

# FORM ADV PART 2A DISCLOSURE BROCHURE

## Fortify Wealth, Inc.

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This brochure provides information about the qualifications and business practices of Fortify Wealth, Inc. Being registered as a registered investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 314-726-0055. 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 Fortify Wealth, Inc. (CRD #297433) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**MARCH 13, 2024**

## **Item 2: Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

This Brochure dated March 13, 2024, represents the annual amendment to the firm's Brochure.

Since the filing of the firm's last annual update Brochure dated March 16, 2023, we have updated details related to fee terms as well as brokerage and custodial arrangements. We have also made minor updates but no other material changes were made.

Pursuant to regulatory requirements, we will deliver to you a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. All such information will be provided to you free of charge.

Currently, our Brochure may be requested by contacting us at (314) 726-0055. Additional information about the firm is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with the firm who are registered as investment adviser representatives of the firm.

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### **Full Brochure Available**

This Firm Brochure being delivered is the complete brochure for the Firm.

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## **Item 4: Advisory Business**

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### **Firm Description**

Fortify Wealth, Inc. (Fortify Wealth) formerly known as Financial Resources of St. Louis, Inc. was founded in 1984 and began offering investment advisory services in 2018. John and Don McKinley are 55% and 45% owners respectively.

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### **Types of Advisory Services**

#### ASSET MANAGEMENT

Fortify Wealth offers discretionary asset management services to advisory Clients. Fortify Wealth will offer Clients ongoing asset management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring and the overall investment program will be based on the above factors. The Client will authorize Fortify Wealth discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement.

#### VARIABLE ANNUITY AND VARIABLE LIFE MANAGEMENT

Fortify Wealth offers discretionary direct asset management services to advisory clients on their variable annuities and variable life products. Fortify Wealth will work with individuals to assemble an appropriate portfolio of investment options as provided through the insurance company that services variable annuity investments. The accounts will be monitored on an annual basis.

#### FINANCIAL PLANNING AND CONSULTING

If financial planning and consulting services are applicable, Fortify Wealth shall prepare a written financial plan for Clients. The Client may compensate Fortify Wealth on an hourly or flat fee basis described in detail under the “Fees and Compensation” section of this brochure. Fortify Wealth’s financial planning services may involve consultation, analysis, and recommendations in the following areas of financial planning, which include (1) cash flow planning; (2) income tax planning; (3) risk management, asset protection and insurance; (4) investments; (5) retirement planning; and (6) estate, gift and wealth transfer planning (7) charitable planning (8) education planning.

In order to determine a suitable course of action for an individual Client, Fortify Wealth will perform a review of the variables that are presented. This review may include, but is not limited to, investment objectives, consideration of overall financial condition, income and tax status, personal and business assets, risk profile, and other factors unique to the Client’s particular circumstances.

Fortify Wealth will review the Client’s present financial situation and issue a written analysis and report of recommendations in accordance with the Client’s goals and objectives. This service may include an initial consultation and subsequent follow-up visits. The services provided in this regard may include but are not limited to the following:

- Prepare an annual net worth statement;
- Create a cash flow statement;
- Review current investments and make recommendations thereon;
- Review most recent tax returns and provide tax planning advice;

- Review life insurance and disability insurance and make recommendations thereon;
- Review estate plan and make recommendations thereon;
- Complete a retirement analysis; and
- Provide education planning advice.

If a conflict of interest exists between the interests of Fortify Wealth and the interests of the Client, the Client is under no obligation to act upon Fortify Wealth's recommendation. If the Client elects to act on any of the recommendations, the Client is under no obligation to effect the transaction through Fortify Wealth. Financial plans or consulting services will be completed and delivered within one hundred and twenty (120) days of Client providing all required documents.

The goals and objectives for each Client are documented in our Client files. Investment strategies are created by Fortify Wealth that reflect the stated goals and objectives of the Client.

Agreements may not be assigned without prior written Client consent.

#### ERISA PLAN SERVICES

Fortify Wealth provides service to qualified retirement plans including 401(k) plans, 403(b) plans, pension and profit sharing plans, cash balance plans, and deferred compensation plans. Fortify Wealth may act as either a 3(21) or 3(38) advisor:

**Limited Scope ERISA 3(21) Fiduciary.** Fortify Wealth may serve as a limited scope ERISA 3(21) fiduciary that can advise, help and assist plan sponsors with their investment decisions on a non-discretionary basis. As an investment advisor Fortify Wealth has a fiduciary duty to act in the best interest of the Client. The plan sponsor is still ultimately responsible for the decisions made in their plan, though using Fortify Wealth can help the plan sponsor delegate liability by following a diligent process.

#### 1. Fiduciary Services are:

- Provide non-discretionary investment advice to the Client about asset classes and investment alternatives available for the Plan in accordance with the Plan's investment policies and objectives. Client will make the final decision regarding the initial selection, retention, removal and addition of investment options. Fortify Wealth acknowledges that it is a fiduciary as defined in ERISA section 3 (21) (A) (ii).
- Assist the Client in the development of an investment policy statement ("IPS"). The IPS establishes the investment policies and objectives for the Plan. Client shall have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the IPS.
- Provide non-discretionary investment advice to the Plan Sponsor with respect to the selection of a qualified default investment alternative for participants who are automatically enrolled in the Plan or who have otherwise failed to make investment elections. The Client retains the sole responsibility to provide all notices to the Plan participants required under ERISA Section 404(c) (5) and 404(a)-5.
- Assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and

conformance to the guidelines set forth in the IPS and make recommendations to maintain, remove or replace investment options.

- Meet with the Client on a periodic basis to discuss the reports and the investment recommendations.

2. Non-fiduciary Services are:

- Assist in the education of Plan participants about general investment information and the investment alternatives available to them under the Plan. Client understands Fortify Wealth's assistance in education of the Plan participants shall be consistent with and within the scope of the Department of Labor's definition of investment education (Department of Labor Interpretive Bulletin 96-1). As such, Fortify Wealth is not providing fiduciary advice as defined by ERISA 3(21)(A)(ii) to the Plan participants. Advisor will not provide investment advice concerning the prudence of any investment option or combination of investment options for a particular participant or beneficiary under the Plan.
- Assist in the group enrollment meetings designed to increase retirement plan participation among the employees and investment and financial understanding by the employees.

Fortify Wealth may provide these services or, alternatively, may arrange for the Plan's other providers to offer these services, as agreed upon between Advisor and Client.

3. Fortify Wealth has no responsibility to provide services related to the following types of assets ("Excluded Assets"):

- Employer securities;
- Real estate (except for real estate funds or publicly traded REITs);
- Stock brokerage accounts or mutual fund windows;
- Participant loans;
- Non-publicly traded partnership interests;
- Other non-publicly traded securities or property (other than collective trusts and similar vehicles); or
- Other hard-to-value or illiquid securities or property.

Excluded Assets will **not** be included in calculation of Fees paid to Fortify Wealth on the ERISA Agreement. Specific services will be outlined in detail to each plan in the 408(b)2 disclosure.

**ERISA 3(38) Investment Manager.** Fortify Wealth can also act as an ERISA 3(38) Investment Manager in which it has discretionary management and control of a given retirement plan's assets. Fortify Wealth would then become solely responsible and liable for the selection, monitoring and replacement of the plan's investment options.

1. Fiduciary Services are:

- Fortify Wealth has discretionary authority and will make the final decision regarding the initial selection, retention, removal and addition of investment options in accordance with the Plan's investment policies and objectives.



- Assist the Client with the selection of a broad range of investment options consistent with ERISA Section 404(c) and the regulations thereunder.
- Assist the Client in the development of an investment policy statement (“IPS”). The IPS establishes the investment policies and objectives for the Plan.
- Provide discretionary investment advice to the Plan Sponsor with respect to the selection of a qualified default investment alternative for participants who are automatically enrolled in the Plan or who have otherwise failed to make investment elections. The Client retains the sole responsibility to provide all notices to the Plan participants required under ERISA Section 404(c) (5).

2. Non-fiduciary Services are:

- Assist in the education of Plan participants about general investment information and the investment alternatives available to them under the Plan. Client understands Fortify Wealth’s assistance in education of the Plan participants shall be consistent with and within the scope of the Department of Labor’s definition of investment education (Department of Labor Interpretive Bulletin 96-1). As such, Fortify Wealth is not providing fiduciary advice as defined by ERISA to the Plan participants. Fortify Wealth will not provide investment advice concerning the prudence of any investment option or combination of investment options for a particular participant or beneficiary under the Plan.
- Assist in the group enrollment meetings designed to increase retirement plan participation among the employees and investment and financial understanding by the employees.

Fortify Wealth may provide these services or, alternatively, may arrange for the Plan’s other providers to offer these services, as agreed upon between Fortify Wealth and Client.

3. Fortify Wealth has no responsibility to provide services related to the following types of assets (“Excluded Assets”):

- Employer securities;
- Real estate (except for real estate funds or publicly traded REITs);
- Stock brokerage accounts or mutual fund windows;
- Participant loans;
- Non-publicly traded partnership interests;
- Other non-publicly traded securities or property (other than collective trusts and similar vehicles); or
- Other hard-to-value or illiquid securities or property.

Excluded Assets will **not** be included in calculation of Fees paid to the Adviser on the ERISA Agreement. Specific services will be outlined in detail to each plan in the 408(b)2 disclosure.

### SEMINARS AND WORKSHOPS

Fortify Wealth holds seminars and workshops to educate the public on different types of investments and the different services they offer. The seminars are educational in nature and no specific investment or tax advice is given.

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**Client Tailored Services and Client Imposed Restrictions**

The goals and objectives for each Client are documented in our Client files. Investment strategies are created that reflect the stated goals and objectives. Clients may impose restrictions on investing in certain securities or types of securities.

Because the firm is a registered investment adviser, we are required to meet certain fiduciary standards when providing investment advice to clients. Additionally, when we provide investment advice related to a retirement plan account or an individual retirement account, we are considered fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. As such, we are required to act in your best interest and not put our interest ahead of yours, even though our compensation creates some conflicts with your interests in that the more you have us manage, the more we can earn. Our clients however are under no obligation to use services recommended by our associated persons. Furthermore, we believe that our recommendations are in the best interests of our clients and are consistent with our clients' needs.

Agreements may not be assigned without written Client consent.

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**Wrap Fee Programs**

Fortify Wealth does not sponsor any wrap fee programs.

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**Client Assets under Management**

As of December 31, 2023, Fortify Wealth has \$122,548,309 in discretionary assets under management.

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**Item 5: Fees and Compensation**

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**Method of Compensation and Fee Schedule****ASSET MANAGEMENT**

For asset management services, Fortify Wealth generally charges an asset based fee which it details in each Client's investment management agreement. Fees generally range from 0.50% to 1.5% annually and are negotiated on a client by client basis. Annual fees can at times exceed this range, such as if a minimum fee applies, but will generally not exceed 2.0%. Fortify Wealth may at its discretion group certain related Client accounts for the purposes of achieving the minimum account size and or determining the annualized fee.

The annual fee may be negotiable based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with Clients, etc.). Fees are billed quarterly in advance based on the amount of assets managed as of the close of business on the last business day of the previous quarter. Lower fees for comparable services may be available from other sources. Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement with no obligation and without penalty. Clients may terminate advisory services with thirty (30) days written notice. For accounts opened or closed mid-billing period, unearned fees will be refunded to the Client. Client shall be given thirty (30) days

prior written notice of any increase in fees. Any increase in fees will be acknowledged in writing by both parties before any increase in said fees occurs.

For fees that are directly deducted from the account by the custodian:

- Fortify Wealth will provide the Client with an invoice concurrent to instructing the custodian to deduct the fee stating the amount of the fee, the formula used to calculate the fee, the amount of assets under management the fee is based on and the time period covered by the fee;
- Fortify Wealth will obtain written authorization signed by the Client allowing the fees to be deducted; and
- The Client will receive quarterly statements directly from the custodian which discloses the fees deducted.

#### VARIABLE ANNUITY AND VARIABLE LIFE MANAGEMENT

The fees for these services will be based on a percentage of Assets Under Management according to the fee schedule above. Fees will be disclosed prior to client signing the Investment Advisory Agreement.

Fortify Wealth's fees are billed quarterly in advance based on the amount of assets managed as of the close of business on the last business day of the previous quarter. Quarterly advisory fees will be paid in the following ways:

- a) deducting from client's account

For clients under age of 59 ½

- b) deducted from a non-qualified client's account held with Fortify Wealth
- c) direct billing to the client payable within 10 days of invoice presentation

The annual fee may be negotiable. Accounts within the same household may be combined for a reduced fee. Lower fees for comparable services may be available from other sources. Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement with no obligation and without penalty. Clients may terminate advisory services with thirty (30) days written notice. Client will be entitled to a pro rata refund for the days service was not provided in the final billing period. Client shall be given thirty (30) days prior written notice of any increase in fees, and client will acknowledge, in writing, any agreement of increase in said fees.

#### FINANCIAL PLANNING AND CONSULTING

Fees for financial planning and consulting are typically based on an hourly fee or fixed fee based on the background, experience and education of the advisor and the complexity of the engagement.

##### HOURLY FEES

Financial Planning Services are offered based on an hourly fee of \$250-\$350 per hour.

##### FIXED FEES

Financial Planning Services are offered based on a flat fee of between \$2,000 and \$10,000.

Fees for financial plans are due half upon commencement of the plan with the remainder due upon delivery of the completed plan.

Client may cancel within five (5) business days of signing Agreement with no obligation and without penalty. If the Client cancels after five (5) business days, any unearned fees will be refunded to the Client, or any unpaid earned fees will be due to Fortify Wealth.

Fortify Wealth reserves the right to waive all or a portion of the financial planning fee at its discretion.

#### ERISA PLAN SERVICES

The annual fees are based on the market value of the Included Assets and will not exceed 1%. The annual fee is negotiable and may be charged as a percentage of the Included Assets or as a flat fee. Fees may be charged quarterly or monthly in arrears or in advance based on the assets as calculated by the custodian or record keeper of the Included Assets (without adjustments for anticipated withdrawals by Plan participants or other anticipated or scheduled transfers or distribution of assets). If the services to be provided start any time other than the first day of a quarter or month, the fee will be prorated based on the number of days remaining in the quarter or month. If this Agreement is terminated prior to the end of the billing cycle, Fortify Wealth shall be entitled to a prorated fee based on the number of days during the fee period services were provided or Client will be due a prorated refund of fees for days services were not provided in the billing cycle.

The fee schedule, which includes compensation of Fortify Wealth for the services is described in detail in Schedule A of the ERISA Plan Agreement. The Plan is obligated to pay the fees, however the Plan Sponsor may elect to pay the fees. Client may elect to be billed directly or have fees deducted from Plan Assets. Fortify Wealth does not reasonably expect to receive any additional compensation, directly or indirectly, for its services under this Agreement. If additional compensation is received, Fortify Wealth will disclose this compensation, the services rendered, and the payer of compensation. Fortify Wealth will offset the compensation against the fees agreed upon under the Agreement.

#### SEMINARS AND WORKSHOPS

Fortify Wealth does not charge a fee for attendance to these seminars.

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#### **Client Payment of Fees**

Investment management fees are billed quarterly in advance, meaning that we invoice you before the billing period. Fees are usually deducted from a designated Client account to facilitate billing. The Client must consent in advance to direct debiting of their investment account.

Fees for financial plans are billed half upon commencement of the plan with the remainder due upon plan delivery.

Fees for ERISA 3(21) and/or 3(38) services are billed according to the plan administrator.

Fortify Wealth, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with Clients, etc.).

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**Additional Client Fees Charged**

Custodians may charge transaction fees on purchases or sales of certain mutual funds, equities, and exchange-traded funds. These charges may include mutual fund transaction fees, postage and handling and miscellaneous fees.

For more details on the brokerage practices, see Item 12 of this brochure.

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**Prepayment of Client Fees**

Investment management fees are billed quarterly in advance.

Fees for financial plans are due half upon commencement of the plan with the remainder due upon delivery of the plan.

Fees for ERISA 3(21) and/or 3(38) services may be billed in advance.

If the Client cancels after five (5) business days, any unearned fees will be refunded to the Client, or any unpaid earned fees will be due to Fortify Wealth.

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**External Compensation for the Sale of Securities to Clients**

Fortify Wealth does not receive any external compensation for the sale of securities to Clients, nor do any of the investment advisor representatives of Fortify Wealth.

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**Item 6: Performance-Based Fees and Side-by-Side Management****Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Fortify Wealth does not use a performance-based fee structure because of the conflict of interest. Performance based compensation may create an incentive for Fortify Wealth to recommend an investment that may carry a higher degree of risk to the Client.

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**Item 7: Types of Clients****Description**

Fortify Wealth generally provides investment advice to high net worth individuals, corporations or business entities.

Client relationships vary in scope and length of service.

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**Account Minimums**

Fortify Wealth requires a minimum of \$1,000,000 to open an account. In certain instances, the minimum account size may be lowered or waived.

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

Fortify Wealth utilizes its proprietary research methodology to create a diversified “Approved List” and Investment Models to develop portfolios tailored to each client’s needs. We incorporate data from several sources including Morningstar. Assets are allocated among various asset classes and rebalanced periodically to provide risk management.

### General Asset Allocation

Fortify Wealth's core investment philosophy includes a specific asset allocation strategy combined with the disciplined portfolio rebalancing. Asset allocation decisions are the single most important element in constructing an investment portfolio, outweighing specific investment selection, market timing or the decision to use active versus passive investment styles. Client portfolios are built with a long-term perspective and incorporate periodic, disciplined rebalancing to a predetermined allocation benchmark to help manage risk.

Fortify Wealth uses a combination of historical market-based index return data and capital market assumptions and expected returns projections to formulate asset allocation models. Our investment professional use data and projections provided by industry software and sources (e.g. MoneyGuidePro, Morningstar, Black Diamond), as well as our own proprietary analysis to facilitate our asset allocation process. The specific circumstances of each client, including spending needs, liquidity concerns, applicable taxes, inflation and risk tolerance are taken into consideration when recommending an asset allocation model. Once an individualized asset allocation is created, the investment advisor implements the necessary changes to comply with the asset allocation and rebalances periodically to remain in compliance with the allocation model. The specific investments are typically chosen from Fortify Wealth's list of preferred fund managers, and other select securities deemed appropriate for a specific client.

### Manager Selection Process

Fortify Wealth's preferred fund manager selection process begins with all fund managers in a specific investment style (e.g. growth or value) as determined by Morningstar. The Chief Investment Officer reviews a number of characteristics of each manager, including years of experience, expense ratio, risk adjusted returns, and other proprietary factors. Funds that meet due diligence metrics may be approved and added to the preferred list.

As part of the continuous evaluation process, a fund may be placed on a "Watch List" or "Sell List" based on criteria used during the initial review. Those factors include, among other things, changes in the fund's ownership or ownership structure, Changes in the portfolio management team, style drift or deviation from the stated investment process or benchmark, or a change in the expense structure of a fund.

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### **Investment Strategy**

The investment strategy for a specific Client is based upon the objectives stated by the Client during consultations. The Client may change these objectives at any time by providing written notice to Fortify Wealth. Each Client executes a Client profile form or similar form that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases.

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### **Security Specific Material Risks**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks and should discuss these risks with Fortify Wealth:

- *Market Risk:* The prices of securities held by mutual funds in which Clients invest may decline in response to certain events taking place around the world, including

those directly involving the companies whose securities are owned by a fund; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate and commodity price fluctuations. Investors should have a long-term perspective and be able to tolerate potentially sharp declines in market value.

- *Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Inflation Risk:* When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Reinvestment Risk:* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Liquidity Risk:* Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Management Risk:* The advisor's investment approach may fail to produce the intended results. If the advisor's assumptions regarding the performance of a specific asset class or fund are not realized in the expected time frame, the overall performance of the Client's portfolio may suffer.
- *Equity Risk:* Equity securities tend to be more volatile than other investment choices. The value of an individual mutual fund or ETF can be more volatile than the market as a whole. This volatility affects the value of the Client's overall portfolio. Small- and mid-cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product lines, financial resources, and less management experience than larger companies. Smaller companies may also have a lower trading volume, which may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.
- *Fixed Income Risk:* The issuer of a fixed income security may not be able to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation. If a rating agency gives a debt security a lower rating, the value of the debt security will decline because investors will demand a higher rate of return. As nominal interest rates rise, the value of fixed income securities held by a fund is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate.
- *Investment Companies Risk:* When a Client invests in open end mutual funds or ETFs, the Client indirectly bears their proportionate share of any fees and expenses payable directly by those funds. Therefore, the Client will incur higher expenses, which may be duplicative. In addition, the Client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also

subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value or (ii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are delisted from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. Adviser has no control over the risks taken by the underlying funds in which Client invests.

- *REIT Risk:* To the extent that a Client invests in REITs, it is subject to risks generally associated with investing in real estate, such as (i) possible declines in the value of real estate, (ii) adverse general and local economic conditions, (iii) possible lack of availability of mortgage funds, (iv) changes in interest rates, and (v) environmental problems. In addition, REITs are subject to certain other risks related specifically to their structure and focus such as: dependency upon management skills; limited diversification; the risks of locating and managing financing for projects; heavy cash flow dependency; possible default by borrowers; the costs and potential losses of self-liquidation of one or more holdings; the possibility of failing to maintain exemptions from securities registration; and, in many cases, relatively small market capitalization, which may result in less market liquidity and greater price volatility.
- *Derivatives Risk:* Funds in a Client's portfolio may use derivative instruments. The value of these derivative instruments derives from the value of an underlying asset, currency or index. Investments by a fund in such underlying funds may involve the risk that the value of the underlying fund's derivatives may rise or fall more rapidly than other investments, and the risk that an underlying fund may lose more than the amount that it invested in the derivative instrument in the first place. Derivative instruments also involve the risk that other parties to the derivative contract may fail to meet their obligations, which could cause losses.
- *Foreign Securities Risk:* Funds in which Clients invest may invest in foreign securities. Foreign securities are subject to additional risks not typically associated with investments in domestic securities. These risks may include, among others, currency risk, country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability, currency devaluations and policies that have the effect of limiting or restricting foreign investment or the movement of assets), different trading practices, less government supervision, less publicly available information, limited trading markets and greater volatility. To the extent that underlying funds invest in issuers located in emerging markets, the risk may be heightened by political changes, changes in taxation, or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.
- *Long-term purchases:* Long-term investments are those vehicles purchased with the intension of being held for more than one year. Typically the expectation of the investment is to increase in value so that it can eventually be sold for a profit. In addition, there may be an expectation for the investment to provide income. One of the biggest risks associated with long-term investments is volatility, the fluctuations in the financial markets that can cause investments to lose value.



- *Trading risk:* Investing involves risk, including possible loss of principal. There is no assurance that the investment objective of any fund or investment will be achieved.
- *Private Equity/Placement Risk:* Because offerings are exempt from registration requirements, no regulator has reviewed the offerings to make sure the risks associated with the investment and all material facts about the entity raising money are adequately disclosed. Securities offered through private placements are generally illiquid, meaning there are limited opportunities to resell the security. Risk of the underlying investment may be significantly higher than publicly traded investments.

The specific risks associated with financial planning include:

- Risk of Loss
  - Client fails to follow the recommendations of Fortify Wealth resulting in loss
  - Client has changes in financial status or lifestyle and therefore plan recommendations are no longer valid.
  - Client fails to provide appropriate information/documentation for Fortify Wealth to create a financial plan/consultation in a timely manner.

## **Item 9: Disciplinary Information**

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### **Criminal or Civil Actions**

Fortify Wealth and its management have not been involved in any criminal or civil action.

### **Administrative Enforcement Proceedings**

Fortify Wealth and its management have not been involved in administrative enforcement proceedings.

### **Self- Regulatory Organization Enforcement Proceedings**

Fortify Wealth and its management have not been involved in legal or disciplinary events that are material to a Client's or prospective Client's evaluation of Fortify Wealth or the integrity of its management.

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

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### **Broker-Dealer or Representative Registration**

Fortify Wealth is not registered as a broker-dealer and no affiliated representatives of Fortify Wealth are registered representatives of a broker-dealer.

### **Futures or Commodity Registration**

Neither Fortify Wealth nor its affiliated representatives are registered or have an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

### **Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

Investment Advisor Representatives of Fortify Wealth are also licensed insurance agents. 25% or less of their time is spent on these practices. From time to time, they will offer clients services from those activities.

These practices represent conflicts of interest because it gives an incentive to recommend products based on the commission amount received. This conflict is mitigated by disclosures, procedures and the firm's fiduciary obligation to place the best interest of the Client first and the Clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent of their choosing.

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**Recommendations or Selections of Other Investment Advisors and Conflicts of Interest**

Fortify Wealth does not select or recommend other investment advisors.

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

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**Code of Ethics Description**

The affiliated persons (affiliated persons include employees and/or independent contractors) of Fortify Wealth have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of Fortify Wealth affiliated persons and addresses conflicts that may arise. The Code defines acceptable behavior for affiliated persons of Fortify Wealth. The Code reflects Fortify Wealth and its supervised persons' responsibility to act in the best interest of their Client.

One area which the Code addresses is when affiliated persons buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our Clients. We do not allow any affiliated persons to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our Clients.

Fortify Wealth's policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other affiliated person, officer or director of Fortify Wealth may recommend any transaction in a security or its derivative to advisory Clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

Fortify Wealth's Code is based on the guiding principle that the interests of the Client are our top priority. Fortify Wealth's officers, directors, advisors, and other affiliated persons have a fiduciary duty to our Clients and must diligently perform that duty to maintain the complete trust and confidence of our Clients. When a conflict arises, it is our obligation to put the Client's interests over the interests of either affiliated persons or the company.

The Code applies to "access" persons. "Access" persons are affiliated persons who have access to non-public information regarding any Clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to Clients, or who have access to such recommendations that are non-public.

Fortify Wealth will provide a copy of the Code of Ethics to any Client or prospective Client upon request.

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**Investment Recommendations Involving a Material Financial Interest and Conflict of Interest**

Fortify Wealth and its affiliated persons do not recommend to Clients securities in which we have a material financial interest.

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**Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Fortify Wealth and its affiliated persons may buy or sell securities that are also held by Clients. In order to mitigate conflicts of interest such as trading ahead of Client transactions, affiliated persons are required to disclose all reportable securities transactions as well as provide Fortify Wealth with copies of their brokerage statements.

The Chief Compliance Officer of Fortify Wealth is John McKinley. He reviews all trades of the affiliated persons each quarter. The personal trading reviews ensure that the personal trading of affiliated persons does not affect the markets and that Clients of the firm receive preferential treatment over associated persons' transactions.

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**Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Fortify Wealth does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist. However, affiliated persons may buy or sell securities at the same time they buy or sell securities for Clients. In order to mitigate conflicts of interest such as front running, affiliated persons are required to disclose all reportable securities transactions as well as provide Fortify Wealth with copies of their brokerage statements.

The Chief Compliance Officer of Fortify Wealth is John McKinley. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of affiliated persons does not affect the markets and that Clients of the firm receive preferential treatment over associated persons' transactions.

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**Item 12: Brokerage Practices**

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**The Custodian and Brokers We Use**

We do not maintain custody of client assets. Instead, we require all client assets be maintained in an account at a non affiliated "qualified custodian," generally a broker-dealer or bank. We are not affiliated with any particular custodian but instead all custodians are independently owned and operated. The custodian will hold your assets in a brokerage account and will be able to buy and sell securities on your behalf.

While we may recommend that you use a particular custodian/broker, you will ultimately decide whether to do so and will open your account with the custodian/broker by entering into an account agreement directly with one of them. We cannot actually open accounts for you, but we can assist you in opening an account at whatever custodian/broker you decide to use.

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**How We Select Custodians and Brokers**

When recommending a custodian or broker for our clients, we consider many different factors including quality of service, types of services offered, overall capability, execution

quality, competitiveness of transaction costs, availability of investment research, reputation of the firm, and financial resources, among other things. In determining the reasonableness of a broker's compensation, we consider the overall cost to you relative to the benefits you receive, both directly and indirectly, from the broker.

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### **Your Brokerage and Custody Costs**

Our clients receive various services directly from our custodians. For our clients' accounts that they maintain, the custodian generally does not charge separately for custody services but instead is compensated by charging commissions or other fees on trades that it executes or trades that are executed by other brokers to and from the custodial accounts. Fees applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a certain level of assets at the custodian. We feel this commitment benefits you because we expect the overall rates you pay will be lower than they might be otherwise.

Since custodians often charge clients a fee for each trade that we have executed by a different broker-dealer, we have the custodians execute most trades for your account in order to minimize your trading costs.

We have determined that having the custodians execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means seeking the most favorable terms for a transaction based on all relevant factors, including those listed above.

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### **Products and Services Available to Us from Brokers/Custodians**

The custodians provides us and our clients with access to its institutional brokerage services like trading, custody, reporting, and related services, many of which are not typically available to retail customers. The custodians also make available various support services, some of which may help us manage or administer our clients' accounts, while others may help us manage and grow our business.

Other institutional brokerage services which benefit you directly include access to a broad range of investment products, execution of securities transactions, and asset custody. The investment products available through the custodians include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients.

The custodians may also make available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both the custodians' own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at the custodians. In addition to investment research, the custodians may also make available software and other technology that provide access to client account data, facilitates trade execution for multiple client accounts, provides pricing and other market data, facilitates payment of our fees from our clients' accounts, and assists with back-office functions, recordkeeping, and client reporting.

The custodians may also offer other services intended to help us manage and further develop our business. These services include educational conferences and events, consulting on technology, compliance, legal, and business needs, publications and

conferences on practice management and business succession, and access to employee benefits providers, human capital consultants, and insurance providers.

The availability of these services from the custodians benefit us because we do not have to produce or purchase them. Of course, this may give us an incentive to recommend that you maintain your account with a particular custodian based on our interests rather than yours, which is a potential conflict of interest. We believe, however, that our recommendation of a custodian is in the best interests of our clients, and is primarily supported by the scope, quality, and price of the custodian's services and not the custodian's services that benefit only us.

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**Aggregation of Transactions**

Fortify Wealth may, from time to time, aggregate client orders into blocks in order to facilitate more efficient account management and execution. When aggregating orders, an average price is given to all participants in the block, or other measures are taken, in order to treat all accounts fairly.

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**Item 13: Review of Accounts**

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**Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Account reviews are performed quarterly by the Chief Compliance Officer of Fortify Wealth. Account reviews are performed more frequently when market conditions dictate. Financial plans generated are updated as requested by the Client and pursuant to a new or amended agreement, Fortify Wealth suggests updating at least annually.

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**Review of Client Accounts on Non-Periodic Basis**

Other conditions that may trigger a review of Clients' accounts are changes in the tax laws, new investment information, and changes in a Client's own situation.

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**Content of Client Provided Reports and Frequency**

Clients receive written account statements no less than quarterly for managed accounts. Account statements are issued by Fortify Wealth's custodian. Client receives confirmations of each transaction in account from Custodian and an additional statement during any month in which a transaction occurs.

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**Item 14: Client Referrals and Other Compensation**

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**Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

Fortify Wealth does not receive any economic benefits from external sources.

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**Advisory Firm Payments for Client Referrals**

Fortify Wealth does not compensate for Client referrals.

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**Item 15: Custody**

As noted in Item 12, Fortify Wealth recommends that clients' assets be held by a qualified custodian. Although we do not hold assets, we may have limited control in some instances to trade on your behalf, to deduct our advisory fees from your account with your

authorization, or to request disbursements on your behalf (although various types of written authorizations are required depending on the type of disbursements).

You will receive account statement directly from your custodian at least quarterly, which will be sent to the email or postal mailing address you provide. Fortify Wealth urges clients to carefully review custodial statements and compare them to any account reports that we might provide.

## **Item 16: Investment Discretion**

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### **Discretionary Authority for Trading**

Fortify Wealth requires discretionary authority to manage securities accounts on behalf of Clients. Fortify Wealth has the authority to determine, without obtaining specific Client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

Fortify Wealth allows Clients to place certain restrictions, as outlined in the Client's Investment Policy Statement or similar documents. Such restrictions could include only allowing purchases of socially conscious investments. These restrictions must be provided to Fortify Wealth in writing.

The Client approves the custodian to be used and the commission rates paid to the custodian. Fortify Wealth does not receive any portion of the transaction fees or commissions paid by the Client to the custodian.

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

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### **Proxy Votes**

Fortify Wealth does not vote proxies on securities. Clients are expected to vote their own proxies. The Client will receive their proxies directly from the custodian of their account or from a transfer agent.

When assistance on voting proxies is requested, Fortify Wealth will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

## **Item 18: Financial Information**

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### **Balance Sheet**

A balance sheet is not required to be provided because Fortify Wealth does not serve as a custodian for Client funds or securities and Fortify Wealth does not require prepayment of fees of more than \$500 per Client and six months or more in advance.

### **Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

Fortify Wealth has no condition that is reasonably likely to impair our ability to meet contractual commitments to our Clients.

### **Bankruptcy Petitions during the Past Ten Years**

Neither Fortify Wealth nor its management has had any bankruptcy petitions in the last ten years.