

# **PRIME*Solutions* Advisors, LLC**

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## **FORM ADV PART 2 BROCHURE**

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This brochure provides information about the qualifications and business practices of **PRIME*Solutions* Advisors, LLC**. If you have any questions about the contents of this brochure, please contact us at (412) 341-6642. 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 **PRIME*Solutions* Advisors, LLC** is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for **PRIME*Solutions* Advisors, LLC** is 110085.

Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## **Item 2 Material Changes**

As a registered investment adviser, we must ensure that our brochure is current and accurate and makes full disclosure of all material facts relating to the advisory relationship. If there have been any material changes to our business or advisory practices since our last annual update, we will provide a description of such material changes here.

Since our last annual updating amendment dated February 10, 2016, we have not made any material changes to our advisory services or business practices.

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## Item 4 Advisory Business

PRIME*Solutions* Advisors, LLC ("we", "our" and "us", and "PSA"), is a registered investment adviser based in Pittsburgh, Pennsylvania. We are organized as a limited liability company under the laws of the Commonwealth of Pennsylvania. We have been providing investment advisory services since 2001. Jamie P. Linkowski, Managing Member, is our principal owner. Sam D'Alesandro is Vice President and Chief Compliance Officer. Currently, we offer the following investment advisory services, which are personalized to each individual client:

- **Investment Management Services**
- **Selection of Other Advisers**
- **Independent Fiduciary Services for Retirement Plans**
- **Financial Consultation Services**

As used in this brochure, the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this brochure. As used in this brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm. The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs.

### **Investment Management Services**

We primarily offer discretionary portfolio management services to our clients and prospective clients. Our investment advice is tailored to meet our clients' needs and investment objectives. If you retain our firm for portfolio management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information (the "suitability information") at the beginning of our advisory relationship. We will use the suitability information we gather from our initial meeting to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf. As part of our portfolio management services, we may customize an investment portfolio for you in accordance with your risk tolerance and investing objectives. Once we construct an investment portfolio for you, we will monitor your portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances. On a case-by-case basis, we may also provide financial planning advice on issues relating to income, estate planning, and insurance planning as a value-added service to our clients.

To participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account.

Our fee for portfolio management services is based on a percentage of your assets we manage and is set forth in the following fee schedule:

<b>Assets Under Management</b>	<b>Maximum Annual Fee*</b>
Up to \$250,000	1.10%
\$250,001 - \$500,000	1.00%

\$500,001- \$1,000,000	0.90%
Over \$1,000,000	0.80%

**\*Fee does not include transaction fees, or other fees/expenses charged by brokers, custodians, or mutual funds. See the section "Fees and Compensation" in this brochure for more information.**

Our annual portfolio management fee is billed and payable quarterly in advance based on the value of your account on the last day of the previous calendar quarter. If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances and determined at the beginning of our relationship with you. However, you will not be required to prepay a fee more than six months in advance and in excess of \$1,200. In the case of family members and peers, our firm reserves the right to waive or lower advisory fees at our discretion. Your fees will be outlined in the Advisory Agreement you sign with our firm.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities or we will send you an invoice for the payment of our advisory fee. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also receive either a duplicate copy of your account statements or access to view them electronically.

Either party may terminate the agreement by providing 30 days written notice to the other party. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Selection of Other Advisers**

As part of our investment advisory services, we may recommend that you use the services of a third party money manager ("MM") to manage a portion of your investment portfolio. After gathering information about your financial situation and objectives, we will recommend that you engage a specific MM or investment program. Factors that we take into consideration when making our recommendation(s) include, but are not limited to, the following: the MM's performance and management style, methods of analysis and/or specialized expertise, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We will periodically monitor the MM(s)' performance to ensure its management and investment style remains aligned with your investment goals and objectives.

You may be required to sign an agreement directly with the recommended MM(s). The MM(s) will actively manage the specific assets/accounts set forth in the agreement you will sign with the MM and will be granted discretionary investment authority over such assets.

You may terminate your advisory relationship with the MM according to the terms of your agreement with the MM. You should review each MM's brochure for specific information on how you may terminate your advisory relationship with the MM and how you may receive a refund, if applicable.

Advisory fees charged by MMs are separate and apart from our advisory fees. Assets managed by MMs will be included in calculating our advisory fee, which is based on the fee schedule set forth in the *Investment Management Services* section of this brochure. Advisory fees that you pay to the MM are established and payable in accordance with the ADV disclosure brochure provided by each MM to whom you are referred. These fees may or may not be negotiable. You should review the recommended MM's ADV disclosure brochure and take into consideration the MM's fees along with our fees to determine the total amount of fees associated with this program.

### **Independent Fiduciary Services for Retirement Plans**

We are an independent fiduciary services company that provides fiduciary consulting assistance to retirement plan sponsors or serves as a plan fiduciary in specialized situations or in more encompassing roles. While we can serve plans of all sizes, the need is greatest for the smaller (less than \$250 million) sized plans whose sponsors lack the contacts, resources or know how to navigate through fiduciary issues. This includes 401(k), profit sharing, ESOP, money purchase pension, defined benefit pension, cash balance and target benefit plans. We are totally independent; we sell no products and do not align ourselves with any service provider.

We help Retirement Plan Fiduciaries Improve Performance of Their Fiduciary Duties, Lower Risk and Improve Participant Outcomes. We assist Plans Sponsors in meeting their increasing fiduciary demands.

- New fee disclosure regulations and retirement plan reporting (5500 reports) require more monitoring, oversight and governance by plan fiduciaries.
- Recent court cases reinforce the need for plan fiduciaries to give more oversight and attention to providers in areas of fees and compensation, proper investment selection and quality and performance of received services.
- Plan fiduciaries face more potential for litigation by an increasingly wary participant base, a continuing stream of bad financial news and better marketing and promotion by plaintiffs' law firms. It only takes one to initiate a lawsuit and plan fiduciaries are immediately on the defensive regardless of whether or not they are at fault. It's too late then to implement sound governance practices.
- Small companies (publicly traded or privately owned) do not have the fiduciary supporting resources that big companies have. So often these important duties and obligations are either given short shrift or plan sponsor fiduciaries "wing it" on their own.
- Issues with health care take away the employers' attention toward their retirement plan. Health care is "here and now" but retirement plan issues, left unattended can fester into big, expensive fixes.

We solve these needs and provide the following services:

1. Perform a diagnostic review of a plan sponsor fiduciary duties, governance and procedures to identify gaps and risk areas. The client plan will receive a custom tailored report and action plan to address and solve these areas.
2. We will serve as an ERISA 3(21) fiduciary and have a legal stake in the fiduciary governance of the retirement plan. ERISA 3(21) spells out the legal obligations and requirements for a fiduciary over a plan. We will accept, or delegate to a prudent expert, general or more specific assignment including:
  - Plan Trustee

- Employer Bankrupt Fiduciary (run plan when employer has gone out of business)
- Plan Committee Fiduciary
- Service Provider Searches
- Company Stock Fiduciary
- Conversion of Records and Implementation Assistance
- Transaction Fiduciary

Our firm can provide comprehensive or abbreviated review services at an hourly rate of \$100 - \$150 or a fixed project rate. Fees are based upon number of hours, complexity of services and other factors that may be brought to our attention. We provide fiduciary review services on an individually negotiated basis. All services, whether discussed above or customized, shall be detailed in a written agreement and, where applicable, be consistent with the parameters set forth in your plan documents. Our advisory fees for these customized services will be negotiated with you, the plan sponsor, or named fiduciary on a case-by-case basis.

Either party to the fiduciary review agreement may terminate the agreement within five business days of the date of acceptance without penalty to you. After the five-day period, either party may terminate the agreement by providing 30 days written notice to the other party. The fiduciary review fees will be prorated for the quarter in which the termination notice is given and any unearned fees will be refunded to you.

### **Financial Consulting Services**

We offer consulting services to our clients who do not want the full range of our investment management services. Our financial consultations primarily involve advising you on specific financial-related topics. The topics we address may include, but are not limited to, risk assessment/management, investment planning, financial organization, or financial decision making/negotiation. We charge an hourly rate of \$100 - \$250, depending on the scope and complexity of services to be rendered. Our consulting fee is payable upon completion of the agreed upon consulting services.

Either party to the financial consulting agreement may terminate the agreement by providing 30 days written notice to the other party. Upon termination, you will only be invoiced for the time we spent providing you consulting services.

### **Types of Investments**

We primarily offer advice on investment company securities (specifically no-load or load waived mutual funds). However, we may also offer financial consulting advice on real estate limited partnerships, oil and gas limited partnerships, and options contracts, but we do not provide investment management services on these types of investments.

Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship. If you are an investment management client, you may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

### **Assets Under Management**

As of December 31, 2016 we manage \$179,667,948 in client assets on a discretionary basis, and \$114,337,183 in client assets on a non-discretionary basis.



## Item 5 Fees and Compensation

Please refer to the "Advisory Business" section in this Brochure for information on our advisory fees, fee deduction arrangements, and refund policy according to each service we offer.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses.

You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this Brochure.

### **Compensation for the Sale of Securities or Other Investment Products**

Certain Investment Adviser Representatives providing investment advice on behalf of our firm are registered representatives with Fortune Financial Services, Inc. ("FFS"), a registered broker/dealer and investment advisory firm, and a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). IARs who are registered representatives may suggest that our clients place certain transactions through Fortune Financial Services, Inc. The commissions these representatives receive for placing securities business through Fortune Financial Services, Inc. is separate from our firm's advisory fees and creates a conflict of interest where recommendations may be based on the commissions they generate and not solely based on your best interests. However, you are under no obligation to purchase products recommended by our Investment Adviser or any other company that may be recommended.

Some, but not all of our firm's Investment Adviser Representatives are also licensed insurance agents. Insurance products are offered for personal, estate and business needs. This activity accounts for a minimal amount of our IARs' time. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees and creates a conflict of interest where recommendations may be based on the commissions they generate and not solely based on your best interests. However, you are under no obligation to purchase products recommended by our Investment Adviser Representatives of our firm, or to purchase products either through our firm, or any other company that may be recommended.

Any material conflicts of interest between you and our firm, or our employees are disclosed in this Disclosure Brochure. If at any time, additional material conflicts of interest develop, we will provide you with written notification of the material conflicts of interest or an updated Disclosure Brochure.

See the "Other Financial Industry Activities and Affiliations" and "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" sections of this Brochure for more information.



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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the "Advisory Business" section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

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

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

Our team provides a comprehensive due diligence and search process utilizing multiple tools, including Zephyr's Style Advisor, Morningstar and Fiduciary Analytics. While we primarily use mutual funds, individual securities may be used as well as alternative investments. Mutual fund investments are evaluated by more than a dozen different and objective analytical measurements, including:

- Upside & Downside Capture
- Style: Correlation & Style Drive
- Performance: Excess Return & Tracking Error
- Risk-Return: Standard Deviation, R-squared, Alpha, Beta & Sharpe Ratio
- Manager Tenure
- Assets Under Management

Most of our clients' portfolios are advised using an asset allocation approach. Balancing risk and reward through proportioning your investments based on your goals, risk tolerance and investment time horizon.

We may use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Short-term trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk.

## **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting to the IRS, the cost basis of equities acquired on or after January 1, 2011. Our firm will either instruct the custodian to use the first-in, first-out "FIFO" accounting method for calculating and reporting the cost basis of your equity investments or the custodian will default to the FIFO method where no instruction is given.

You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

## **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Our firm will elect or use the High Cost accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

## **Recommendation of Particular Types of Securities**

Our recommendations may differ from client to client since each client has different needs and different tolerance for risk. We often recommend mutual funds, and in some cases exchange traded funds ("ETFs"); however, we may recommend any suitable security based on your needs and objectives. Each type of security has its own unique set of risks associated with it, and it would not be possible to disclose all of the specific risks of every type of investment in this brochure. We strive to keep you educated and informed of material risks associated with particular investments. Further, if you have any questions regarding the risks associated with a particular investment, please feel free to contact your advisory representative.

Mutual funds are professionally managed collective investment companies that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual or exchange traded funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular

sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Other fund risks include foreign securities and currency risk, emerging markets risk, small-cap, mid-cap and large-cap risk, trading risk, and turnover risk that can increase fund expenses and may decrease fund performance. Brokerage and transactions costs incurred by the fund will reduce returns.

An ETF is an investment fund traded on stock exchanges, much like stocks or equities. An ETF holds assets such as stocks, commodities, or bonds and trades at approximately the same price as the net asset value of its underlying assets over the course of the trading day. Most ETFs track an index, such as the S&P 500. However, some ETFs are fully transparent actively managed funds. Market risk is, perhaps, the most significant risk associated with ETFs. This risk is defined by the day to day fluctuations associated with any exchange traded security, where fluctuations occur in part based on the perception of investors.

Limited partnerships, are organizations made up of a general partner, who manages a project, and limited partners, who invest money but have limited liability, and usually cannot lose more than their capital contribution. Usually, limited partners receive income, capital gains, and tax benefits; the general partner collects fees and a percentage of capital gains and income. Investing in limited partnerships has, but is not limited to, the following four risks: (1) Market risk -the risk that the value of the limited partnership interest will decrease due changes in the market; (2) Interest rate risk -the uncertainty of investment return due to changes in the market rates of interest; the possibility that a fixed-rate rate of return on the units will decline in value as a result of a rise in interest rates; (3) Credit Risk- the risk that the cash flow of the partnership may not be able to sustain interest payments. Investor losses could include lost principal and interest and collection costs ; and (4) Liquidity risk - the financial risk due to uncertain liquidity. Transfer of ownership in limited partnership units is usually restricted by contract, especially for private placement units. Some registered partnerships can be sold over-the-counter; however, they are often difficult to sell because of their uncertain value and the small market for them.

## **Item 9 Disciplinary Information**

PRIMEsolutions Advisors, LLC has been registered and providing investment advisory services since 2001. Neither our firm nor any of our management persons have been involved in any material or reportable legal or disciplinary events since our firm's inception.

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

Certain Investment Adviser Representatives ("IARs") providing investment advice on behalf of our firm are registered representatives with Fortune Financial Services, Inc., a registered broker/dealer and investment advisory firm, and a member of FINRA and the SIPC. IARs who are registered representatives may suggest that our clients place certain transactions through Fortune Financial Services, Inc. The commission these representatives receive for effecting securities transactions through Fortune Financial Services, Inc. is separate from our firm's advisory fees.

Some, but not all, of our firm's Investment Adviser Representatives are also licensed insurance agents. Insurance products are offered for personal, estate and business needs. This activity accounts for a minimal amount of our IARs' time. Insurance commissions earned by these persons are separate from our advisory fees.

This presents a conflict of interest because representative may have an incentive to recommend either investment or insurance products to you for the purpose of generating commissions and receiving compensation rather than solely based on your needs. However, they will endeavor at all times to place your interests first when making recommendations regarding insurance and investments. Moreover, you are under no obligation, contractually or otherwise, to purchase insurance or investment products through either through our firm, Fortune Financial Services, Inc., or any other company that may be recommended. Please also see the section on "Fees and Compensation" in this Brochure for more information.

Additionally, Keith Warmbein is registered as an advisory representative with Carnegie Capital Asset Management, LLC dba Carnegie Investment Counsel. ("Carnegie"), a federally registered investment adviser. As such, he is able to provide advisory and management services through Carnegie and earn fees based on such services. In the event you are referred to Carnegie for advisory services, Carnegie will provide you with additional disclosure documents. PRIMESolutions, LLC and Carnegie Investment Counsel do not share fees with one another.

Mr. Linkowski, Managing Member of PRIMESolutions, LLC is Chairman of OneVision Enterprises, LLC, an implementing consultant in the areas of Workforce, Human Capital and Talent Management Strategies.

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

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our employees, nor we shall have priority over your account in the purchase or sale of securities. Under limited circumstances, exceptions to the trading policy may be made.

## Item 12 Brokerage Practices

We typically recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), to maintain custody of clients' assets and to effect trades for their accounts. Although we recommend that clients establish accounts at Schwab, it is your decision to custody assets with Schwab. Our firm is independently owned and operated and not affiliated with Schwab. Our firm does not share in any portion of the brokerage fees/transaction fees charged by Schwab. Schwab provides our firm with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional.

These services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that (i) provide access to your account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of our fees from our clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help our firm manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to us. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel.

We believe that Schwab Institutional provides quality services at reasonable and competitive commission rates. The reasonableness of commissions is based on several factors, including the broker's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, the broker-dealer's integrity and reputation, experience and financial stability of the broker-dealer, and the quality of service rendered by the broker-dealer in other transactions.

We will manage and/or monitor certain accounts held outside of Schwab. Specifically, employer sponsored retirement plan accounts must be held by the designated custodian and/or trust company selected by the plan sponsor. Accordingly, any transactions made in an account held with another custodian or trust company will be placed through such firm.

When suggesting a broker, our Investment Adviser Representatives that are registered representatives of Fortune Financial Services, Inc. may recommend that you purchase certain types products through Fortune Financial Services, Inc. There is no requirement that you use Fortune Financial Services, Inc. as recommended. However, this might prohibit the representative from working with you on certain transactions as described more fully below under *Directed Brokerage* .

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Directed Brokerage**

In limited circumstances, and at our discretion, some clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. If you choose to direct our firm to use a particular broker, you should understand that this might prevent our firm from aggregating trades with other client accounts or effectively negotiating brokerage commissions on your behalf. This practice may also prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.

In limited situations, certain persons providing investment advice on behalf of our firm who are registered representatives of Fortune Financial Services, Inc. ("FFS") may suggest that you place certain transactions through FFS. Generally, these individuals may recommend using FFS when purchasing direct investment products, such as mutual funds or other variable products. It may be the case that FFS charges higher transactions costs and/or custodial fees than another broker charges for the same types of services. If transactions are executed through FFS, these individuals (in their separate capacities as registered representatives of FFS) may earn commission-based compensation as result of placing the recommended securities transactions through FFS. This practice presents a conflict of interest because these registered representatives have a financial incentive to recommend certain investment products based on the resulting compensation. You are under no obligation to purchase products through any person associated with our firm. Please see the *Fees and Compensation* section in this Brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

### **Block Trades**

We do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading") because we invest primarily in Mutual Funds which do not typically trade in blocks.

## **Item 13 Review of Accounts**

### **Investment Management Services**

The Investment Adviser Representative assigned to you will monitor your accounts on a continuous basis and will conduct account reviews with you annually to ensure the advisory services provided to you are consistent with your stated investment needs and objectives. Reviews entail analyzing securities, their sensitivity to overall markets, economic changes, investment results and your asset allocation, etc. In the case of mutual funds, our senior staff globally reviews economic changes and fund performance for each particular fund in addition to how it relates to its peers, the general market, adherence to style, and manager changes. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- at your request;



- contributions and withdrawals;
- year-end tax planning;
- market moving events;
- security specific events; and/or,
- changes in your risk/return objectives.

You will receive trade confirmations, monthly or quarterly statements, and annual tax reporting statements from your account custodian(s) or you will be provided with electronic access to view them. Our firm may provide you with additional written reports in conjunction with our meetings and/or account reviews.

### **Fiduciary Review and Financial Consultation Services**

The Investment Adviser Representative assigned to you will review your account according to the arrangements made with you at the inception of your advisory relationship to ensure that the planning advice and/or asset allocation recommendations made to you are consistent with your current investment needs and objectives. We recommend meeting with you at least annually to review and update your plan if needed. Additional reviews will be conducted upon your request. Such reviews and updates will be subject to our then current hourly rate or based on our overall advisory agreement arrangements. Our fiduciary review clients will generally receive a formal "findings" report but we will not provide regular written reports for our financial consultation clients. If you implement financial recommendations through our firm, you will receive trade confirmations and monthly or quarterly statements from relevant custodians.

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

As disclosed under the "Fees and Compensation" section in this Brochure, some persons providing investment advice on behalf of our firm are registered representatives with Fortune Financial Services, Inc., a securities broker-dealer and advisory firm, and a member of the FINRA and SIPC. In addition, some Investment Adviser Representatives are also licensed insurance agents. For information on the conflicts of interest these activities present, and how we address the conflicts, please refer to the "Fees and Compensation" section.

In some cases, we may directly compensate employee and non-employee (outside) entities or individuals, solicitors, for client referrals. In order to receive a cash referral fee from our firm, solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a solicitor, you should have received a copy of this Disclosure Brochure along with the solicitor's disclosure statement at the time of the referral. If you become a client, the solicitor that referred you to our firm will receive a percentage of the advisory fee you pay our firm for as long as you are a client with our firm, or until such time as our agreement with the Solicitor expires, or a one-time, flat referral fee upon your signing an advisory agreement with our firm. You will not pay additional fees because of this referral arrangement. Referral fees paid to a solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a solicitor has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.



## Item 15 Custody

Provided we receive your written authorization, we will instruct your custodian to directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian.

You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

## Item 16 Investment Discretion

### Discretionary

You grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction by signing our discretionary management agreement, a power of attorney, and/or trading authorization forms. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the "Advisory Business" section in this Brochure for more information on our discretionary management services.

### Non-Discretionary

If you enter into a non-discretionary arrangement with our firm, we will obtain your approval prior to the execution of any transactions for your account(s).

## Item 17 Voting Client Securities

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

## Item 18 Financial Information

Our firm does not have a financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.

## **Item 19 Requirements for State Registered Investment Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, you will keep the profit unless you decide to forego the profit (i.e. for tax reasons). If the profit does not remain in your account and Schwab is the custodian, they will donate any profit, \$100 or more, to charity. If the profit is less than \$100, they will keep the profit to offset administrative expenses. If a trade error results in a loss, our firm will reimburse you for the loss including transaction costs. If related trade errors result in both gains and losses in your account, they may be netted and handled as either a profit or loss as described previously.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.