any portfolio

are subject to the risk of devaluation or loss. There is no guarantee that portfolio holdings or investment assets will achieve the desired investment objectives. Please be aware that in addition to the risks outlined above, many different events can affect the value of assets or portfolio holdings, including but not limited to changes in the financial status of companies, market fluctuations, changes in exchange rates, trading suspensions, and delays, economic reports, and natural disasters. While the foregoing information provides a synopsis of the events that may affect investments, this listing is not exhaustive.

**THERE ARE INHERENT RISKS ASSOCIATED WITH INVESTING, AND DEPENDING ON THE RISK OCCURRENCE, CLIENTS MAY LOSE ALL OR A SUBSTANTIAL AMOUNT OF THEIR INVESTMENT.**

### Recommendation of Specific Types of Securities

We generally focus our advice on and make recommendations relative to separately managed portfolios (i.e., third-party money management platforms) available through our account custodians.

The separately managed portfolios invest in various securities, including mutual funds, equities, corporate bonds, fixed income securities, exchange-traded funds, real estate investment trusts, and U.S. government securities. We also recommend individual securities (equities, fixed income securities, and exchange-traded funds) as a passive strategy to supplement a client's asset allocation(s) strategy.

Please be advised that FAN Advisors does not offer or recommend alternative investments. Alternative investments include but are not limited to liquid alternative investments such as business development companies and American Depositary Receipts (ADRs) and illiquid alternatives such as interests in private equity funds, hedge funds, debentures, promissory notes, or private real estate funds.

If a supervised person of our firm wants to consider an alternative investment offering for clients, the supervised person must submit the proposed offering to our chief compliance officer for review and approval prior to making any recommendation to clients. Based on our business model, it is highly unlikely that we will approve such an offering. Nonetheless, if there is an instance where we have determined that an offering is in the best interest of our clients, we will grant the supervised person approval to recommend or offer the alternative investment. More importantly, if we have granted the supervised person the approval to offer or recommend any alternative investment, details regarding the authorization and specific information regarding the offering are fully disclosed in the supervised person's Brochure supplement under Item 4, Other Business Activities.

Clients who have questions regarding any alternative investment offering by a supervised person should contact our chief compliance officer to discuss.

### DISCIPLINARY INFORMATION (Item 9)

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Neither our firm nor management personnel has been involved in any industry-related legal or disciplinary event.

### OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS (Item 10)

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#### Financial Industry Activities

FAN Advisors is not a registered broker-dealer, and we do not have an application pending to register as a broker-dealer. Additionally, no member of our management personnel is registered nor has applications pending to register as registered representatives of a broker-dealer.

Notwithstanding the foregoing, our firm permits dual registration, and some of our supervised persons are also registered representatives of unaffiliated broker-dealers. Specific disclosures related to the dual registration of a particular supervised person can be found in the supervised person's Brochure supplement under Item 4, Other Business Activities. Please review this section for details regarding a supervised person's approved activities as a registered representative of an unaffiliated broker-dealer.

#### Financial Industry Affiliations

No member of our management personnel has an application pending to register as a Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor, or associated person thereof. Nonetheless, some supervised persons have dual registrations as Commodity Trading Advisors. Specific disclosures related to a particular supervised person's registration as a Commodity Trading Advisor are detailed in that supervised person's Brochure supplement under Item 4, Other Business Activities. Please review this section for details regarding a supervised person's approved activities as a Commodity Trading Advisor.

## Other Affiliations

It is important to note that FAN Advisors is not an insurance agency, and we do not receive revenue from insurance-related products and services. Nonetheless, some supervised persons of FAN Advisors are licensed insurance agents who offer and sell insurance products for asset and income protection through businesses not affiliated with FAN Advisors. If a supervised person is approved by FAN Advisors to conduct insurance activities, the approval is fully disclosed in that supervised person's respective Brochure supplement. For details, please review Item 4, Other Business Activities, for information regarding the approval of a supervised person's insurance-related business activities.

Some supervised persons of FAN Advisors offer financial planning services as additional or other business activities. FAN Advisors does not earn revenue from financial planning services. The offer of financial planning services by supervised persons must be reviewed and approved by FAN Advisors. Supervised persons who have received approval to offer financial planning services will have the authorization fully disclosed in Item 4, Other Business Activities, of his or her Brochure supplement. Please review this section for details regarding the approval of a supervised person's financial planning services activities.

Additionally, we permit supervised persons who are appropriately licensed to engage in certain approved other business activities (i.e., activities that are in addition to the advisory services offered through our firm). Some supervised persons of our firm also provide consulting services or insurance services in the capacity of an insurance agent, as well as services as a tax preparer, accountant, real estate agent, mortgage broker, attorney, retirement plan consultant, etc., and offer these services to clients and receive compensation in these roles.

Acting in dual capacities and receiving compensation in such roles creates conflicts of interest because supervised persons are incentivized to provide advice and recommendations that are not disinterested by receiving fees from clients for more than one service. Accordingly, this is our notification of the conflicts of interest mentioned above associated with our supervised persons' other business activities. Other conflicts of interest will be disclosed in writing prior to providing other services. Please review Item 4, Other Business Activities, of each supervised person's Brochure supplement for more details regarding approval to conduct other business activities.

We do not have arrangements with a related person that is a broker-dealer, municipal securities dealer, government securities dealer or broker, investment company, or other pooled investment vehicle (including mutual fund, closed-end investment company, unit investment trust, private investment company, or "hedge fund," and offshore fund), other investment advisor or financial planner, futures commission merchant, commodity pool operator, or commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, pension consultant, real estate broker or dealer, sponsor or syndicator of limited partnerships not already disclosed herein.

## Other Investment Advisers

As discussed previously, our investment management services include analyzing, selecting, and recommending separately managed portfolios to our clients. Please review Item 4, Types of Advisory Services, and Item 5, Fees and Compensation, herein for details.

It is our responsibility to ensure that no conflicts of interest exist between our firm and the third-party investment management program selected that could result in a substantial concentration of products and services that benefit our firm. For example, if we provide a cost differential to one third-party money manager that is not available to others, this is a conflict of interest. As another example, if we use a third-party money manager based on a long-time pre-existing relationship rather than based on the optimal performance of its portfolios, this action creates a conflict of interest. Our conflicts of interest are typically mitigated by ensuring full disclosure of material facts regarding any conflict and further bolstered by our fiduciary duty to ensure that our firm and supervised persons collectively act in the best interest of our clients.

Our chief compliance officer reviews transactions periodically to determine the existence of conflicts of interest, ensures comprehensive disclosure, assesses over-concentration of any particular third-party money management platform, evaluates client suitability to ensure compatibility, and reviews fee structures for compensation that appears to extend beyond customary thresholds.

## **CODE OF ETHICS, PARTICIPATION, OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING (Item 11)**

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### **Code of Ethics**

We require that all employees of FAN Advisors act ethically and professionally. Our management persons, investment advisor representatives, and other employees (collectively, "personnel") subscribe to a strict code of ethics. Our Code of Ethics is constructed to comply with the investment advisory laws and regulations that require firms to act as fiduciaries in transactions with their clients. Our inherent fiduciary duty requires that we act solely in our clients' best interests and adhere to standards of utmost integrity in our communications and transactions. These standards ensure that our clients' interests are given precedence.

Accordingly, we have implemented comprehensive policies, guidelines, and procedures that promote ethical conduct and practices by all personnel. The foregoing has been compiled and is collectively referred to as our Code of Ethics. We adopted our Code of Ethics to specify and prohibit certain types of transactions that create conflicts of interest (or perceived conflicts of interest) and establish reporting requirements and enforcement procedures related to personal securities transactions by our personnel.

Our Code of Ethics, which specifically deals with our fiduciary duty, professional standards, insider trading, personal trading, and gifts and entertainment, establishes our ideals for ethical conduct based on the fundamental principles of openness, integrity, honesty, and trust.

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

### **Participation or Interest in Client Transactions**

We do not recommend that clients buy or sell securities in which our firm, an affiliate, or a subsidiary has a material financial or ownership interest.

### **Personal Trading**

#### **Proprietary Trading**

Our supervised persons will, at times, buy or sell securities for their accounts that have also been recommended to our clients. We will document transactions that could be construed as conflicts of interest. Our employees' conflicts of interest relative to trades ("personal accounts") may present in many contexts. Some conflicts of interest related to personal trades include trading ahead to obtain a better transaction execution price than clients, recommendations or trades based on financial interest, trading on information that is not available to the public, or structuring transactions in a manner so that the results are profitable for personal accounts. To mitigate or remedy any conflicts of interest or perceived conflicts, we monitor internal trading reports for adherence to our Code of Ethics.

#### **Simultaneous Trading**

Our supervised persons are likely, from time to time, to buy or sell investments for personal accounts at or around the same time as clients. As summarized above, our Code of Ethics requires us to (1) act in accordance with all applicable federal and state regulations, (2) act in the best interest of clients, (3) obtain pre-clearance of personal transactions in private placements or initial public offerings, and (4) review personal securities transactions by employees to confirm adherence. Our chief compliance officer performs the Code of Ethics reviews. In any instance where similar securities are purchased or sold, we will uphold our fiduciary duty by ensuring that transactions benefit our clients' interests.

## **BROKERAGE PRACTICES (Item 12)**

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### **Selection and Recommendation**

We make the recommendation of an account custodian after evaluating several factors. These factors include but are not limited to the availability of services, the competitiveness of fees and expenses, execution capabilities, reputation, access to securities markets, and expertise in handling brokerage support processes.

Our firm maintains a custodial services agreement with Folio Investments, Inc. d/b/a Goldman Sachs Custody Solutions ("Goldman Sachs"). Goldman Sachs is a registered broker-dealer and member of FINRA and SIPC, and we are participants of Goldman Sachs' institutional services platform for independent investment advisors. Goldman Sachs provides brokerage, operational support, and other custodial services to our firm.

We also utilize the institutional platform services of Charles Schwab & Co., Inc. ("Schwab"), formerly TD Ameritrade Institutional, Division of TD Ameritrade, Inc. and TD Ameritrade Holding Corporation. Schwab is a registered broker-



dealer and member of FINRA and SIPC. We use Schwab for brokerage and other custodial services for client advisory accounts.

As a participant of institutional services platforms, we receive ancillary benefits to support our operational processes, such as duplicate client confirmations and bundled duplicate statements; access to a trading desk serving platform participants exclusively; access to block trading, which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; mechanisms to facilitate the deduction of advisory fees directly from client accounts; access to an electronic communication network for order entry and account information; receipt of compliance publications; and access to other products and services that are generally only available to institutional platform participants. These benefits are received solely through institutional advisory platforms and do not necessarily depend upon the proportion of transactions directed to any account custodian.

Please note that the account custodians (broker-dealers) named above are not affiliated with FAN Advisors. We make recommendations based on the best services for our clients, pre-existing retail relationships, cost implications, and brokerage support processes for advisory transactions. Moreover, we reserve the right to use other or additional firms for custodial services.

*1. Soft Dollar Benefits*

We have not entered into any arrangement to receive research or other products or services other than execution from an account custodian, broker-dealer, or any other third party.

*2. Brokerage for Client Referrals*

We do not receive client referrals from account custodians, broker-dealers, or other third parties in exchange for using any particular broker-dealer.

*3. Directed Brokerage*

(a) As previously stated, we recommend that clients utilize Goldman Sachs or Schwab. Our established service agreements are designed to maximize trading efficiencies and cost-effectiveness for our clients. By recommending that clients use any of our account custodians (broker-dealers), we seek to achieve the most favorable results relative to trading costs, allocating funds, and rebalancing client investments.

(b) Generally, we do not permit clients to direct brokerage. Due to our advice and strategies, we ask that clients mutually agree to use one of our preferred custodians; otherwise, we may not be able to process account transactions most cost-effectively.

## Order Aggregation

Trade orders executed for accounts held by the account custodian, Goldman Sachs, are subject to block (or aggregate) trading windows. Block trading windows are used to aggregate and execute purchase and sell transactions for client accounts and personal accounts in a more timely, equitable, cost-effective, and efficient manner. Each account participating in a block trade will pay or receive the average price for all shares included in the transactions on that day, including applicable transaction costs.

The practice of block trading or aggregating orders is reasonably likely to result in more administrative convenience for our firm and an overall economic benefit to the accounts included. Clients benefit relatively from averaged purchase or sale execution prices, lower transaction expenses, beneficial timing of transactions, or a combination of these and other factors.

Trade orders executed for advisory accounts held by account custodian Schwab are not subject to automatic block (or aggregate) trading. Trades for client accounts are entered separately for each account unless we determine that trades warrant the need to employ order aggregation processes.

Our firm does not receive any additional compensation or remuneration for using block trading (or order aggregation) processes. The chief compliance officer will review transactions periodically to detect and prevent inefficiencies caused by non-compliance with our order aggregation policies and procedures.

## REVIEW OF ACCOUNTS (Item 13)

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### Periodic Reviews

Our criteria for reviewing client accounts are as follows:

## **1. Review of Investment Management Accounts**

Given the parameters set for a client's asset allocation, our supervised persons provide ongoing investment advice and monitoring of accounts, individual securities, separately managed portfolios, and third-party money management platforms. Our supervised persons must also conduct detailed formal reviews of client accounts, individual securities, and separately managed portfolios annually. Annual client reviews to ensure that allocations, individual securities, risk tolerance, and objectives of the third-party money management platforms continuously align with a client's goals, investment objectives, and stated asset allocation.

As a firm, we review the various asset classes, investment management styles, specified risk/return requirements, and performance of the separately managed portfolios or individual securities. If our review findings do not align with the objectives for which we initially selected a separately managed portfolio, we will select or recommend different portfolios or third-party money management platforms. Additionally, if reallocation of individual securities is necessary, our supervised persons may buy or sell other securities or adjust asset allocations to correlate with a client's stated investment objectives.

The chief compliance officer will periodically review client account documentation and stated asset allocation(s) to ensure that supervised persons adhere to firm policies, procedures, and fiduciary responsibilities.

## **2. Review of Retirement Plan Consultation Services**

Reviews for retirement plan consultation services are limited. Plan participants will not receive any scheduled reviews or ongoing reports. These services are provided on a global basis and do not include personalized investment advice.

## **Intermittent Review Factors**

Periodic reviews may be triggered by substantial market fluctuation, economic, business, or political events, or changes in a client's financial status (such as retirement, termination of employment, relocation, or inheritance). Clients are urged to contact us to initiate a review upon the occurrence of the foregoing events.

## **Client Reports**

We do not issue separate reports to clients. Clients receive transaction confirmations from the account custodian shortly after executing buys or sells. Additionally, the account custodian sends monthly electronic notifications regarding the availability of account statements for each month in which there is trading activity. If there is no activity during any month, clients receive electronic notifications regarding the availability of account statements no less than quarterly.

## **CLIENT REFERRALS AND OTHER COMPENSATION (Item 14)**

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In some instances, we receive solicitor referral compensation or sub-advisory fees from third-party money managers for offering specific separately managed portfolio services to our advisory clients. Our solicitor and sub-advisory compensation, agreements, and disclosures comply with the applicable advisory regulations governing such referral or fee-sharing arrangements.

We also have referral arrangements to compensate unaffiliated third parties ("solicitors") for referring clients to our firm or soliciting clients to use our advisory services. These referral arrangements require disclosure to clients at the time of the referral. In accordance with SEC rule 206(4)-1, we have procedures to confirm the delivery of disclosures to prospective clients outlining our compensation agreement for solicitor referrals or endorsements. There is no increase in client advisory fee assessments as a result of these arrangements. As compensation for referrals, solicitors receive a portion of the ongoing advisory fees from referred clients.

We have entered into referral agreements with unaffiliated third parties for advisory personnel referrals. Such third parties refer prospective personnel to us for appointment as investment advisor representatives of our firm. Pursuant to such agreements, we provide compensation for these referrals. These referral arrangements do not impact client advisory services or fees.

## **CUSTODY (Item 15)**

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### **Custodian of Assets**

We do not hold physical custody of client funds or securities. We require that qualified custodians hold client funds, securities, and other investment assets. Please review Item 12, Brokerage Practices, for details regarding the account custodians (broker-dealers) that service our clients' advisory accounts. Our firm has indirect custody of client funds and securities because of our authorization and ability to deduct advisory fees directly from clients' accounts; nonetheless,



we have implemented the safeguard requirements by requiring the safekeeping of client funds and securities by a qualified custodian.

We also have indirect custody of client funds and securities due to utilizing asset movement authorizations to process account disbursements at a client's request. We have implemented the requisite account custodian procedures for safeguarding client assets to ensure the safekeeping of assets subject to movement authorizations.

### Account Statements

The account custodian will send monthly or quarterly electronic notifications regarding the availability of account statements. Clients are advised to review account statements carefully, comparing asset values, activity, holdings, allocations, performance, and advisory fees on current statements to those in previously received account statements and confirmations. Clients are responsible for ensuring the accuracy of advisory fee calculations.

## INVESTMENT DISCRETION (Item 16)

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### Discretionary Authority

It is customary for our firm to use discretionary trading authority to manage and direct the investments of clients' accounts. Clients grant this authority upon the execution of our advisory agreement. Discretionary trading authority is to make and implement investment decisions without prior consultation with clients. Investment decisions are made in accordance with a client's stated investment objectives. At any time during our engagement, clients may advise us in writing of any limitations on our authority. We generally allow clients to impose restrictions on investing in individual securities of specific industries or countries, etc., and dollar amounts or percentages of investments in the foregoing. Nonetheless, imposing onerous limitations may adversely affect separately managed portfolios or limit the third-party money manager's ability to manage a client's assets. In instances of onerous restrictions, we reserve the right to terminate our advisory engagement pursuant to the provisions outlined in Item 5, Termination and Refund Policy.

### Non-discretionary Authority

Upon a client's request, we will buy and sell individual securities pursuant to non-discretionary authority. However, we cannot utilize non-discretionary authority to implement third-party investment management services or platforms for separately managed portfolios. When implementing advice using non-discretionary authority, we seek a client's prior consultation and approval or enter into a collaborative agreement before implementing investment strategies or decisions. In the case of non-discretionary authority, we only make investment decisions according to a client's written guidelines and investment policy statement on file.

## VOTING CLIENT SECURITIES (Item 17)

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Our firm does not cast proxy votes on behalf of clients. We may provide information to clarify the issues in proxy solicitation materials; however, our clients are responsible for casting proxy votes. Clients are also responsible for directing shareholder action items relative to mergers, acquisitions, tender offers, bankruptcy proceedings, and other types of events about the securities held in accounts managed by us.

Clients receive proxy solicitation and information regarding shareholder action items by mail or electronically from the account custodian or issuer's transfer agent. Clients must follow the instructions for voting or directing the shareholder action outlined in the mailing or electronic delivery.

## FINANCIAL INFORMATION (Item 18)

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### Balance Sheet Requirement

FAN Advisors does not require or solicit prepayment of more than \$1,200 in advisory fees per client six (6) months or more in advance. Moreover, we do not meet any custody requirement that would require submitting our balance sheet.

### Discretionary Authority, Custody of Client Funds or Securities and Financial Condition

It is customary for our firm to exercise discretionary authority to supervise and direct the investments of client accounts. After a review of a client's specific request, we may implement advisory services pursuant to non-discretionary authority. Additionally, we have indirect custody of client funds and securities because of our authorization and ability to deduct advisory fees directly from clients' accounts and as a result of processing asset movement authorizations at a client's request. More importantly, we do not have any financial condition that will impair our ability to meet contractual commitments to clients.

## Bankruptcy Petition Filings

FAN Advisors has not been the subject of a bankruptcy petition during the past ten (10) years.

## **ADDITIONAL DISCLOSURES**

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This section covers other information related to our business but not mentioned previously.

### Important Information Regarding Retirement Accounts

#### ERISA Fiduciary Advisor

As a result of providing fiduciary investment advice to plan sponsors, plan participants, and IRA owners, our firm is a Fiduciary Advisor under Title I of the Employee Retirement Income Security Act of 1974, as amended (ERISA) and as applicable, the Internal Revenue Code of 1986, as amended (the Code). Please review the Types of Advisory Services section for details regarding our services. We will provide additional disclosures at the time of providing advice or making recommendations regarding any retirement savings account.

#### Retirement Account Rollover Options

Clients have options regarding retirement account rollovers. Typically, clients leaving an employer have four (4) options regarding assets in an existing retirement plan: (1) roll over the assets to the new employer's plan, if available, and rollovers are permitted, (2) leave the assets in the former employer's plan if allowed, (3) roll over the assets to an individual retirement account ("IRA"), or (4) cash out the account value (adverse tax consequences may be applicable). If we recommend that a client roll over retirement plan assets into an account to be managed by our firm, such a recommendation creates a conflict of interest because we will earn an advisory fee as a result of the rollover. As a fiduciary, we are required to ensure that such a recommendation is in a client's best interest.

If our firm recommends that a client roll over retirement assets into an account that we will manage, this recommendation creates a conflict of interest because our firm will earn fees as a result of the rollover. As a Fiduciary Advisor, our firm mitigates this conflict of interest by disclosing it and ensuring that a recommendation to roll over retirement savings is in a client's best interest.

No client is obligated to roll over retirement savings to an account managed by our firm.