

**Item 1: Cover Page**

**Part 2A of Form ADV: Firm Brochure  
March 20, 2024**



**2270 Jolly Oak Rd., Suite 2  
Okemos, MI 48864**

**265 N. Alloy Dr.  
Fenton, MI 48430**

**[www.fsgmichigan.com](http://www.fsgmichigan.com)  
P/(800) 804 - 0420  
F/ (800) 811 - 1788**

**Firm Contact:  
Brittany A. Carter-Culver  
Chief Compliance Officer**

This brochure provides information about the qualifications and business practices of Financial Strategies Group, Inc. If clients have any questions about the contents of this brochure, please contact us at (517) 347-4337. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority. Additional information about our firm is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD #289054.

Please note that the use of the term "registered investment adviser" and description of our firm and/or our associates as "registered" does not imply a certain level of skill or training. Clients are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise clients for more information on the qualifications of our firm and our employees.

## Item 2: Material Changes

Financial Strategies Group, Inc. is required to make clients aware of information that has materially changed since the last annual update to the Firm Brochure ("Brochure") and that may be important to them. Clients can then determine whether to review the brochure in its entirety or to contact us with questions about the changes.

Since the last annual amendment was filed on March 28, 2023, we have the following changes to communicate to investors:

**Chief Compliance Officer:**

Brittany A. Carter-Culver has been named Chief Compliance Officer.

**Item 4: Advisory Services**

Financial Strategies Group, Inc. has a new office in Fenton, Michigan.

**Item 4: Advisory Services**

Financial Strategies Group, Inc. has expanded its advisory services to include alternative investments for investors that meet the respective eligibility and suitability requirements.

Financial Strategies Group, Inc. no longer services advisory accounts subject to section 3(38) of the Employee Retirement Income Security Act of 1974 (ERISA). The firm is still accepting ERISA 3(21) accounts, and our investment personnel continue to manage these assets for investors.

**Item 4: Advisory Services**

Our firm has engaged the services of AdvicePay. Fees can be paid via check to our firm or invoiced and processed through the third-party nonaffiliated service, AdvicePay.

**Item 8: Methods of Analysis, Investment Strategies & Risk of Loss**

Our firm has engaged the services of Riskalyze, a third-party vendor tool, to assist in identifying the client's risk tolerance.

**Item 12: Brokerage Practices**

Custodian Language for Schwab and Fidelity were updated.

**Item 14: Client Referrals & Other Compensation - Solicitor Relationships**

This section has been added to reflect the relationship between our firm and Zoe Financial. Our firm may receive client referrals from Zoe Financial, Inc. through its participation in the Zoe Advisor Network ("ZAN").

**Item 14: Client Referrals & Other Compensation - Non-Cash Referral Arrangements**

This section has been added to fully disclose that our firm may be asked to recommend a financial professional, such as an attorney, accountant, or mortgage broker. In such cases, our Firm does not receive direct compensation for any referrals to individuals or firms in our professional network. Clients must independently evaluate these firms or individuals before engaging in business with them, and clients have the right to choose any financial

professional to conduct business. Individuals and firms in our financial professional network may refer clients to our Firm. Again, our Firm does not pay any direct compensation in return for any referrals made to our Firm. Our Firm does recognize the fiduciary responsibility to place your interests first and have established policies in this regard to mitigate any conflicts of interest.

**Item 14: Client Referrals & Other Compensation - Relationship with SmartAsset**

This section has been added to fully disclose that the firm pays a flat fee to participate in an online matching program to match prospective advisory clients with investment advisers. The program, operated by SmartAsset, provides information about investment advisory firms to persons who have expressed an interest in such firms. The program also provides the name and contact information of such persons to the advisory firms as potential leads. The flat fee we pay for being provided with potential leads varies based on certain factors, including the size of the person's portfolio, and the fee is payable regardless of whether the prospect becomes our advisory client.

**Item 15: Custody**

Financial Strategies Group, Inc. no longer accepts standing letters of authorizations ("SLOAs") from clients that permit the transfer of monies from an advisory account managed by our firm to a third-party client account. Our firm only accepts first-party transfers of monies.

A free copy of our Brochure may be requested by contacting us (517) 347-4337.

We encourage the client to read this document in its entirety.

### Item 3: Table of Contents

<b>Item 1: Cover Page</b>	<b>1</b>
<b>Item 2: Material Changes</b>	<b>2</b>
<b>Item 3: Table of Contents</b>	<b>4</b>
<b>Item 4: Advisory Business</b>	<b>5</b>
<b>Item 5: Fees &amp; Compensation</b>	<b>8</b>
<b>Item 6: Performance-Based Fees &amp; Side-By-Side Management</b>	<b>10</b>
<b>Item 7: Types of Clients &amp; Account Requirements</b>	<b>11</b>
<b>Item 8: Methods of Analysis, Investment Strategies &amp; Risk of Loss</b>	<b>11</b>
<b>Item 9: Disciplinary Information</b>	<b>23</b>
<b>Item 10: Other Financial Industry Activities &amp; Affiliations</b>	<b>23</b>
<b>Item 11: Code of Ethics, Participation, or Interest in Client Transactions &amp; Personal Trading</b>	<b>24</b>
<b>Item 12: Brokerage Practices</b>	<b>25</b>
<b>Item 13: Review of Accounts</b>	<b>30</b>
<b>Item 14: Client Referrals &amp; Other Compensation</b>	<b>30</b>
<b>Item 15: Custody</b>	<b>33</b>
<b>Item 16: Investment Discretion</b>	<b>34</b>
<b>Item 17: Voting Client Securities</b>	<b>34</b>
<b>Item 18: Financial Information</b>	<b>34</b>

## Item 4: Advisory Business

Financial Strategies Group, Inc. (or “FSG”, the “firm”, “we”, “us”, and “our”) is dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is wholly owned by Brandon Carter and Brice Carter. Our firm is a corporation formed under the laws of the State of Michigan in 2017. We currently have offices in Okemos and Fenton, Michigan.

Our firm provides asset management and investment consulting services for many different types of clients to help meet their financial goals while remaining sensitive to risk tolerance and time horizons. As fiduciaries, it is our duty to always act in the client’s best interest. This is accomplished in part by knowing the client. Our firm has established a service-oriented advisory practice with open lines of communication. Working with clients to understand their investment objectives while educating them about our process facilitates the kind of working relationship we value.

### **Types of Advisory Services Offered**

---

#### **Portfolio Management:**

As part of our Portfolio Management services, Clients may be provided with standalone asset management or a combination of asset management and financial planning or consulting services. This service is designed to assist clients in meeting their financial goals through the use of a financial plan or consultation. Our firm conducts client meetings at least annually to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what is learned, an investment approach is presented to the client that may consist of individual stocks, bonds, Exchange Traded Funds (“ETFs”), mutual funds, and other investments. Once the appropriate portfolio has been determined, portfolios are continuously and regularly monitored and, if necessary, rebalanced based on the client’s needs, stated goals, and objectives. Upon client request, our firm provides a summary of observations and recommendations for this service’s planning or consulting aspects.

As part of our Portfolio Management service, our firm may utilize the sub-advisory services of a third-party investment advisory firms (“Sub-Advisers”) or separately managed account (“SMA”) to aid in the implementation of an investment portfolio designed by our firm. Before selecting a Sub-Advisers or SMA, our firm will ensure that the chosen party is properly licensed or registered.

#### **Financial Planning & Consulting:**

Our firm provides a variety of standalone and ongoing financial planning and consulting services to clients for the management of financial resources based upon an analysis of current situation, goals, and objectives. Financial planning services will typically involve preparing a financial plan or rendering a financial consultation for clients based on the client’s financial goals and objectives. This planning or consulting may encompass. Written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. Implementation of the recommendations will be at the discretion of the client. Our firm provides clients with a summary of their financial situation, and observations for financial planning engagements. Financial consultations are not typically accompanied by a written summary of observations and recommendations, as the process is less formal than the planning service. Assuming that all the information and documents requested from the client are provided promptly,

plans or consultations are typically completed within 6 months of the client signing a contract with our firm.

### **Retirement Plan Consulting:**

Our firm provides retirement plan consulting services to employer plan sponsors on an ongoing basis. Generally, such consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include investment options, plan structure and participant education. Retirement Plan Consulting services typically include:

- Establishing an Investment Policy Statement – Our firm will assist in the development of a statement that summarizes the investment goals and objectives along with the broad strategies to be employed to meet the objectives.
- Investment Options – Our firm will work with the Plan Sponsor to evaluate existing investment options and make recommendations for appropriate changes.
- Asset Allocation and Portfolio Construction – Our firm will develop strategic asset allocation models to aid Participants in developing strategies to meet their investment objectives, time horizon, financial situation, and tolerance for risk.
- Investment Monitoring – Our firm will monitor the performance of the investments and notify the client in the event of over/underperformance and in times of market volatility.

All retirement plan consulting services shall be in compliance with the applicable state laws regulating retirement consulting services. This applies to client accounts that are retirement or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the client accounts are part of a Plan, and our firm accepts appointment to provide services to such accounts, our firm acknowledges its fiduciary standard within the meaning of Section 3(21) as designated by the Retirement Plan Consulting Agreement with respect to the provision of services described therein.

### **Pontera Services**

Our firm is engaged with Pontera, an unaffiliated third-party service provider, for Client accounts not directly held with our recommended Custodian; but where our team has discretion and leverages an Order Management System to implement asset allocation or rebalancing strategies on behalf of the Client. These are primarily 401(k) accounts, 403(b) accounts, 529 plans, variable annuities, and other assets not held with the recommended Custodian. We regularly review the current holdings and available investment options in these accounts, monitor the account, rebalance, and implement our Firm's strategies as necessary.

The platform allows us to avoid being considered to have custody of Client funds since we do not have direct access to Client log-in credentials to affect trades. We are not affiliated with the platform in any way and receive no compensation from them for using their platform. A link will be provided to the Client, allowing them to connect an account(s) to the platform. Once the Client account(s) is connected to the platform, Adviser will review the current account allocations and investment options. When we are authorized with discretionary management, we will rebalance the account, considering Client investment goals and risk tolerance, and any change in allocations will consider current economic and market trends. The goal is to improve account performance over time, minimize loss during complex markets, and manage internal fees that harm account performance. Client account(s) will be reviewed quarterly, and allocation changes will be made as necessary.

**Disclosure Regarding Rollover Recommendations:**

We are fiduciaries under the Investment Advisers Act of 1940, and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. We have to act in your best interest and not put our interests ahead of yours. At the same time, how we make money conflicts with your interests.

A client or prospect leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) rollover to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). Our firm may recommend an investor roll over plan assets to an IRA for which our Firm provides investment advisory services. As a result, our Firm and its representatives may earn an asset-based fee. In contrast, a recommendation that a client or prospective client leave their plan assets with their previous employer or roll over the assets to a plan sponsored by a new employer will generally result in no compensation to our Firm. Our firm therefore has an economic incentive to encourage a client to roll plan assets into an IRA that our Firm will manage, which presents a conflict of interest. To mitigate the conflict of interest, there are various factors that our Firm will consider before recommending a rollover, including but not limited to: (i) the investment options available in the plan versus the investment options available in an IRA, (ii) fees and expenses in the plan versus the fees and expenses in an IRA, (iii) the services and responsiveness of the plan's investment professionals versus those of our Firm, (iv) protection of assets from creditors and legal judgments, (v) required minimum distributions and age considerations, and (vi) employer stock tax consequences, if any. Financial Strategies Group does maintain policies and procedures concerning the Department of Labor (DOL) requirements promulgated under PTE 2020-02. Our firm's Chief Compliance Officer remains available to address any questions that a client or prospective client has regarding the oversight.

**Referrals to Third-Party Money Managers:**

Our firm utilizes the services of a third-party money manager for the management of client accounts. Investment advice and trading of securities will only be offered by or through the chosen third-party money manager. Our firm will not offer advice on any specific securities or other investments in connection with this service. Prior to referring clients, our firm will provide initial due diligence on third-party money managers and ongoing reviews of their management of client accounts. In order to assist in the selection of a third-party money manager, our firm will gather client information pertaining to financial situation, investment objectives, and reasonable restrictions to be imposed upon the management of the account.

Our firm will periodically review third-party money manager reports provided to the client at least annually. Our firm will contact clients from time to time in order to review their financial situation and objectives, communicate information to third-party money managers as warranted, and assist the client in understanding and evaluating the services provided by the third-party money manager. Clients will be expected to notify our firm of any changes in their financial situation, investment objectives, or account restrictions that could affect their financial standing.

### **Tailoring of Advisory Services**

---

Our firm offers individualized investment advice to our Portfolio Management clients. General investment advice will be offered to our Financial Planning & Consulting, Retirement Plan Consulting, and Referrals to Third-Party Money Management clients. Each Portfolio Management client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

### **Participation in Wrap Fee Programs**

---

Our firm does not offer or sponsor a wrap fee program.

### **Regulatory Assets Under Management**

---

As of December 31, 2023, our firm manages approximately \$468,613,399 on a discretionary basis and approximately \$0 on a non-discretionary basis.

## **Item 5: Fees & Compensation**

### **Compensation for Our Advisory Services**

---

#### **Portfolio Management:**

The maximum annual fee charged for this service will not exceed 1.50%. Fees to be assessed will be outlined in the advisory agreement to be signed by the Client. Advisory fees are billed in arrears on a pro-rata monthly, quarterly, or annual basis as outlined in the signed advisory agreement. When billed in arrears, fees will be based on the value of the account(s) on the last day of the month, or year. If accounts are opened during the month or year, the pro-rata advisory fees will be deducted during the next regularly scheduled billing cycle. We will aggregate asset amounts in advisory accounts from your same household together to determine the advisory fee for all your accounts. For example, we may do this where we also service accounts on behalf of your minor children, individual and joint accounts for a spouse, and/or other types of related accounts. This consolidation practice is designed to allow you the benefit of an increased asset total, which could potentially cause your account(s) to be assessed a reduced advisory fee based on the asset levels available in our fee schedule. Less active accounts may be charged a lower fee and may not be aggregated.

Fees are negotiable and will be deducted from client account(s), either in their entirety or in part by our firm and the chosen Sub-Advisers or SMA. Adjustments will be made for deposits and withdrawals during the quarter. In rare cases, our firm will agree to directly invoice. As part of this process, Clients understand the following:

- a) The client's independent custodian sends statements at least quarterly showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to our firm;
- b) Clients will provide authorization permitting our firm to be directly paid by these terms. Our firm will send an invoice directly to the custodian; and

#### **Financial Planning & Consulting:**

Our firm charges based on a one-time project basis and/or an on-going annual basis. Fees may be assessed an hourly or flat rate for the services provided. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client. The



maximum hourly fee to be charged will not exceed \$350. Flat fees will not exceed \$30,000. The fees to be assessed, as well as fee paying arrangements will be outlined in the advisory agreement to be signed by the Client. Our firm will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 months.

**Retirement Plan Consulting:**

Retirement Plan Consulting fees are based on the percentage of Plan assets under management. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client. The maximum annual fee charged will not exceed 1.50%. Fees to be assessed will be outlined in the advisory agreement to be signed by the Client.

**AdvicePay:**

Fees can be paid via check to our firm or can be invoiced and processed through a third-party nonaffiliated service, AdvicePay. Clients will be asked to set up their bank account or credit card at AdvicePay to enable credit card or ACH payments. While AdvicePay allows firms like ours to receive payments directly from the client's credit card or bank account, it does not give our firm access to the bank account itself, nor to any of the client's credit card or bank account information. Our firm is not able to initiate any additional payments via AdvicePay as agreed upon and outlined in the Agreement.

**Referrals to Third-Party Money Managers:**

The total annual advisory fee for this service shall not exceed 2.00%. A portion of this fee will be paid to our firm and will be outlined in the third-party money manager's advisory agreement to be signed by the client. Clients will be provided with a copy of the chosen third-party money manager's Form ADV Part 2, all relevant Brochures, statement detailing the fees to be paid to both firms and the third-party money manager's privacy policy. All fees that our firm receives from the third-party money managers and the written separate disclosures made to clients regarding these fees comply with applicable state statutes and rules. The billing procedures for this service vary based on the chosen third-party money manager. The total fee to be charged, as well as the billing cycle, will be detailed in the third-party money manager's ADV Part 2A and separate advisory agreement to be signed by the client.

**Other Types of Fees & Expenses**

Clients may incur fees imposed by other financial institutions, including other registered investment advisers, that are providing investment management services and transaction charges for trades executed by their chosen custodian either based on a percentage of the dollar amount of assets in the account(s) or via individual transaction charges. These transaction fees are separate from our firm's advisory fees and will be disclosed by the chosen custodian. Clients may also pay holdings charges imposed by the chosen custodian for certain investments, charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (i.e., fund management fees, initial or deferred sales charges, mutual fund sales loads, 12b-1 fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. Our firm does not receive a portion of these fees. Financial Strategies Group does not impose a minimum amount on advisory fees but, at its sole discretion, may aggregate the assets under management for related accounts (including accounts for which the client, his or her spouse or domestic partner, children, and parents maintain beneficial ownership) to determine the breakpoint fee at which the grouped account shall be charged. As a courtesy, our firm may maintain securities acquired by investors prior to their onboarding with us (or "Legacy Assets"). Legacy Assets may be

accepted at the sole discretion of Financial Strategies Group and a determination shall be made as to whether those assets will be subject to our investment management services and/or billed.

### **Termination & Refunds**

---

Either party may terminate the advisory agreement signed with our firm for Portfolio Management services in writing at any time. If fees are billed in arrears, upon notice of termination pro-rata advisory fees for services rendered to the point of termination will be charged. If advisory fees cannot be deducted, our firm will send an invoice for due advisory fees to the client.

Financial Planning & Consulting clients may terminate their agreement at any time before the delivery of a financial plan by providing written notice. For purposes of calculating refunds, all work performed by us up to the point of termination shall be calculated at the hourly fee currently in effect. Clients will receive a pro-rata refund of unearned fees based on the time and effort expended by our firm.

Either party to a Retirement Plan Consulting Agreement may terminate at any time by providing written notice to the other party. Full refunds will only be made in cases where cancellation occurs within 5 business days of signing an agreement. After 5 business days from initial signing, either party must provide the other party 30 days written notice to terminate billing. Billing will terminate 30 days after receipt of termination notice. Clients will be charged on a pro-rata basis, which takes into account work completed by our firm on behalf of the client. Clients will incur charges for bona fide advisory services rendered up to the point of termination (determined as 30 days from receipt of said written notice) and such fees will be due and payable.

### **Commissionable Securities Sales**

---

Our firm and representatives do not sell securities for a commission in advisory accounts.

### **Administrative Services Provided by Orion:**

We have contracted Orion to utilize its technology platforms to support data reconciliation, trade entry and order execution, performance reporting, fee calculation and billing, client database maintenance, quarterly performance evaluations, payable reports, and other functions related to the administrative tasks of managing client accounts. Due to this arrangement, Orion will have access to client information, but Orion will not serve as an investment adviser to our clients. FSG and Orion are non-affiliated companies. Orion charges our Firm an annual fee for each account administered by Orion. Please note that the fee charged to the client will not increase due to the annual fee FSG pays to Orion, the annual fee is paid from the portion of the management fee retained by our Firm.

## **Item 6: Performance-Based Fees & Side-By-Side Management**

Financial Strategies Group does not charge performance-based fees. Investors may determine to purchase alternative investments, including private funds, that impose performance-based fees; however, our firm does not receive any portion of such fees.

## Item 7: Types of Clients & Account Requirements

Our firm has the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit-Sharing Plans;
- Corporations, Limited Liability Companies and/or Other Business Types

Our firm does not impose requirements for opening and maintaining accounts or engaging us. Specific third-party offerings, including private funds, may impose a minimum investment amount subject to the applicable offering documents and the discretion of the sponsor and not Financial Strategies Group.

## Item 8: Methods of Analysis, Investment Strategies & Risk of Loss

The following methods of analysis and investment strategies may be utilized in formulating our investment advice and/or managing client assets, provided that such methods and/or strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations.

To develop a complete picture of a client's investment objectives, our investment adviser representatives work one-on-one with the advisory client through the initial and on-going planning process to create an investment plan which fits the client's risk tolerance and investment objectives. Based on this information, we obtain a broad understanding of the client's investment objectives, goals, and the amount of risk the client will tolerate. To further fine tune our understanding of a client's risk tolerance, our Firm does utilize Riskalyze, a third-party vendor tool to assist in identifying the client's risk tolerance.

Riskalyze technology assists financial planners in two critical tasks: (1) measuring the risk preferences of investors, and (2) applying these preference measurements to portfolio selection. Riskalyze summarizes an investor's mean-variance risk aversion on a 99-point scale. In connection with this output, the Riskalyze tool "quantifies" the client's indicated investment risk tolerance through the illustration of expected return (plus/minus) and investment volatility (investment variance) which uses past data to calculate expected variance.

### **Overview of Core Beliefs & Investment Philosophy**

Our firm believes in the power of diversification, controlling costs, investing based on time horizon and risk tolerance, keeping a long-term perspective, not trying to time the market, a disciplined process over intuition, and the importance of valuation. Our firm also understands and believes in the large body of academic research that shows an investors worst enemy is likely to be himself. Our investment strategies are based on these core beliefs.

Our firm portfolios consist of passive and active mutual funds/ETFs for asset classes that have a higher likelihood for active managers to outperform (i.e., emerging market equity, small value equities, high yield bond, and fixed income). The long-term historical outperformance of Small Cap

and Value Stocks causes us to have a “cautious” bias toward these asset classes. We are cautious with our bias because we understand that even though small and value stocks have outperformed over the long run, they have had long periods of underperformance. Additionally, we acknowledge that it can be difficult for investors to see their portfolios deviate too far from what they view as “the market” (the Dow Jones industrial average or S&P 500).

Our portfolios are globally diversified, meaning we not only invest in stocks and bonds of domestic companies and entities, we also invest in international stocks and bonds. We believe that over the long run the diversification benefit of owning international investments will add value to our portfolios. The allocation of our portfolios is mostly static, meaning we do not intend on making shifts in our allocation often. The changes that we do make will be to increase allocation to asset classes that are out of favor and have low valuations and decrease allocations to asset classes that have high valuations.

---

**Mutual Fund and/or Exchange Traded Fund Analysis:**

Analysis of the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. The underlying assets in a mutual fund or ETF are also reviewed in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the Client’s portfolio. The funds or ETFs are monitored in an attempt to determine if they are continuing to follow their stated investment strategy. A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as our firm does not control the underlying investments in a fund or ETF, managers of different funds held by the Client may purchase the same security, increasing the risk to the Client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the Client’s portfolio.

FSG may include mutual funds and exchange traded funds, (“ETFs”) in our investment strategies. FSG policy is to purchase institutional share classes of those mutual funds selected for the client’s portfolio. The institutional share class generally has the lowest expense ratio. The expense ratio is the annual fee that all mutual funds or ETFs charge their shareholders. It expresses the percentage of assets deducted each fiscal year for funds expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund. Some fund families offer different classes of the same fund, and one share class may have a lower expense ratio than another share class. These expenses come from client assets which could impact the client’s account performance. Mutual fund expense ratios are in addition to our fee, and we do not receive any portion of these charges. If an institutional share class is not available for the mutual fund selected, the adviser will purchase the least expensive share class available for the mutual fund. As share classes with lower expense ratios become available, FSG may use them in the client’s portfolio, and/or convert the existing mutual fund position to the lower cost share class. Clients who transfer mutual funds into their accounts with FSG would bear the expense of any contingent or deferred sales loads incurred upon selling the product. If a mutual fund has a frequent trading policy, the policy can limit a client’s transactions in shares of the fund (e.g., for rebalancing, liquidations, deposits, or tax harvesting). All mutual fund expenses and fees are disclosed in the respective mutual fund prospectus.

When selecting investments for our clients' portfolios we might choose mutual funds on your account custodian's Non-Transaction Fee (NTF) list. This means that your account custodian will not charge a transaction fee or commission associated with the purchase or sale of the mutual fund.

The mutual fund companies that choose to participate in your custodian's NTF fund program pay a fee to be included in the NTF program. The fee that a mutual fund company pays to participate in the program is ultimately borne by the owners of the mutual fund including clients of our Firm. When we decide whether to choose a fund from your custodian's NTF list or not, we consider our expected holding period of the fund, the position size, and the expense ratio of the fund versus alternative funds. Depending on our analysis and future events, NTF funds might not always be in your best interest.

### **Third-Party Money Manager Analysis:**

The analysis of the experience, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. Analysis is completed by monitoring the manager's underlying holdings, strategies, concentrations, and leverage as part of our overall periodic risk assessment. Additionally, as part of the due-diligence process, the manager's compliance and business enterprise risks are surveyed and reviewed. A risk of investing with a third-party manager who has been successful in the past is that they may not be able to replicate that success in the future. In addition, as our firm does not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as our firm does not control the manager's daily business and compliance operations, our firm may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

### **Sector Analysis:**

Sector analysis involves identification and analysis of various industries or economic sectors that are likely to exhibit superior performance. Academic studies indicate that the health of a stock's sector is as important as the performance of the individual stock itself. In other words, even the best stock located in a weak sector will often perform poorly because that sector is out of favor. Each industry has differences in terms of its customer base, market share among firms, industry growth, competition, regulation, and business cycles. Learning how the industry operates provides a deeper understanding of a company's financial health. One method of analyzing a company's growth potential is examining whether the amount of customers in the overall market is expected to grow. In some markets, there is zero or negative growth, a factor demanding careful consideration. Additionally, market analysts recommend that investors should monitor sectors that are nearing the bottom of performance rankings for possible signs of an impending turnaround.

### **Asset Allocation:**

The implementation of an investment strategy that attempts to balance risk versus reward by adjusting the percentage of each asset in an investment portfolio according to the investor's risk tolerance, goals, and investment time frame. Asset allocation is based on the principle that different assets perform differently in different market and economic conditions. A fundamental justification for asset allocation is the notion that different asset classes offer returns that are not perfectly correlated, hence diversification reduces the overall risk in terms of the variability of returns for a given level of expected return. Although risk is reduced as long as correlations are not perfect, it is typically forecast (wholly or in part) based on statistical relationships (like correlation and variance) that existed over some past period. Expectations for return are often derived in the same way.

An asset class is a group of economic resources sharing similar characteristics, such as riskiness and return. There are many types of assets that may or may not be included in an asset allocation strategy. The "traditional" asset classes are stocks (value, dividend, growth, or sector-specific [or a "blend" of any two or more of the preceding]; large-cap versus mid-cap, small-cap or micro-cap; domestic, foreign [developed], emerging or frontier markets), bonds (fixed income securities more generally: investment-grade or junk [high-yield]; government or corporate; short-term, intermediate, long-term; domestic, foreign, emerging markets), and cash or cash equivalents. Allocation among these three provides a starting point. Usually included are hybrid instruments such as convertible bonds and preferred stocks, counting as a mixture of bonds and stocks.

There are several types of asset allocation strategies based on investment goals, risk tolerance, time frames and diversification. The most common forms of asset allocation are strategic, dynamic, tactical, and core-satellite.

- **Strategic Asset Allocation:** The primary goal of a strategic asset allocation is to create an asset mix that seeks to provide the optimal balance between expected risk and return for a long-term investment horizon. Generally speaking, strategic asset allocation strategies are agnostic to economic environments, i.e., they do not change their allocation postures relative to changing market or economic conditions.
- **Dynamic Asset Allocation:** Dynamic asset allocation is similar to strategic asset allocation in that portfolios are built by allocating to an asset mix that seeks to provide the optimal balance between expected risk and return for a long-term investment horizon. Like strategic allocation strategies, dynamic strategies largely retain exposure to their original asset classes; however, unlike strategic strategies, dynamic asset allocation portfolios will adjust their postures over time relative to changes in the economic environment.
- **Tactical Asset Allocation:** Tactical asset allocation is a strategy in which an investor takes a more active approach that tries to position a portfolio into those assets, sectors, or individual stocks that show the most potential for perceived gains. While an original asset mix is formulated much like strategic and dynamic portfolio, tactical strategies are often traded more actively and are free to move entirely in and out of their core asset classes
- **Core-Satellite Asset Allocation:** Core-Satellite allocation strategies generally contain a 'core' strategic element making up the most significant portion of the portfolio, while applying a dynamic or tactical 'satellite' strategy that makes up a smaller part of the portfolio. In this way, core-satellite allocation strategies are a hybrid of the strategic and dynamic/tactical allocation strategies mentioned above.

### **Debt Securities (Bonds):**

Issuers use debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero-coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. Bonds with longer rates of maturity tend to have greater interest rate risks.

Additional risk factors relating to debt securities include: (a) When interest rates are declining, investors have to reinvest their interest income and any return of principal, whether scheduled or unscheduled, at lower prevailing rates.; (b) Inflation causes tomorrow's dollar to be worth less than

today's; in other words, it reduces the purchasing power of a bond investor's future interest payments and principal, collectively known as "cash flows." Inflation also leads to higher interest rates, which in turn leads to lower bond prices.; (c) Debt securities may be sensitive to economic changes, political and corporate developments, and interest rate changes. Investors can also expect periods of economic change and uncertainty, which can result in increased volatility of market prices and yields of certain debt securities. For example, prices of these securities can be affected by financial contracts held by the issuer or third parties (such as derivatives) relating to the security or other assets or indices. (d) Debt securities may contain redemption or call provisions entitling their issuers to redeem them at a specified price on a date prior to maturity. If an issuer exercises these provisions in a lower interest rate market, the account will have to replace the security with a lower yielding security, resulting in decreased income to investors. Usually, a bond is called at or close to par value. This subjects investors that paid a premium for their bond risk of lost principal. In reality, prices of callable bonds are unlikely to move much above the call price if lower interest rates make the bond likely to be called.; (e) If the issuer of a debt security defaults on its obligations to pay interest or principal or is the subject of bankruptcy proceedings, the account may incur losses or expenses in seeking recovery of amounts owed to it.; (f) There may be little trading in the secondary market for particular debt securities, which may affect adversely the account's ability to value accurately or dispose of such debt securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the value and/or liquidity of debt securities.

### **Exchange Traded Funds:**

An ETF is a type of Investment Company (usually, an open-end fund or unit investment trust) whose primary objective is to achieve the same return as a particular market index. The vast majority of ETFs are designed to track an index, so their performance is close to that of an index mutual fund, but they are not exact duplicates. A tracking error, or the difference between the returns of a fund and the returns of the index, can arise due to differences in composition, management fees, expenses, and handling of dividends. ETFs benefit from continuous pricing; they can be bought and sold on a stock exchange throughout the trading day. Because ETFs trade like stocks, you can place orders just like with individual stocks - such as limit orders, good-until-canceled orders, stop loss orders etc. They can also be sold short. Traditional mutual funds are bought and redeemed based on their net asset values ("NAV") at the end of the day. ETFs are bought and sold at the market prices on the exchanges, which resemble the underlying NAV but are independent of it. However, arbitrageurs will ensure that ETF prices are kept very close to the NAV of the underlying securities. Although an investor can buy as few as one share of an ETF, most buy in board lots. Anything bought in less than a board lot will increase the cost to the investor. Anyone can buy any ETF no matter where in the world it trades. This provides a benefit over mutual funds, which generally can only be bought in the country in which they are registered.

One of the main features of ETFs are their low annual fees, especially when compared to traditional mutual funds. The passive nature of index investing, reduced marketing, and distribution and accounting expenses all contribute to the lower fees. However, individual investors must pay a brokerage commission to purchase and sell ETF shares; for those investors who trade frequently, this can significantly increase the cost of investing in ETFs. That said, with the advent of low-cost brokerage fees, small or frequent purchases of ETFs are becoming more cost efficient.

Exchange Traded Notes ("ETNs"): ETNs list on an exchange and can be bought and sold at market prices, similar to other exchange-traded investments. Market prices of ETNs may fluctuate due to movements in the indexes they track, as well as other factors, including ETN issuances and redemption activity. Issuers of ETNs issue and redeem notes as a means to keep the ETN's price in line with a calculated value, called the indicative value or closing indicative value for ETNs. This value

is calculated and published at the end of each day by the ETN issuer. An ETN's closing indicative value, as well as its intraday indicative value, are distinct from an ETN's market price, which is the price at which an ETN trades in the secondary market. In theory, an ETN's market price should closely track its closing and intraday indicative values. However, an ETN's market price can deviate, sometimes significantly, from its indicative value. Investors should be aware of inherent pricing variations involved with ETNs.

**Individual Stocks:**

A common stock is a security that represents ownership in a corporation. Holders of common stock exercise control by electing a board of directors and voting on corporate policy. Investing in individual common stocks provides us with more control of what you are invested in and when that investment is made. Having the ability to decide when to buy or sell helps us time the taking of gains or losses. Common stocks, however, bear a greater amount of risk when compared to certificate of deposits, preferred stock, and bonds. It is typically more difficult to achieve diversification when investing in individual common stocks. Additionally, common stockholders are on the bottom of the priority ladder for ownership structure; if a company goes bankrupt, the common stockholders do not receive their money until the creditors and preferred shareholders have received their respective share of the leftover assets.

**Long-Term Purchases:**

Our firm may buy securities for your account and hold them for a relatively long time (more than a year) in anticipation that the security's value will appreciate over a long horizon. The risk of this strategy is that our firm could miss out on potential short-term gains that could have been profitable to your account, or it's possible that the security's value may decline sharply before our firm make a decision to sell.

**Margin Transactions:**

Our firm may purchase stocks, mutual funds, and/or other securities for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash and allows us to purchase stock without selling other holdings. Margin accounts and transactions are risky and not necessarily appropriate for every client. The potential risks associated with these transactions are (1) You can lose more funds than are deposited into the margin account; (2) the forced sale of securities or other assets in your account; (3) the sale of securities or other assets without contacting you; and (4) you may not be entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call.

**Mutual Funds:**

A mutual fund is a company that pools money from many investors and invests the money in a variety of differing security types based the objectives of the fund. The portfolio of the fund consists of the combined holdings it owns. Each share represents an investor's proportionate ownership of the fund's holdings and the income those holdings generate. The price that investors pay for mutual fund shares is the fund's per share net asset value ("NAV") plus any shareholder fees that the fund imposes at the time of purchase (such as sales loads). Investors typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades. With an individual stock, investors can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or your investment adviser. Investors can also monitor how a stock's price changes from hour to hour—or even second to second. By contrast, with a mutual fund, the price at which an investor purchases or redeems shares will typically depend on the fund's NAV, which is calculated daily after market close.



The benefits of investing through mutual funds include: (a) Mutual funds are professionally managed by an investment adviser who researches, selects, and monitors the performance of the securities purchased by the fund; (b) Mutual funds typically have the benefit of diversification, which is an investing strategy that generally sums up as “Don’t put all your eggs in one basket.” Spreading investments across a wide range of companies and industry sectors can help lower the risk if a company or sector fails. Some investors find it easier to achieve diversification through ownership of mutual funds rather than through ownership of individual stocks or bonds.; (c) Some mutual funds accommodate investors who do not have a lot of money to invest by setting relatively low dollar amounts for initial purchases, subsequent monthly purchases, or both.; and (d) At any time, mutual fund investors can readily redeem their shares at the current NAV, less any fees and charges assessed on redemption.

Mutual funds also have features that some investors might view as disadvantages: (a) Investors must pay sales charges, annual fees, and other expenses regardless of how the fund performs. Depending on the timing of their investment, investors may also have to pay taxes on any capital gains distribution they receive. This includes instances where the fund went on to perform poorly after purchasing shares.; (b) Investors typically cannot ascertain the exact make-up of a fund’s portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades.; and (c) With an individual stock, investors can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or your investment adviser. Investors can also monitor how a stock’s price changes from hour to hour—or even second to second. By contrast, with a mutual fund, the price at which an investor purchases or redeems shares will typically depend on the fund’s NAV, which the fund might not calculate until many hours after the investor placed the order. In general, mutual funds must calculate their NAV at least once every business day, typically after the major U.S. exchanges close.

When investors buy and hold an individual stock or bond, the investor must pay income tax each year on the dividends or interest the investor receives. However, the investor will not have to pay any capital gains tax until the investor actually sells and makes a profit. Mutual funds are different. When an investor buys and holds mutual fund shares, the investor will owe income tax on any ordinary dividends in the year the investor receives or reinvests them. Moreover, in addition to owing taxes on any personal capital gains when the investor sells shares, the investor may have to pay taxes each year on the fund’s capital gains. That is because the law requires mutual funds to distribute capital gains to shareholders if they sell securities for a profit and cannot use losses to offset these gains.

### **Real Estate Investment Trusts (“REITs”):**

REITs primarily invest in real estate or real estate-related loans. Equity REITs own real estate properties, while mortgage REITs hold construction, development and/or long-term mortgage loans. Changes in the value of the underlying property of the trusts, the creditworthiness of the issuer, property taxes, interest rates, tax laws, and regulatory requirements, such as those relating to the environment all can affect the values of REITs. Both types of REITs are dependent upon management skill, the cash flows generated by their holdings, the real estate market in general, and the possibility of failing to qualify for any applicable pass-through tax treatment or failing to maintain any applicable exemptive status afforded under relevant laws.

### **Short-Term Purchases:**

When utilizing this strategy, our firm may also purchase securities with the idea of selling them within a relatively short time (typically a year or less). Our firm do this in an attempt to take advantage of conditions that our firm believe will soon result in a price swing in the securities our

firm purchase. The potential risk associated with this investment strategy is associated with the currency or exchange rate. Currency or exchange rate risk is a form of risk that arises from the change in price of one currency against another. The constant fluctuations in the foreign currency in which an investment is denominated vis-à-vis one's home currency may add risk to the value of a security. Currency risk is greater for shorter term investments, which do not have time to level off like longer term foreign investments.

### **General Risks of Owning Securities**

---

The prices of securities held in client accounts and the income they generate may decline in response to certain events taking place around the world. These include events directly involving the issuers of securities held as underlying assets of mutual funds in a client's account, conditions affecting the general economy, and overall market changes. Other contributing factors include local, regional, or global political, social, or economic instability and governmental or governmental agency responses to economic conditions. Finally, currency, interest rate, and commodity price fluctuations may also affect security prices and income.

The prices of, and the income generated by, most debt securities held by a client's account may be affected by changing interest rates and by changes in the effective maturities and credit ratings of these securities. For example, the prices of debt securities in the client's account generally will decline when interest rates rise and increase when interest rates fall. In addition, falling interest rates may cause an issuer to redeem, "call" or refinance a security before its stated maturity, which may result in our firm having to reinvest the proceeds in lower yielding securities. Longer maturity debt securities generally have higher rates of interest and may be subject to greater price fluctuations than shorter maturity debt securities. Debt securities are also subject to credit risk, which is the possibility that the credit strength of an issuer will weaken and/or an issuer of a debt security will fail to make timely payments of principal or interest and the security will go into default.

The guarantee of a security backed by the U.S. Treasury, or the full faith and credit of the U.S. government only covers the timely payment of interest and principal when held to maturity. This means that the current market values for these securities will fluctuate with changes in interest rates.

Investments in securities issued by entities based outside the United States may be subject to increased levels of the risks described above. Currency fluctuations and controls, different accounting, auditing, financial reporting, disclosure, regulatory and legal standards, and practices could also affect investments in securities of foreign issuers. Additional factors may include expropriation, changes in tax policy, greater market volatility, different securities market structures, and higher transaction costs. Various administrative difficulties, such as delays in clearing and settling portfolio transactions, or in receiving payment of dividends can increase risk. Finally, investments in securities issued by entities domiciled in the United States may also be subject to many of these risks.

### **Risk of Loss**

---

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and the account(s) could enjoy a gain, it is also possible that the stock market may decrease, and the account(s) could suffer a loss. It is important that clients understand the risks associated with investing in the stock market, are appropriately diversified in investments, and ask any questions.

**Alternative Risk:**

Investments classified as "alternative investments" may include a broad range of underlying assets including, but not limited to, hedge funds, private equity, venture capital, and registered, publicly traded securities. Alternative investments are speculative, not suitable for all clients and intended for only experienced and sophisticated investors who are willing to bear the high risk of the investment, which can include: loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative investment practices; lack of liquidity in that there may be no secondary market for the fund and none expected to develop; volatility of returns; potential for restrictions on transferring interest in the fund; potential lack of diversification and resulting higher risk due to concentration of trading authority with a single advisor; absence of information regarding valuations and pricing; potential for delays in tax reporting; less regulation and typically higher fees than other investment options such as mutual funds. The SEC requires investors be accredited to invest in these more speculative alternative investments. Investing in a fund that concentrates its investments in a few holdings may involve heightened risk and result in greater price volatility.

**Capital Risk:**

Capital risk is one of the most basic, fundamental risks of investing; it is the risk that you may lose 100% of your money. All investments carry some form of risk, and the loss of capital is generally a risk for any investment instrument.

**Company Risk:**

When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

**Credit Risk:**

Credit risk can be a factor in situations where an investment's performance relies on a borrower's repayment of borrowed funds. With credit risk, an investor can experience a loss or unfavorable performance if a borrower does not repay the borrowed funds as expected or required. Investment holdings that involve forms of indebtedness (i.e., borrowed funds) are subject to credit risk.

**Currency Risk:**

Fluctuations in the value of the currency in which your investment is denominated may affect the value of your investment and thus, your investment may be worth more or less in the future. All currency is subject to swings in valuation and thus, regardless of the currency denomination of any particular investment you own, currency risk is a realistic risk measure. That said, currency risk is generally a much larger factor for investment instruments denominated in currencies other than the most widely used currencies (U.S. dollar, British pound, German mark, Euro, Japanese yen, French franc, etc.).

**Cybersecurity Risk:**

In addition to the Material Risks listed above, investing involves various operational and "cybersecurity" risks. These risks include both intentional and unintentional events at our firm or one of its third-party counterparties or service providers, that may result in a loss or corruption of data, result in the unauthorized release or other misuse of confidential information, and generally compromise our Firm's ability to conduct its business. A cybersecurity breach may also result in a third-party obtaining unauthorized access to our clients' information, including social security

numbers, home addresses, account numbers, account balances, and account holdings. Our firm has established business continuity plans and risk management systems designed to reduce the risks associated with cybersecurity breaches. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because our Firm does not directly control the cybersecurity systems of our third-party service providers. There is also a risk that cybersecurity breaches may not be detected.

**Economic Risk:**

The prevailing economic environment is important to the health of all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument are hinged on dealings in such countries, the investment instrument will generally be subject to a higher level of economic risk.

**Equity (Stock) Market Risk:**

Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

**ETF & Mutual Fund Risk:**

When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.

**Financial Risk:**

Financial risk is represented by internal disruptions within an investment or the issuer of an investment that can lead to unfavorable performance of the investment. Examples of financial risk can be found in cases like Enron or many of the dot com companies that were caught up in a period of extraordinary market valuations that were not based on solid financial footings of the companies.

**Fixed Income Securities Risk:**

Typically, the values of fixed-income securities change inversely with prevailing interest rates. Therefore, a fundamental risk of fixed-income securities is interest rate risk, which is the risk that their value will generally decline as prevailing interest rates rise, which may cause your account value to likewise decrease, and vice versa. How specific fixed income securities may react to changes in interest rates will depend on the specific characteristics of each security. Fixed-income securities are also subject to credit risk, prepayment risk, valuation risk, and liquidity risk. Credit risk is the chance that a bond issuer will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of a bond to decline.

**Foreign Exposure Risk:**

Our firm may have exposure to foreign markets, including emerging markets, which can be more volatile than the U.S. markets. As a result, returns and net asset value may be affected to a large degree

by fluctuations in currency exchange rates or political or economic conditions in a particular country. Any investments in emerging market countries may involve risks greater than, or in addition to, the risks of investing in more developed countries.

**Inflation Risk:**

Inflation risk involves the concern that in the future, your investment or proceeds from your investment will not be worth what they are today. Throughout time, the prices of resources and end-user products generally increase and thus, the same general goods and products today will likely be more expensive in the future. The longer an investment is held, the greater the chance that the proceeds from that investment will be worth less in the future than what they are today. Said another way, a dollar tomorrow will likely get you less than what it can today.

**Interest Rate Risk:**

Certain investments involve the payment of a fixed or variable rate of interest to the investment holder. Once an investor has acquired or has acquired the rights to an investment that pays a particular rate (fixed or variable) of interest, changes in overall interest rates in the market will affect the value of the interest-paying investment(s) they hold. In general, changes in prevailing interest rates in the market will have an inverse relationship to the value of existing, interest paying investments. In other words, as interest rates move up, the value of an instrument paying a particular rate (fixed or variable) of interest will go down. The reverse is generally true as well.

**Legal/Regulatory Risk:**

Certain investments or the issuers of investments may be affected by changes in state or federal laws or in the prevailing regulatory framework under which the investment instrument or its issuer is regulated. Changes in the regulatory environment or tax laws can affect the performance of certain investments or issuers of those investments and thus, can have a negative impact on the overall performance of such investments.

**Liquidity Risk:**

Certain assets may not be readily converted into cash or may have a very limited market in which they trade. Thus, you may experience the risk that your investment or assets within your investment may not be able to be liquidated quickly, thus, extending the period of time by which you may receive the proceeds from your investment. Liquidity risk can also result in unfavorable pricing when exiting (i.e., not being able to quickly get out of an investment before the price drops significantly) a particular investment and therefore, can have a negative impact on investment returns.

**Manager Risk:**

There is always the possibility that poor security selection will cause your investments to underperform relative to benchmarks or other funds with a similar investment objective.

**Market Risk:**

The value of your portfolio may decrease if the value of an individual company or multiple companies in the portfolio decreases or if our belief about a company's intrinsic worth is incorrect. Further, regardless of how well individual companies perform, the value of your portfolio could also decrease if there are deteriorating economic or market conditions. It is important to understand that the value of your investment may fall, sometimes sharply, in response to changes in the market, and you could lose money. Investment risks include price risk as may be observed by a drop in a security's price due to company specific events (e.g., earnings disappointment or downgrade in the rating of a bond) or general market risk (e.g., such as a "bear" market when stock values fall in general). For fixed-

income securities, a period of rising interest rates could erode the value of a bond since bond values generally fall as bond yields go up. Past performance is not a guarantee of future returns.

**Market Timing Risk:**

Market timing can include high risk of loss since it looks at an aggregate market versus a specific security. Timing risk explains the potential for missing out on beneficial movements in price due to an error in timing. This could cause harm to the value of an investor's portfolio because of purchasing too high or selling too low.

**Operational Risk:**

Operational risk can be experienced when an issuer of an investment product is unable to carry out the business it has planned to execute. Operational risk can be experienced as a result of human failure, operational inefficiencies, system failures, or the failure of other processes critical to the business operations of the issuer or counter party to the investment.

**Past Performance:**

Charting and technical analysis are often used interchangeably. Technical analysis generally attempts to forecast an investment's future potential by analyzing its past performance and other related statistics. In particular, technical analysis often times involves an evaluation of historical pricing and volume of a particular security for the purpose of forecasting where future price and volume figures may go. As with any investment analysis method, technical analysis runs the risk of not knowing the future and thus, investors should realize that even the most diligent and thorough technical analysis cannot predict or guarantee the future performance of any particular investment instrument or issuer thereof.

**Description of Material, Significant or Unusual Risks**

---

Our firm generally invests client cash balances in money market funds. Ultimately, our firm tries to achieve the highest return on client cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to our Portfolio Management services, as applicable.

**Pandemic Risk:**

The recent COVID-19 pandemic has caused and continues to cause disruptions in economies and individual companies and volatility in financial markets throughout the world, including those in which our firm's clients ("Clients") invest. The impact of the pandemic and resulting economic disruptions may negatively impact the Clients and the performance of their portfolios due to, among other things, (i) interruption of business operations resulting from travel restrictions, reduced consumer spending, and quarantines of employees, customers and suppliers in areas affected by the outbreak, (ii) closures of manufacturing facilities, warehouses and logistics supply chains, and (iii) uncertainty about the duration of the virus' impact on global financial markets. Governments and central banks throughout the world have responded to the pandemic and resulting economic disruptions with a variety of fiscal and monetary policy changes, including direct capital infusions into companies and other issuers, new monetary policy tools and lower interest rates, but the ultimate impact of these efforts is uncertain. It is not possible to determine the duration or severity of the disruption in financial markets or the long-term economic impact of the COVID-19 pandemic, or other future epidemics or pandemics, which may adversely affect the Clients' performance and investment strategies and significantly reduce available investment opportunities.

**Legal or Legislative Risk:**

Legislative changes or court rulings may impact the value of investments or the securities' claim on the issuer's assets and finances.

**Item 9: Disciplinary Information**

Our Firm has no legal or disciplinary events that are material to a Client or prospective clients, evaluation of our advisory business, or the integrity of our management services.

**Item 10: Other Financial Industry Activities & Affiliations****Other Financial Industry Activities & Affiliations**

FSG Insurance Agency is an affiliated licensed insurance entity under common ownership with our Firm. This entity is registered with various state insurance divisions. There may be other insurance firms that our Firm's IARs use to market and provide insurance products. Our firm indirectly receives compensation (commissions, trails, or other compensation from the respective insurance products) as a result of effecting insurance transactions through FSG Insurance Agency for any mutual clients of our firm. Commissions generated by insurance sales do not offset regular advisory fees. Our firm has an incentive to recommend insurance products and this incentive creates a conflict of interest between the client's interests and our Firm. We mitigate this conflict by disclosing to clients they have the right to decide whether or not to engage the services of our affiliated Insurance entity. Further, clients should note they have the right to decide whether to act on the recommendations and the right to choose any professional to execute the advice for any insurance products through any licensed insurance agent not affiliated with our Firm. We recognize the fiduciary responsibility to place the client's interests first and have established policies in this regard to avoid any conflicts of interest.

BBB Consulting, LLC ("BBB") is commonly owned by Brittany Carter-Culver, Brice Carter, and Brandon Carter. This entity is used for purposes of a referral arrangement with Fidelity. Please refer to Item 14 of this Brochure for more about the referral arrangement.

**Third Party Money Managers**

Please see Item 4 above for more information about the selection of third-party money managers, Sub-Advisers and SMAs. The compensation paid to our firm by third-party managers or to Sub-Advisers and/or SMAs may vary, and thus, creates a conflict of interest in recommending a manager who shares a larger portion of its advisory fees over another. Prior to referring clients to third-party advisors or using Sub-Advisers and/or SMAs, our firm will ensure that third-party advisors or programs are licensed, or notice filed with the respective authorities. A potential conflict of interest in utilizing third-party advisors may be an incentive to us in selecting a particular advisor over another in the form of fees or services. In order to minimize this conflict our firm will make our recommendations/selections in the best interest of our clients.

**Promoter Solicitation Arrangements**

Our firm has agreements in place with promoters (or "solicitors") as defined under Rule 206(4)-1 of the Investment Advisors Act of 1940. Under the SEC's recent rule change, the term solicitor was replaced by the term promoter. Such promoter agreements with unaffiliated registered investment

advisory firms include circumstances where our firm is either a promoter for the named firm or the named firm is a promoter to our firm. Such a promoter arrangement, if any, is on a per client basis, and the client along with our firm and the unaffiliated firm executes a disclosure notifying them of the particulars of such an arrangement.

Our firm's promoter agreements are with firms only and does not have any agreements and arrangements with individuals whether licensed or otherwise.

Clients should be aware that the ability to receive additional compensation by our Firm and its management persons or employees creates conflicts of interest that impair the objectivity of the Firm and these individuals when making advisory recommendations. Our firm endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps, among others to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for the Firm and our employees to earn compensation or non-cash compensation from advisory clients in addition to the Firm's advisory fees;
- we disclose to clients that they have the right to decide to purchase recommended investment products from our employees;
- we collect, maintain and document accurate, complete, and relevant client background information, including the client's financial goals, objectives, and liquidity needs;
- the Firm conducts regular reviews of each client advisory account to verify that all recommendations made to a client are in the best interest of the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by the Firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

## **Item 11: Code of Ethics, Participation, or Interest in Client Transactions & Personal Trading**

As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is the underlying principle for our firm's Code of Ethics, which includes procedures for personal securities transaction and insider trading. Our firm requires all representatives to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment with our firm, and at least annually thereafter, all representatives of our firm will acknowledge receipt, understanding and compliance with our firm's Code of Ethics. Our firm and representatives must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Our firm recognizes that the personal investment transactions of our representatives demands the application of a Code of Ethics with high standards and requires that all such transactions be carried



out in a way that does not endanger the interest of any client. At the same time, our firm also believes that if investment goals are similar for clients and for our representatives, it is logical, and even desirable, that there be common ownership of some securities.

In order to prevent conflicts of interest, our firm has established procedures for transactions effected by our representatives for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, our firm has pre-clearance requirements and a quarterly securities transaction reporting system for all of our representatives.

Neither our firm nor a related person recommends, buys, or sells for client accounts, securities in which our firm or a related person has a material financial interest without prior disclosure to the client.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

Likewise, related persons of our firm buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients in the same day unless included in a block trade.

## Item 12: Brokerage Practices

Clients must maintain assets in an account with a "qualified Custodian," generally a broker-dealer or bank. If our Firm is asked to give a recommendation, our recommendation is generally based on the broker's cost and fees, skills, reputation, dependability, and compatibility with the Client. The Client may obtain lower commissions and fees from other brokers.

### **Charles Schwab & Co., Inc. & Fidelity Institutional Wealth Services**

We generally recommend that our Clients utilize Charles Schwab & Co., Inc. Advisor Services ("Schwab") or Fidelity Institutional Wealth Services ("Fidelity") (collectively "Custodian" or "Custodian-Broker") which are both registered broker-dealers, Member SIPC, as the qualified Custodians. Our Firm is independently owned and operated and unaffiliated with the Custodians. The Custodians will hold Client assets in a brokerage account and buy and sell securities when our Firm instructs them.

While our Firm recommends that Clients use these Custodians, Clients must decide whether to do so and open accounts with Custodians by entering into account agreements directly with them. The

---

<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children, or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

Client opens the accounts with the Custodian. The accounts will always be held in the Client's name and never in our Firm's.

### **HOW OUR FIRM SELECTS CUSTODIANS**

Our Firm seeks to recommend a Custodian-Broker who will hold Client assets and execute the transactions on terms that are, overall, most advantageous compared to other available providers and their services. Our Firm considers a wide range of factors, including, among others:

- Combination of transaction execution and asset custody services (generally without a separate fee for custody).
- Capability to execute, clear, and settle trades (buy and sell securities for Client accounts).
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payments, etc.).
- The breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.).
- Availability of investment research and tools that assist us in making investment decisions.
- Quality of services.
- Competitiveness of the price of those services (commission rates, other fees, etc.) and willingness to negotiate the prices.
- Reputation, financial strength, and stability.
- Prior service to our Firm and our other Clients.
- Availability of other products and services that benefit our Firm, as discussed below (see "Products and Services Available To Us From The Custodian").

### **CLIENT BROKERAGE & CUSTODY COSTS**

For Clients' accounts, the Custodian maintains and generally does not charge separately for custody services. However, the Custodian receives compensation by charging ticket charges or other fees on trades it executes or settling into Clients' Custodial accounts. In addition to commissions, the Custodian charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that our Firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a Client's Custodial account. These fees are in addition to the ticket charges or compensation the Client pays the executing broker-dealer. Because of this, our Firm has the Custodian execute most trades for Client accounts to minimize trading costs. Our Firm has determined that having the Custodian execute most trades is consistent with our duty to seek the "best execution" of Client trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see How Our Firm Selects Custodian-Broker).

### **PRODUCTS AND SERVICES AVAILABLE TO US FROM SCHWAB**

Schwab Advisor Services™ (formerly called Schwab Institutional®) provides independent investment advisory Firms and Clients with access to its institutional brokerage, trading, custody, reporting, and related services, many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our Clients' accounts; others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis and at no charge to our

Firm. These are typically considered soft dollar benefits because there is an incentive to do business with Schwab. Receiving soft dollar benefits creates a conflict of interest. We have established policies in this regard to mitigate any conflicts of interest. We believe our selection of Schwab as Custodian-Broker is in the Clients' best interests. Our Firm will always act in the best interest of our Clients and act as fiduciary in carrying out services to Clients.

### **SERVICES THAT BENEFIT OUR CLIENTS**

The Custodian's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of Client assets. The investment products available through the Custodian include some we might not otherwise have access to or would require a significantly higher minimum initial investment by our Clients. The Custodian's services described in this paragraph generally benefit our Clients and their accounts.

### **SERVICES THAT MAY NOT DIRECTLY BENEFIT OUR CLIENTS**

The Custodian also makes other products and services available that benefit our Firm but may not directly benefit our Clients or their accounts. These products and services assist our Firm in managing and administering our Clients' accounts. They include investment research, both the Custodian's own and that of third parties. Our Firm may use this research to service all or a substantial number of our Client's accounts, including accounts not maintained at the Custodian. In addition to investment research, the Custodian also makes available software and other technology that:

- Provides access to Client account data (such as duplicate trade confirmations and account statements).
- Facilitate trade execution and allocate aggregated trade orders for multiple Client accounts.
- Provide pricing and other market data.
- Facilitate payment of our fees from our Clients' accounts.
- Assist with back-office functions, recordkeeping, and Client reporting.

### **SERVICES THAT GENERALLY BENEFIT ONLY US**

The Custodian also offers other services to help our Firm manage and further develop our business enterprise.

These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

The Custodian may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to our Firm. The Custodian may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. The Custodian may also provide our Firm with other benefits, such as occasional business entertainment for our personnel.

## **OUR INTEREST IN THE CUSTODIAN'S SERVICES**

- The availability of these services from the Custodian benefits our Firm because we do not have to produce or purchase them. These services are not contingent upon our Firm committing any specific amount of business to the Custodian in trading commissions. We believe our selection of the Custodian as Custodian and Broker is in our Client's best interests.
- Some of the products, services, and other benefits provided by the Custodian benefit our Firm and may not benefit our Client accounts. Our recommendation or requirement that you place assets in the Custodian's custody may be based, in part, on the benefits the Custodian provides to our Firm or our Agreement to maintain certain Assets Under Management at the Custodian and not solely on the nature, cost, or quality of custody and execution services provided by the Custodian.
- Our Firm places trades for our Clients' accounts subject to its duty to seek the best execution and other fiduciary duties. The Custodian's execution quality may be different from other broker-dealers.
- Our Firm does not routinely recommend, request, or require that the Client direct us to execute the transactions through a specified Custodian. Additionally, our Firm typically does not permit the Client to direct brokerage. We place trades for Client accounts subject to our duty to seek the best execution and other fiduciary duties.
- We will aggregate trades for ourselves or our associated persons with your trades, providing that the following conditions are met:
- Our policy for the aggregation of transactions shall be fully disclosed separately to our existing Clients (if any) and the broker/dealer(s) through which such transactions will be placed.
- We will only aggregate transactions if we believe that aggregation is consistent with our duty to seek the best execution (which includes the duty to seek the best price) for the Client and is consistent with the terms of our investment advisory agreement.
- No advisory Client will be favored over any other Client; each Client that participates in an aggregated order will participate at the average share price for all transactions in a given security on a given business day, with transaction costs based on each Client's participation in the transaction.
- Our Firm will prepare a written statement ("Allocation Statement") specifying the participating Client accounts and how to allocate the order among those Clients.
- If the aggregated order is filled in its entirety, it will be allocated among Clients per the allocation statement; if the order is partially filled, the accounts that did not receive the previous trade's positions should be "first in line" to receive the next allocation.
- Notwithstanding the preceding, the order may be allocated on a basis different from that specified if all Client accounts receive fair and equitable treatment. The reason for the difference in allocation will be documented and reviewed by our Firm's Compliance Officer. Our Firm's books and records will separately reflect, for each Client account, the orders which are aggregated, and the securities held by and bought for that account.
- Our Firm will not receive additional compensation or remuneration of any kind because of the proposed aggregation; and

- Individual advice and treatment will be accorded to each advisory Client.

### **BROKERAGE FOR CLIENT REFERRALS**

Our Firm does not receive Client referrals from any Custodian or third party in exchange for using that broker-dealer or third party.

### **AGGREGATION & ALLOCATION OF TRANSACTIONS**

Our Firm may aggregate transactions if it believes that aggregation is consistent with the duty to seek the best execution for its Clients and is consistent with the disclosures made to Clients and terms defined in the Investment Advisory Agreement. No Client will be favored over any other Client. Each account in an aggregated order will participate at the average share price (per Custodian) for all transactions in that security on a given business day.

If we do not receive a complete fill for an aggregated order, we will allocate the order on a pro-rata basis. If we determine that a pro-rata allocation is not appropriate under the particular circumstances, we will base the allocation on other relevant factors, which may include:

- When only a small percentage of the order is executed, with respect to purchase allocations, allocations may be given to accounts high in cash.
- Concerning sale allocations, allocations may be given to accounts low in cash.
- We may allocate shares to the account with the smallest order, to the smallest position, or to an account that is out of line concerning security or sector weightings relative to other portfolios with similar mandates.
- We may allocate one account when that account has limitations in its investment guidelines prohibiting it from purchasing other securities that we expect to produce similar investment results, and other accounts can purchase that in the block.
- If an account reaches an investment guideline limit and cannot participate in an allocation, we may reallocate shares to other accounts. For example, this may be due to unforeseen changes in an account's assets after placing an order.
- If a pro-rata allocation of a potential execution would result in a de minimis allocation in one or more account(s), we may exclude the account(s) from the allocation.
- Our Firm will document the reasons for any deviation from a pro-rata allocation.

In certain cases, client requests or specific needs will trigger an unplanned transaction in a security where an aggregate transaction occurred previously during the day. Under these circumstances, client transactions will be excluded from the block transaction and ultimately receive differing pricing.

### **TRADE ERRORS**

Our Firm has implemented procedures designed to prevent trade errors; however, our Firm cannot always avoid Client trade errors.

Consistent with our Firm's fiduciary duty, it is our Firm's policy to correct trade errors in a manner that is in the Client's best interest. In cases where the Client causes the trade error, the Client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the Client may not be able to receive any gains generated due to the error correction. In all situations where the Client does not cause the trade error, the Client will be made whole, and we would absorb any loss resulting from the trade error if our Firm caused the error. If the Custodian causes the error, the Custodian will cover all trade error costs. If an investment error results in a gain when correcting the trade, the gain will be donated to charity. Our Firm will never benefit or profit from trade errors.

### **DIRECTED BROKERAGE**

Our Firm does not routinely recommend, request, or require that the Client direct us to execute the transaction through a specified broker-dealer. Additionally, our Firm typically does not permit the Client to direct brokerage. Our Firm places trades for Client accounts subject to its duty to seek the best execution and other fiduciary duties.

---

## **Item 13: Review of Accounts**

Our management personnel or financial advisors review accounts and/or financial plans in which our firm does not manage on at least a quarterly basis for our Portfolio Management and Third-party Money Management clients. Financial planning accounts are reviewed as requested or in conjunction with Portfolio Management reviews. The nature of these reviews is to learn whether client accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Our firm does not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when our Portfolio Management and Third-party Money Management clients are contacted. Our firm may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

Retirement Plan Consulting clients receive reviews of their retirement plans for the duration of the service. Our firm also provides ongoing services where clients are met with upon their request to discuss updates to their plans, changes in their circumstances, etc. Retirement Plan Consulting clients do not receive written or verbal updated reports regarding their plans unless they choose to engage our firm for ongoing services.

## **Item 14: Client Referrals & Other Compensation**

### **Promoter Services**

Our firm may receive client referrals from Zoe Financial, Inc. through its participation in Zoe Advisor Network ("ZAN"). Zoe Financial, Inc. is independent of and unaffiliated with our firm and there is no employee relationship between us. Zoe Financial, Inc. established ZAN to refer individuals and other investors seeking fee-only personal investment management services or financial planning services

to independent investment advisors. Zoe Financial, Inc. does not supervise FSG and is not responsible for our client portfolio management or other advice or services. Our firm pays Zoe Financial, Inc. an on-going fee for each successful client referral. This solicitation fee is usually a percentage of the advisory fee that the client pays to our firm. We will not charge clients referred through ZAN any fees or costs higher than our standard fee schedule offered to our clients. For information regarding additional or other fees paid directly or indirectly to Zoe Financial Inc, please refer to the Zoe Financial Disclosure and Acknowledgement Form.

### **Non-Cash Referral Arrangements**

---

Our Firm may be asked to recommend a financial professional, such as an attorney, accountant, or mortgage broker. In such cases, our Firm does not receive any direct compensation in return for any referrals made to individuals or firms in our professional network. Clients must independently evaluate these firms or individuals before engaging in business with them and clients have the right to choose any financial professional to conduct business. Individuals and firms in our financial professional network may refer clients to our Firm. Again, our Firm does not pay any direct compensation in return for any referrals made to our Firm. Our Firm does recognize the fiduciary responsibility to place your interests first and have established policies in this regard to mitigate any conflicts of interest.

### **Lead Generation Relationship with SmartAsset & Zoe Financial, Inc.**

---

The Firm pays a flat fee to participate in an online matching program that seeks to match prospective advisory clients with investment advisers. The programs, which are operated by SmartAsset or Zoe Financial, Inc., provide information about investment advisory firms to persons who have expressed an interest in such firms. The program also provides the name and contact information of such persons to the advisory firms as potential leads. The flat fee we pay for being provided with potential leads varies based on certain factors, including the size of the person's portfolio, and the fee is payable regardless of whether the prospect becomes our advisory client.

### **Charles Schwab & Co. Inc. & Fidelity Institutional Wealth Services**

---

Our firm may recommend Charles Schwab & Co. Inc. ("Schwab") or Fidelity Institutional Wealth Services ("Fidelity") (collectively "Custodian" or "Custodian-Broker") to clients for custody and brokerage services. There is no direct link between our firm's participation in the program and the investment advice given to clients, although we receive economic benefits through our participation in the program that are typically not available to the Custodian's retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our firm's participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third-party vendors. The Custodian may also have paid for the costs associated with transferring accounts from a qualified custodian, business consulting and professional services received by our firm's related persons. Some of the products and services made available by the Custodian through the program may benefit our firm but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at the Custodian. Other services made available by the Custodian are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of

brokerage transactions directed to the Custodian. As part of our fiduciary duties to our clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our firm's choice of the Custodian for custody and brokerage services.

Our firm also receives from the Custodian certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisors participating in the program. Our firm's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to our firm, the Custodian most likely considers the amount and profitability to the Custodian of the assets in, and trades placed for, our firm's Client accounts maintained with the Custodian. The Custodian has the right to terminate the Additional Services Addendum with our firm, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from the Custodian, our firm may have an incentive to recommend to its Clients that the assets under management by our firm be held in custody with the Custodian and to place transactions for Client accounts with the Custodian. Our firm's receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including to seek best execution of trades for Client accounts.

---

### **Indirect Compensation for Referrals**

As noted under Item 10, BBB Consulting, LLC ("BBB") is commonly owned by Brittany Carter-Culver, Brice Carter, and Brandon Carter. BBB has entered into an agreement with Fidelity, which provides that from time-to-time BBB may refer investment advisers, adviser firms, financial advisers, and broker-dealers to Fidelity. If Fidelity enters into an agreement with such referred persons, Fidelity will pay BBB a percentage based on the assets under management and/or the revenue collected by Fidelity from these referred persons. These referral fees to BBB will be disclosed to such referred persons or entities prior to the referred parties entering into an agreement with Fidelity.

---

### **Promoter Compensation for Referrals**

Our firm pays referral fees to independent promoters (or formerly "solicitors") for the referrals of their clients to our Firm in accordance with Rule 206 (4)-1 (including provisions previously under retired Rule 206(4)-3) of the Investment Advisers Act of 1940, which is administered by the U.S. Securities and Exchange Commission ("SEC"). Such referral fees represent a share of our investment advisory fee charged to our clients. This arrangement will not result in higher costs to you. In this regard, we maintain Promoter Agreements in compliance with Rule 206 (4)-1 of the Investment Advisers Act of 1940 and applicable state and federal laws. All clients referred by Solicitors to our Firm will be given full written disclosure describing the terms and fee arrangements between our Firm and Promoter(s). In cases where state law requires licensure of promoters (as defined by the SEC) or solicitors (as defined by state law), we ensure that no solicitation fees are paid unless the promoter/solicitor is registered as an investment adviser representative of our Firm. The promoter/solicitor will not provide clients any investment advice on behalf of our firm.

---

### **Product Sponsor Funded Events and Due Diligence Trips**

In an effort to keep our clients informed as to the services we offer and the various financial products we utilize, our firm occasionally engages in due diligence trips of product providers. These trips are educational in nature but can be reimbursed by the product provider. Further, our firm occasionally co-sponsors client events in conjunction with our product providers. These events are educational in nature and are not dependent upon the use of any specific products. While a conflict of interest may exist given that these events are at least partially funded by product sponsors as well as the due diligence trips are potentially reimbursed by said sponsors, all funds received from the sponsors for



the events and trips are used for the education of our clients, and we will always adhere to our fiduciary duties by acting in the client's best interest when selecting appropriate investments for our clients.

### **Other Compensation**

As referenced in Item 12 above, we may receive an indirect economic benefit from our Custodian without cost (and/or at a discount) and may receive support services and/or products from our Custodian.

From time to time, we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing-expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing, such as advertising, publishing, and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made.

## **Item 15: Custody**

We do not have physical custody (as that term is defined under Rule 206(4)-2 of the Investment Advisers Act of 1940,) as it applies to registered investment advisors ("RIAs"). Custody has been defined by the SEC as either you or a related person of the RIA having access or control, over client funds and/or securities.

### **Deduction of Advisory Fees**

For all accounts, our Firm has the authority to have fees deducted directly from client accounts. Our firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients, or an independent representative of the client, will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address, and the manner in which the funds or securities are maintained. Finally, at least quarterly, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative. The client should carefully review those statements and is urged to compare the statements against reports received from the firm. When the client has questions about their account statements, the client should contact the firm or the qualified custodian preparing the statement.

Please refer to Item 5 for more information about the deduction of advisor fees.

### **Standing Letters of Authorization ("SLOA")**

The SEC issued a no-action letter ("Letter") with respect to the 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. Our firm only allows disbursement client funds to first parties and does not accept third-party SLOAs. Therefore, custody is not inputted.

### **Item 16: Investment Discretion**

Clients have the option of providing our firm with investment discretion on their behalf, pursuant to an executed investment advisory client agreement. By granting investment discretion, our firm is authorized to execute securities transactions, determine which securities are bought and sold, and the total amount to be bought and sold. Should clients grant our firm non-discretionary authority, our firm would be required to obtain the client's permission prior to effecting securities transactions. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's written acknowledgement.

### **Item 17: Voting Client Securities**

Financial Strategies Group will not vote proxies on the client's behalf. The client is welcome to vote proxies or designate an independent third-party at the client's own discretion. The client designates proxy voting authority in the custodial account documents. The client must ensure that proxy materials are sent directly to the client or the client's assigned third-party. We do not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies. As such, our firm and its representatives may not answer questions pertaining to proxy voting matters.

### **Item 18: Financial Information**

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. Finally, we have not been the subject of a bankruptcy petition at any time.