

# **FOUR FINANCIAL MANAGEMENT**

## **FIRM BROCHURE (ADV PART 2A)**

**MARCH 22, 2024**

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This brochure provides information about the qualifications and business practices of Morman, Kaplan, Brilliant and Fransko, LLC dba Four Financial Management. If you have any questions about the contents of this brochure, please contact us at (734) 272-4322. 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.

Four Financial Management is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about Morman, Kaplan, Brilliant and Fransko, LLC dba Four Financial Management is available on the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for the Firm is 284251.

## **2. MATERIAL CHANGES**

We have the following material changes to report since our last annual update filing done on March 24, 2023:

- In January 2024, we became registered with the U.S. Securities and Exchange Commission.

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#### **4. ADVISORY BUSINESS**

##### **A. OWNERSHIP/ADVISORY HISTORY**

Morman, Kaplan, Brilliant and Fransko, LLC dba Four Financial Management (“We”) is a Michigan Limited Liability Company. We registered as a Michigan investment adviser in 2016. Michael Kaplan (“Mr. Kaplan”), Alan Brilliant (“Mr. Brilliant”), David Fransko (“Mr. Fransko”), and Stephen Morman (“Mr. Morman”) are the co-owners and members of the firm. Each has the ability to act on the firm’s behalf. Additional information about them can be found under Item 19 and in their attached supplemental brochures. The firm was formed in October 2008 and used as a doing business as name for the owners’ financial services business. In October 2016, the firm become registered as an investment adviser in the state of Michigan. Subsequently, we became registered with the U.S. Securities and Exchange Commission in January 2024.

##### **B. ADVISORY SERVICES OFFERED**

Before we enter an Adviser-Client relationship, we may offer a complimentary general consultation to discuss services available, give a prospective client time to review services desired, and determine whether a relationship might benefit the client. Investment advisory services begin only after we and the client formalize the relationship with a properly executed agreement. In order for us to manage client assets, we require clients to establish an account with LPL Financial, LLC (“LPL”), a registered broker/dealer and qualified custodian. LPL provides custody and clearing services for our client accounts (please see Item 12 for more information).

We offer the following services to our clients:

##### **FINANCIAL PLANNING AND CONSULTING**

We offer financial planning and consulting services to clients with general and specific financial needs. Through a series of personal interviews and the use of questionnaires we collect pertinent data, identify goals, objectives, financial needs, and potential solutions, and other topics of concern or interest. As a result of these actions, we provide applicable advice, analysis, and/or recommended solutions, consisting of one or more of the following: investment review; asset allocation review; portfolio blueprint; education planning; retirement planning; introduction to estate planning; insurance review; cash flow and budget planning; tax planning; business planning; and other areas as identified by us or the client. We can tailor services as desired by the client.

##### **ESTATE SETTLEMENT**

We assist in the settlement of estates. We bring organization and peace of mind to a very difficult time. We do not take over the position of authority of the executor. We work with the executor to organize assts that could include the following services: gathering forms and assistance in filing them out or assist in filing insurance claims.

##### **PARTICIPANT CONSULTING ADVICE PROGRAM**

We provide clients with advice and investment support at the individual participant level for qualified plan participants. We may provide clients with written asset allocation and/or specific investment recommendations for the client’s retirement plan assets that are held at a custodian other than LPL Financial. The services are provided through a one-time engagement; they are not provided on an ongoing basis, and it is up to the client to decide whether or not to implement the recommendations.

## PORTFOLIO MANAGEMENT SERVICES

### OPTIMUM MARKET PORTFOLIOS

We offer the LPL Optimum Market Portfolios (“OMP”) advisory program. The OMP program offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds Class I shares. The account is managed not only by us but also LPL. There are up to six Optimum Funds that may be purchased within an OMP account: Optimum Large Cap Growth Fund, Optimum Large Cap Value Fund, Optimum Small-Mid Cap Growth Fund, Optimum Small – Mid Cap Value Fund, Optimum International Fund and Optimum Fixed Income Fund. Upon opening an OMP account we select a portfolio for the client based on his or her investment objectives. LPL will then rebalance the portfolio based on the frequency selected. Clients will be given a copy of LPL’s OMP disclosure brochure, which contains additional details about the program.

In addition to serving as an investment advisor for the OMP program, LPL provides custodial, brokerage and administrative services to clients. Clients will be required to enter into an account agreement with us and LPL in order to open an OMP account and engage us for services.

### MODEL WEALTH PORTFOLIOS

We offer the LPL Model Wealth Portfolios (“MWP”) advisory program. The MWP program is similar to the OMP program because it is managed by us and LPL. Accounts in the MWP program contain managed mutual funds and exchange traded funds (“ETF”). Upon opening an MWP account we will select one or more model portfolio of funds designed by LPL or a third party investment strategist based on the client’s investment objective. LPL or the outside strategist is responsible for selecting the mutual funds or ETFs within a portfolio. LPL has discretion to buy and sell securities in the account according to the portfolio or portfolios selected. An outside strategist does not have discretion, but instead provides LPL with asset allocation and fund recommendations. LPL acts as an overlay portfolio manager in coordinating the trades in the account. Clients should refer to the LPL MWP disclosure brochure for additional details.

In addition to serving as an investment advisor for the MWP program, LPL provides custodial, brokerage and administrative services to clients. Clients will be required to enter into an account agreement with us and LPL in order to open an MWP account and engage us for services. Clients will have the opportunity to impose restrictions on investing in certain securities or types of securities when entering into this agreement.

### SEI PLATFORM

We also offer services through SEI Investments Management Corp. (CRD # 105146), a, an independent and unaffiliated investment adviser (“SEI”). The recommendation of SEI depends on the client’s circumstances, goals and objectives, strategy desired, account size, risk tolerance, or other factors. Upon opening an SEI account we will select one or more model portfolio of funds designed by SEI based on the client’s investment objective.

### C. TAILORED SERVICES

We tailor all of our services to each client’s stated goals, needs and objectives. For our portfolio management service clients, we allow clients to impose restrictions on investment in certain securities or types of securities. All restrictions must be presented to us in writing.

#### D. WRAP PROGRAM

We also offer our custom portfolio management services through a wrap fee program that is sponsored by LPL Financial, LLC. The platform is called SWM II and it allows us to manage client accounts on an individualized basis, according to the client's existing investments, investment objectives, financial goals, risk tolerance, etc. Additional information about our wrap program and the SWM II platform can be found in our Appendix 1 to the ADV Part 2A (i.e., Wrap Fee Program Brochures).

#### E. CLIENT ASSETS MANAGED

As of March 1, 2024, we manage \$119,800,000 of client's assets on a discretionary basis and monitor approximately \$800,000 with Third Party investment advisers.

### 5. FEES AND COMPENSATION

#### A. FINANCIAL PLANNING AND CONSULTING/PARTICIPANT CONSULTING ADVICE PROGRAM

We offer our financial planning services on either a fixed or hourly fee basis. The differences are discussed with the client prior to engagement.

**Fixed Fee:** The fixed fees range between \$250 and \$2,500. The fixed fee range varies and depends upon the nature and complexity of each client's individual circumstances. Each client's financial planning agreement shows what the client will be charged to complete the scope of services as defined in the Agreement. The fixed fee rate is negotiable.

**Hourly Fee:** We assess an hourly rate ranging between \$150 to \$225 an hour for financial planning services with a minimum of two hours per engagement. The hourly fee can be negotiated with the client.

All fees for planning and consulting services are agreed upon in writing with the client in advance of services. One-half of the agreed upon fee is due upon engagement and the remaining half due upon delivery of the service or plan. We reserve the right to refund or waive our financial planning fees for clients who use our portfolio management service. The client may pay the fees by check.

#### Termination of Financial Planning Services

The client may cancel the financial planning agreement for any reason during the first five (5) business days from the date of signing the agreement and will receive a refund of 100% of all fees paid without cost or penalty. After the first five (5) business days, written termination will result in a pro-rated refund of any prepaid and unearned fees. For fixed fee financial planning services, a pro-rated refund will be based upon a percentage of work completed. For example, if 25% of a \$2,000 fixed fee plan had been completed, the client will receive a \$500 refund (1/2 of the 50% paid upfront). For hourly financial planning engagements, the client will receive a pro-rated refund based on the number of hours of work completed. For example, if a negotiated hourly fee plan was for \$1,000, with an hourly rate of \$200, and one hour was completed, the client will receive a \$300 refund (\$500 or one half of \$1,000 engagement was collected upfront minus \$200 for one hour of service equals a \$300 refund). To cancel the Agreement, the client must notify us in writing at Four Financial Management, LLC, 777 E. Eisenhower Pkwy., Suite 740, Ann Arbor, MI 48108, and return any materials received to that date.

## **B. PORTFOLIO MANAGEMENT SERVICES**

For our portfolio management services, we charge an annualized management fee based on a percentage of assets under management. The management fee is calculated and collected on a quarterly basis in advance, except for the initial quarter of management. The management is based on the following fee schedule:

| <b>Custodian Reported Value</b> | <b>Annual Management Fee</b> |
|---------------------------------|------------------------------|
| \$0 to \$1,000,000              | 1.50%                        |
| Above \$1,000,000               | 1.25%                        |

The fee is negotiable, based on the amount of client assets under management and the complexity and nature of the portfolio management services. The client may aggregate accounts to negotiate a lower fee.

The initial quarter's management fee will be prorated for the number of days' service was provided during the quarter. However, initial quarter's management fee will be collected at the end of the quarter based on the quarter-end account value. Thereafter, the management fee will be calculated on the account's previous quarter-end value as reported by the account's custodian.

Our management fee will be directly deducted from a client's account. The client may choose which account from which the management fee is deducted. Please see Item 15 for additional details about our fee withdrawal ability.

Our management fee for the OMP and MWP accounts does not include brokerage commissions, transaction fees, LPL's fees, outside strategies' fees and other related costs and expenses that are normally incurred by the client. Clients may incur certain other charges imposed by custodians, brokers, and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. These charges, fees and commissions are exclusive of and in addition to our fee and we will not receive any portion of these commissions, fees, or costs. For more information about our brokerage practice please see Item 12.A.

### **Termination of Portfolio Management Services**

A client may terminate the Investment Management Agreement for any reason at any time and, within the first five (5) business days after signing the contract, without any cost or penalty. Thereafter, the contract may be terminated at any time by giving seven (7) days' written notice. To cancel the Agreement, the client must notify us in writing at Four Financial Management, LLC, 777 E. Eisenhower Pkwy., Suite 740, Ann Arbor, MI 48108 and return any materials received to that date. Because we charge in advance, any client that terminates his or her contract within a quarter will receive a prorated refund of fees that is based on the amount of time elapsed during the quarter. For example, if a client cancels on 45 days in to a 90-day quarter, the client will receive a refund of 50% of the fees (45 days divided by 90 days equals 50%). Please note the prorated refund may be adjusted for additional deposits and withdrawals to the advisory account within the termination quarter. If permitted by the client's custodian, the refund will be deposited into the client's account; otherwise the refund will be paid to the client by company check directly to the client within 30 days of receipt of the termination notice.

## RETIREMENT ROLLOVER CONFLICTS OF INTEREST

When we recommend you rollover a retirement account for us to manage, this creates a financial incentive because we charge a fee for our services. We attempt to mitigate the conflict of interest by acting in your best interest and applying an impartial conduct standard to all rollovers. Please note that you are not under any obligation to roll over a retirement account to an account managed by us.

### C. OTHER SECURITIES COMPENSATION

Our associates are registered representatives of LPL Financial, LLC, member FINRA/SIPC and SEC registered investment adviser. In our separate capacities as registered representatives, we may sell securities through LPL Financial, LLC to our clients for a commission or fee. This causes a conflict of interest because the commissions and fees from LPL Financial, LLC are separate from the fees outlined above. We attempt to mitigate this conflict of interest to the best of our ability by placing the client's interest ahead of our own through our fiduciary duty. Additionally, it is our policy that recommended securities purchases or other investment adviser services do not have to be purchased through our associates.

### D. ESTATE SETTLEMENT SERVICES

Our fee for estate settlement assistance services ranges from \$500 to \$2,500, depending on the complexity of the estate. The fee is collected at the end of the services. The fee is paid by check by the survivor, executor or trustee.

#### Termination of Estate Settlement Services

The client may cancel the estate settlement services agreement for any reason during the first five (5) business days from the date of signing the agreement and will receive a refund of 100% of all fees paid without cost or penalty. To cancel the agreement, the client must notify us in writing at 777 E. Eisenhower Pkwy., Suite 742, Ann Arbor, MI 48108 and return any materials received to that date.

## **6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client) or perform side-by-side management.

## **7. TYPES OF CLIENTS**

We offer our services to individuals, high net worth individuals, non-profit entities, trusts, qualified retirement plans, pension & profit-sharing plans, corporations and other business entities, and charities. We do not have a minimum account size requirement to become a client.

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

### A. METHODS OF ANALYSIS

We implement various methods of analysis in order to choose securities and evaluate investment strategies, including, but not limited to, fundamental analysis, technical analysis, and charting. We utilize several data sources and analytical tools, including, but not limited to, Morningstar Advisor Workstation, Riskalyze, economic and market commentary from various industry sources, and other databases. We analyze security, portfolio, market, and economic metrics, including, but not



limited to, risk, return, trends, relative strength, historical data, correlation and other data deemed pertinent.

#### B. INVESTMENT STRATEGIES

Utilizing various security types and investment strategies, we aim to match client portfolios with stated client objectives and circumstances, including risk tolerance, time horizon, cash flow needs, return goals, and other financial objectives. Strategies employed include;

Asset Allocation - Asset Allocation is an investment strategy that aims to balance risk and reward by apportioning a portfolio's assets according to an individual's goals, risk tolerance and investment horizon among various asset classes. The asset classes typically include equities, fixed-income, alternative investments, and cash and equivalents. Each class has different levels of risk and return, so each will behave differently over time.

Income – Income strategy prioritizes the objective of dividends, interest and/or distributions. Portfolios are customized to client objectives and cash flow needs.

Capital Preservation – Capital Preservation strategy prioritizes protection of principal and reducing downside capital risk.

Tactical Growth - Tactical Growth is an active management strategy in which portfolio positions are allocated to specific asset classes to increase or decrease overall portfolio risk and equity and/or bond exposure on a near term basis. The respective asset classes are determined monthly, using a proprietary algorithm.

#### C. RECOMMENDED SECURITIES AND INVESTMENT RISKS

All investments bear different types and degrees of risk and **investing in securities involves risk of loss that clients should be prepared to bear.** While we use investment strategies that are designed to provide appropriate investment diversification, some investments have significantly greater risks than others. Obtaining higher rates-of-return on investments entails accepting higher levels of risk. Recommended investment strategies seek to balance risks and rewards to achieve investment objectives. If a client has questions about risks, he or she does not understand, we would be pleased to discuss them.

We purchase securities with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year. The risk associated with using a long-term purchase strategy is that it generally assumes the financial markets will go up in the long-term, which may not be the case. There is also the risk that the segment of the market that the client is invested in or perhaps just that client's particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

We also purchase securities with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations. The risk associated with using a short-term purchase strategy is that it generally assumes that we can predict how financial markets will perform in the short-term, which may be very difficult. There are many factors that can affect financial market performance in the short term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of time.

We strive to render our best judgment on behalf of our clients. Still, we cannot assure or guarantee clients that investments will be profitable or assure them that no losses will occur in an investment portfolio. Past performance is an important consideration with respect to any investment or investment adviser but is not a reliable predictor of future performance. We continuously strive to provide outstanding long-term investment performance, but many economic and market variables beyond our control can affect the performance of an investment portfolio.

We use several types of securities in client portfolios including, but not limited to, mutual funds, stocks, bonds, government issued securities, money market funds and also the following:

- ***Alternative Strategy Mutual Funds.*** Certain mutual funds available in the program invest primarily in alternative investments or strategies. Investing in alternative investments or strategies may not be suitable for all investors and involves special risks, including risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes and potential illiquidity. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund's concentration in the real estate industry.
- ***Closed-End Funds.*** Client should be aware that closed-end funds available within the program are traded on exchanges but may not be readily marketable. In an effort to provide investor liquidity, the funds may offer to repurchase a certain percentage of shares at net asset value on a periodic basis. Thus, clients may be unable to liquidate all or a portion of their shares in these types of funds.
- ***Exchange-Traded Funds (ETFs).*** ETFs are typically investment companies that are legally classified as open-end mutual funds or UITs. However, they differ from traditional mutual funds because ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly traded companies. ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the "spread." The spread varies over time based on the ETF's trading volume and market liquidity and is generally lower if the ETF has a lot of trading volume and market liquidity and higher if the ETF has little trading volume and market liquidity. Although many ETFs are registered as investment companies under the Investment Company Act of 1940 like traditional mutual funds, some ETFs, especially those that invest in commodities, are not registered as investment companies.
- ***Exchange-Traded Notes (ETNs).*** An ETN is a senior unsecured debt obligation designed to track the total return of an underlying market index or other benchmark. ETNs may be linked to a variety of assets, including commodity futures, foreign currency and equities. ETNs are similar to ETFs because they are listed on an exchange and can typically be bought or sold throughout the trading day. However, an ETN is not a mutual fund and does not have a net asset value; the ETN trades at the prevailing market price. Some of the more common risks of an ETN include the following: the repayment of the principal, interest (if any), and the payment of any returns at maturity or upon redemption are dependent upon the ETN issuer's ability to pay; the trading price of the ETN in the secondary market may be adversely impacted if the issuer's credit rating is downgraded; and the index or asset class for performance replication in an ETN may or may not be concentrated in a specific sector, asset class or country and may therefore carry specific risks.

- ***Leveraged and Inverse ETFs, ETNs and Mutual Funds.*** Leveraged ETFs, ETNs and mutual funds, sometimes labeled “ultra” or “2x” for example, are designed to provide a multiple of the underlying index's return, typically on a daily basis. Inverse products are designed to provide the opposite of the return of the underlying index, typically on a daily basis. These products are different from and can be riskier than traditional ETFs, ETNs and mutual funds. Although these products are designed to provide returns that generally correspond to the underlying index, they may not be able to exactly replicate the performance of the index because of fund expenses and other factors. This is referred to as tracking error. Continual re-setting of returns within the product may add to the underlying costs and increase the tracking error. As a result, this may prevent these products from achieving their investment objective. In addition, compounding of the returns can produce a divergence from the underlying index over time, especially for leveraged products. In highly volatile markets with large positive and negative swings, return distortions are magnified over time. Because of these distortions, these products should be actively monitored, as frequently as daily, and are generally not appropriate as an intermediate or long-term holding. To accomplish their objectives, these products use a range of strategies, including swaps, futures contracts and other derivatives. These products may not be diversified and can be based on commodities or currencies. These products may have higher expense ratios and be less tax-efficient than more traditional ETFs, ETNs and mutual funds.
- ***Options.*** Certain types of option trading are permitted in order to generate income or hedge a security held in the program account; namely, the selling (writing) of covered call options or the purchasing of put options on a security held in the program account. Clients should be aware that the use of options involves additional risks. The risks of covered call writing include the potential for the market to rise sharply. In this situation, the security may be called away and the program account will no longer hold the security. The risk of buying long puts is limited to the loss of the premium paid for the purchase of the put if the option is not exercised or otherwise sold by the program account.
- ***Structured Products.*** Structured products are securities derived from another asset, such as a security or a basket of securities, an index, a commodity, a debt issuance, or a foreign currency. Structured products frequently limit the upside participation in the reference asset. Structured products are senior unsecured debt of the issuing bank and subject to the credit risk associated with that bank. This credit risk exists whether or not the investment held in the account offers principal protection. The creditworthiness of the issuing bank does not affect or enhance the likely performance of the investment other than the ability of the issuing bank to meet its obligations. Any payments due at maturity are dependent on the issuing bank's ability to pay. In addition, the trading price of the security in the secondary market, if there is one, may be adversely impacted if the issuing bank's credit rating is downgraded. Some structured products offer full protection of the principal invested, while others offer only partial or no protection. Investors may be sacrificing a higher yield to obtain the principal guarantee. In addition, the principal guarantee relates to nominal principal and does not offer inflation protection. An investor in a structured product never has a claim on the underlying investment, whether the underlying investment is a security, zero coupon bond, or option. There may be little or no secondary market for the securities and information regarding independent market pricing for the securities may

be limited. This is true even if the product has a ticker symbol or has been approved for listing on an exchange. Tax treatment of structured products may be different from other investments held in the account (e.g., income may be taxed as ordinary income even though payment is not received until maturity). Structured CDs that are insured by the FDIC are subject to applicable FDIC limits.

- ***Variable Annuities.*** If client purchases a variable annuity that is part of the program, he or she will receive a prospectus and should rely solely on the disclosure contained in the prospectus with respect to the terms and conditions of the variable annuity. Clients should also be aware that certain riders purchased with a variable annuity may limit the investment options and the ability to manage the subaccounts.

## **9. DISCIPLINARY INFORMATION**

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events within the past 10 years that would be material to a client's evaluation of the Adviser or the integrity of its management. We have no information applicable to this Item because we have not been the subject of any administrative, civil, criminal or regulatory proceedings.

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

### **A. BROKER-DEALER AFFILIATIONS**

Our associates are registered representatives of LPL Financial, LLC. Please see Item 5.D. for additional details.

### **B. FUTURES/COMMODITIES FIRM AFFILIATION**

We are not affiliated with a futures or commodities broker.

### **C. OTHER INDUSTRY AFFILIATIONS**

Our owners own Kaplan, Brilliant, and Fransko, LLC dba Provizr, a Michigan registered investment adviser. In their separate capacities as investment adviser representatives, they may recommend other investment advisory services through Provizr. Provizr pays them fees that are separate from the fees described above. This is a conflict of interest because the additional fee creates a financial incentive to recommend the other adviser's services. However, we attempt to mitigate any conflicts of interest to the best of our ability by placing the clients' interests ahead of our own, through our fiduciary duty and by informing clients that they are never obligated to recommended services through us or our owners.

Our owners may also be independent insurance agents (Life, Long term Care and Health) and they may recommend these services to clients. This other business activity pays our associates commissions that are separate from the fees described above. This is a conflict of interest because the commissions give our associates a financial incentive to recommend and sell clients the insurance products. However, our associates attempt to mitigate any conflicts of interest to the best of their ability by placing the clients' interests ahead of their own, through their fiduciary duty and by informing clients that they are never obligated to purchase recommended insurance through them.

Finally, our owners may provide tax preparation services through Four Financial Tax Services. They may recommend these services to clients. This other business activity pays them fees that

are separate from the investment management fees described above. This is a conflict of interest because the tax preparation fees give them a financial incentive to recommend the tax preparation services. However, they attempt to mitigate any conflicts of interest to the best of their ability by placing the clients' interests ahead of their own, through their fiduciary duty and by informing clients that they are never obligated to purchase recommended tax preparation services through them.

#### **D. SELECTION AND MONITORING OF THIRD PARTY INVESTMENT ADVISERS**

We may use the services of unaffiliated third party investment adviser, LPL Financial, LLC, in the OMP or MWP programs or SEI to assist in managing a client's account. We will disclose the use of LPL Financial, LLC and SEI when used in a client's account. Please see Items 4 and 5 above for additional details.

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

#### **A. DESCRIPTION**

Our Code of Ethics establishes ideals for ethical conduct that are based upon fundamental principles of openness, integrity, honesty, and trust. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

Our Code of Ethics covers all supervised persons, and it describes our high standard of business conduct and fiduciary duty to our clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons must acknowledge the terms of the Code of Ethics annually or as amended.

#### **B. MATERIAL INTEREST IN SECURITIES**

We do not have a material interest in any securities.

#### **C. INVESTING IN OR RECOMMENDING THE SAME SECURITIES**

Our associates may buy or sell for their own accounts the same securities at or about the same time they recommend those securities to a client or purchase those securities for client accounts. This causes a conflict of interest because they can trade ahead of client trades. We mitigate this conflict of interest in two ways. First, our Code of Ethics requires employees to: (1) report personal securities transactions on at least a quarterly basis and (2) provide us with a detailed summary of certain holdings (both initially upon commencement of employment and quarterly thereafter) in which these employees have a direct or indirect beneficial interest. The reports are reviewed to ensure our associates do not trade ahead of client accounts. Second, we require client transactions to be placed ahead of our associates' personal trades, or our associates can place personal trades as part of a block trade (Please see Item 12.B. for details on our block trading practices). The records of all associates' personal and client trading activities are reviewed and made available to regulators to review on the premises.

## **12. BROKERAGE PRACTICES**

### **A. RECOMMENDED BROKERAGE**

We currently recommend the clearing and custody services of LPL Financial, LLC. Some of the primary considerations in determining reasonableness of commissions are: rates charged by other brokers that provide clearing or custody services for registered investment advisers; reputation and financial strength; breadth and depth of available products, with an important factor being the broker's no-transaction-fee mutual fund universe; accuracy with which transactions are processed; customer service responsiveness; availability of technology solutions interoperable with our systems and suitable for managing multiple accounts; and client satisfaction. We periodically evaluate these factors, and while we may conclude based on our review that commission rates paid by clients are reasonable, lower commissions may be available from other brokers or in conjunction with retail (non-advisory) accounts, and certain mutual funds that carry a transaction fee may be available on a no-transaction-fee basis from other brokers or directly from the fund company.

#### **i. RESEARCH AND SOFT DOLLAR BENEFITS**

"Soft dollars" are defined as a form of payment investment firms can use to pay for goods and services such as subscriptions or research. When an investment firm gives its business to a particular brokerage firm, the brokerage firm in return can agree to use some of its revenue to pay for these types of services. We do not receive "soft dollars" from any vendor, service provider or custodian in exchange for our placement of brokerage services.

#### **ii. BROKERAGE FOR CLIENT REFERRALS**

We do not receive client referrals or any other incentive from any custodian or any third party.

#### **iii. DIRECTED BROKERAGE**

We require clients to use LPL Financial, LLC as the custodian and broker for their accounts. Because our owners are a registered representative of LPL Financial, LLC this could be viewed as a conflict of interest. However, LPL Financial, LLC is not paid a commission for executing transactions and Mr. Kaplan, Mr. Brilliant, David Fransko, and Mr. Morman do not receive any additional compensation for this arrangement. Still, clients should understand that not all advisors require their clients to participate in direct brokerage. By directing brokerage to LPL Financial, LLC, clients may be unable to achieve the most favorable execution of client transactions. Therefore, direct brokerage may cost clients more money.

### **B. TRADE AGGREGATION**

We may aggregate transactions in equity and fixed income securities for a client with transactions for other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and each client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. We may also determine not to aggregate transactions based on the size of the trades, the number of client accounts, the timing of the trades, the liquidity of the securities, the discretionary nature of the trades or other factors. If we do not aggregate orders, some clients purchasing securities around the same time may receive a less favorable price than other clients. This means that this practice of not aggregating may cost clients more money.

### **13. REVIEW OF ACCOUNTS**

#### **A. PERIODIC REVIEWS**

Mr. Kaplan, Mr. Brilliant, Mr. Fransko, Mr. Morman or an Associate make a reasonable attempt to meet with clients, either in person or by telephone, on an annual basis to discuss and review their accounts.

All accounts will be reviewed at least annually by one or more of Mr. Kaplan, Mr. Brilliant, Mr. Fransko, Mr. Morman or an Associate to ascertain standards of suitability and investment objective.

#### **B. OTHER REVIEWS**

Additional reviews are conducted periodically, depending on market conditions, economic or political events, or significant changes in a client's financial situation.

#### **C. REPORTS**

Each client will receive at least quarterly statements from the account custodian.

### **14. CLIENT REFERRALS AND OTHER COMPENSATION**

#### **A. OTHER COMPENSATION**

We may recommend the services of SEI to our clients, in which, SEI will charge the client and a portion of that fee will be paid to us. The receipt of this other compensation may be considered to be a conflict of interest. We encourage each client to review this ADV closely and discuss any potential conflicts of interest with his or her representative. In addition, Four Financial Management and/or its Dually Registered Persons are incented to join and remain affiliated with LPL Financial and to recommend that clients establish accounts with LPL Financial through the provision of Transition Assistance (discussed in Item 12 above). LPL also provides other compensation to Four Financial Management and its Dually Registered Persons, including but not limited to, bonus payments, repayable and forgivable loans, stock awards and other benefits.

The receipt of any such compensation creates a financial incentive for our representatives to recommend LPL Financial as custodian for the client's assets in their advisory account. We encourage clients to discuss any such conflicts of interest with us before making a decision to custody their assets at LPL Financial.

#### **B. CLIENT REFERRALS**

We do not pay for client referrals or use solicitors.

### **15. CUSTODY**

All client funds, securities and accounts are held by third-party custodians. We do not have custody other than to directly deduct our management fee. The client will be asked to authorize us with the ability to deduct fees directly from his or her account. The client may cancel this authorization at any time by notifying us or the client's custodian.

Each client will receive at least monthly statements from the account custodian or clearing firm if his or her account has activity during the month. If the account does not have any monthly activity, an account statement is provided by the account custodian or clearing firm at least quarterly. These

statements will show any activity in the account, as well as period ending position balances. We urge clients to carefully review these statements.

The SEC issued a no-action letter (“Letter”) with respect to Rule 206(4)-2 (“Custody Rule”) under the Investment Advisers Act of 1940 (“Advisers Act”). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction (“SLOA”) is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our custodian LPL Financial:

- The client provides an instruction to the qualified custodian, in writing, that includes the client’s signature, the third party’s name and either the third party’s address or the third party’s account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian’s form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client’s qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client’s authorization and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client’s qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address or any other information about the third party contained in the client’s instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client’s qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

## **16. INVESTMENT DISCRETION**

Each portfolio management client signs an investment management agreement that contains a limited power of attorney granting us discretionary power over his or her account. In discretionary accounts, we will be allowed to place trades, buy or sell securities of any type and in amounts we deem appropriate for the account, without first obtaining the client’s consent to each trade. Directions will be given to the account custodian to complete the transaction.

## **17. VOTING CLIENT SECURITIES**

We will not be responsible for responding to proxies of securities held in clients' accounts. All proxy materials are mailed or emailed directly to the client from the custodian. Proxy solicitation materials received by us will be forwarded to clients for response and voting. In the event a client has a question about a proxy solicitation, the client should contact us.



## **18. FINANCIAL INFORMATION**

### **A. BALANCE SHEET**

We do not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we do not have to provide a balance sheet.

### **B. FINANCIAL CONDITION**

Registered investment advisers are required in this Item to provide clients with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to service our clients.

### **C. BANKRUPTCY**

We have not been the subject of a bankruptcy proceeding.