

## Item 1: Cover Page

### **Part 2A of Form ADV Firm Brochure**

February 23, 2016

#### **Financial Solutions, LLC**

SEC File No. 801-107129

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This brochure provides information about the qualifications and business practices of Financial Solutions, LLC. If you have any questions about the contents of this brochure, please contact us at 262-542-5200. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any State securities authority. Registration with the SEC or any State regulatory authority does not imply a certain level of skill or expertise.

Additional information about Financial Solutions, LLC, is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2: Material Changes

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

Effective December 31, 2015, FS changed its ownership from Financial Solutions Group, LLC (50%) and Jeffrey Stuckert (30%) to Financial Solutions Group, LLC (53.75%), Kenneth Stuckert (23.75%), William Kenton (12.5%), and Jeffrey Stuckert (10%).

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## Item 4: Advisory Business

### A. Financial Solutions, LLC

Financial Solutions, LLC ("FS" and/or the "firm"), is a limited liability company formed in the state of Wisconsin. FS has been a registered investment adviser since 1993. The firm's owners are Financial Solutions Group, LLC (53.75%), Kenneth Stuckert (23.75%), William Kenton (12.5%), and Jeffrey Stuckert (10%). Financial Solutions Group, LLC, is solely owned by Timothy McGrath, who is also the Managing Member of JLTD Advisors, LLC, an independent registered investment adviser in Chicago, Illinois.

### B. Services Offered

FS is an independent investment advisory and financial planning firm offering a variety of financial services to individuals and high-net-worth individuals, trusts, retirement plans, charitable organizations, and corporations (both profit and non-profit). Advisory services may include financial planning, investment strategy, portfolio management, and selection of other advisers.

#### B.1. Investment Advisory Services - RASA

FS recommends the Royal Advisory Services Account ("RASA") program, offered through Royal Alliance Association, Inc., a licensed full service securities broker/dealer and investment advisor under federal and state securities laws ("Royal"), as a non-commissionable advisory account where we can purchase load waived and no-load mutual funds and other equity, debt and option securities for clients.

FS's investment advisory services are predicated on the client's investment objectives, goals, tolerance for risk, and other personal and financial circumstances. FS will analyze each client's current investments, investment objectives, goals, age, time horizon, financial circumstances, investment experience, investment restrictions and limitations, and risk tolerance and implement a portfolio consistent with such investment objectives, goals, risk tolerance and related financial circumstances. FS's objective is to review the client's tax, financial, and estate planning objectives and goals in connection with the client's investment objectives, goals, tolerance for risk, and other personal and financial circumstances and make appropriate recommendations and implementation decisions. FS may engage third-party service providers to assist with the tax and estate planning portion of the services provided to clients. In addition, FS may utilize third-party software to analyze individual security holdings and separate account managers utilized within the client's portfolio.

FS's investment advisory services to clients take into account a client's personal financial circumstances, investment objectives and tolerance for risk (e.g., cash-flow, tax and estate). FS's engagement with a client will include, as appropriate, the following:

- Providing assistance in reviewing the client's current investment portfolio against the client's personal and financial circumstances as disclosed to FS in response to a questionnaire and/or in discussions with the client and reviewed in meetings with FS.

- Analyzing the client's financial circumstances, investment holdings and strategy, and goals.
- Providing assistance in identifying a targeted asset allocation and portfolio design.
- Implementing and/or recommending individual equity and fixed income securities, mutual funds and ETFs.
- Reporting to the client on a quarterly basis or at some other interval agreed upon with the client, information on contributions and withdrawals in the client's investment portfolio, and the performance of the client's portfolio measured against appropriate benchmarks (including benchmarks selected by the client).
- Proposing changes in the client's investment portfolio in consideration of changes in the client's personal circumstances, investment objectives and tolerance for risk, the performance record of any of the client's investments, and/or the performance of any fund retained by the client.
- If the client's portfolio and personal circumstances, investment objectives, and tolerance for risk make such advice appropriate, providing recommendations to hedge a client's portfolio through the use of derivative strategies, to generate additional income through the use of covered call option writing strategies involving exchange listed or OTC options, and/or to monetize or hedge concentrated stock positions.

In addition to providing FS with information regarding their personal financial circumstances, investment objectives and tolerance for risk, clients are required to provide the firm with any reasonable investment restrictions that should be imposed on the management of their portfolio, and to promptly notify the firm of any changes in such restrictions or in the client's personal financial circumstances, investment objectives, goals and tolerance for risk. FS will remind clients of their obligation to inform the firm of any such changes or any restrictions that should be imposed on the management of the client's account. FS will also contact clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives and tolerance for risk.

## **B.2. Third-Party Advisory Services**

FS offers clients the services of various third-party investment advisors for the provision of certain investment advisory programs, including mutual fund wrap allows the investor and separately managed account programs.

If interested in learning more about any of these services, please note that a complete description of the programs, services, fees and payment structure, and termination features is available via the applicable Third-Party Advisory Service's disclosure brochures, investment advisory contracts, and account opening documents.

In connection with these arrangements, FS will provide assistance in the selection and ongoing monitoring of a particular Third-Party Advisory Service. Factors that FS considers in the selection of a particular third party may include but may not be limited to:

- FS's assessment of a particular Third-Party Advisory Service

- The client's risk tolerance, goals, objectives and restrictions, as well as investment experience; and
- Assets the client has available for investment

The fees charged by Third-Party Advisory Services who offer their programs directly to clients may be more or less than the combined fees charged by the Third-Party Advisory Services and FS for our participation in the investment programs. However, when using the services of Third-Party Advisory Services directly, clients do not receive FS's expertise in developing an investment strategy, selecting a Third-Party Advisory Service, monitoring the performance of the client's account, and changing a Third-Party Advisory Service provider when appropriate.

### **B.3. Financial Planning Services**

FS provides a variety of financial planning services regarding the management of clients' financial resources, based upon an analysis of client needs. Generally, such financial planning services will involve preparing a written financial plan based on the client's financial circumstances and objectives. This information typically covers present and anticipated assets and liabilities, including insurance, savings, investments, and anticipated retirement or other employee benefits, as well as a summary of the client's current estate plan.

When you receive financial planning services you may also purchase securities or insurance products offered through Royal Alliance or other vendor/sponsors pursuant to the plan or consultation. Members of FS may receive commissions as Registered Representatives of Royal Alliance or insurance agents in connection with such transactions. Thus, we may have a conflict of interest when providing financial planning services to you as there may be an incentive for us to recommend specific courses of action through our financial planning services that may lead to member of our Firm receiving additional compensation.

Please be aware that you are under no obligation to purchase products or services recommended by us or members of our firm in connection with our providing you with financial planning services, or any advisory services that we offer.

FS employs a four-step process in providing investment planning services: first, we analyze your business/personal financial goals and objectives against the structure and performance of the current portfolio; second, designing a diversified portfolio; third, implementing that design; and fourth, monitoring performance and reporting results.

- **Analysis:** We begin with an analysis of the client's present investment portfolio in terms of (i) overall diversification, (ii) historical performance, and (iii) congruence with objectives and risk tolerance. This analysis begins with a clear restatement of existing holdings. Overall diversification is measured and compared to the client's needs, both as to short-term and long-term objectives, as well as to liquidity within the portfolio. We discuss the client's tolerance for risk.
- **Design:** In light of the analysis and the client's stated goals and risk tolerance levels, we recommend repositioning that should be made to the current portfolio. For individuals, we estimate retirement income needs and project income-producing assets available at retirement. In making recommendations as to asset repositioning, we determine which

categories of investments are needed as well as a recommended percentage allocation among these generic categories.

- **Implementation:** In determining the specific investment managers used to implement the portfolio determined above, we rely on various independent sources such as Morningstar, NASDAQ, S & P, and others. The evaluation includes a quantitative analysis of past performance as well as information provided by independent sources.
- **Monitoring:** We assume responsibility for the monitoring of each investment program and sponsor, proactively recommending changes where deemed appropriate. While we remain sensitive to substantive short-term events, these investment vehicles are evaluated against our fundamental buy and hold strategy. In addition to information provided by investment sponsors, such as monthly statements, quarterly reports, and periodic written updates, we communicate via regularly scheduled meetings with the client to review a comprehensive Statement of Financial Position. Our advisors are fully committed to making themselves available to respond to clients' questions and input.

### C. Client-Tailored Services and Client-Imposed Restrictions

Clients' accounts will be managed on the basis of their financial situation and investment objectives, and in accordance with any reasonable restrictions they have imposed on the management of their accounts—for example, restricting the type or amount of security to be purchased in the portfolio.

### D. Wrap Fee Programs

FS recommends third-party wrap fee programs to clients, but does not sponsor or manage any of these programs. (Wrap fee programs offer services for one all-inclusive fee.) Details on these programs are provided in their respective wrap fee program brochures.

### E. Client Assets Under Management

FS does not provide regular and continuous supervision of assets.



## Item 5: Fees and Compensation

### A. Methods of Compensation and Fee Schedule

#### A.1. Managed Assets Program Fees

FS offers the MAP Program as an account where no separate transaction charges apply and a single fee is paid for all advisory services and transactions ("Wrap Account").

FS's fee for the services is an asset-based fee calculated as a percentage of the value of the managed assets according to the following fee schedule, which represents FS's maximum fees for individual services. All fees are negotiable.

.50% to 2.00%

Asset-based fees are always subject to the investment advisory agreement between the client and FS. Such fees are paid quarterly in advance. The client and the client's custodian or broker-dealer will be invoiced at the beginning of each calendar quarter, based upon the market value (market value plus any credit balance or minus any debit balance) of the client's account at the end of the previous quarter, as mutually agreed upon by the client and FS. The fees will be prorated if the investment advisory relationship commences otherwise than at the beginning of a calendar quarter.

Additional, ancillary MAP fees may apply. Please see the MAP Wrap Fee Program Brochure for further details.

A client investment advisory agreement may be canceled at any time by the client, or by FS with 30 days' prior written notice to the client. Upon termination, any unearned, prepaid fees will be promptly refunded. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

#### A.1.a. RASA 044 Accounts

FS offers Royal Alliance RASA as an account billed with separate advisory fees and transaction charges. As such, in addition to the quarterly or annual account fee described below, clients will also pay separate per-trade transaction charges. Please see your client agreement for a complete list of transaction charges.

You will pay a 'quarterly', account fee in advance or 'annual' in arrears account fee based upon the market value of the assets held in your account as of the last business day of the preceding calendar quarter or calendar year-end if annually billed in arrears. Your account fees are negotiable and will be debited from your account by our custodian.

Our RASA annual fee schedule is as follows:

<u>Assets Under Management</u>	<u>Annual Fee Rate</u>
\$0-\$1,000,000	.25 to 1.00%
Over \$1,000,000	.20% to .50%

### **A.2. Third-Party Advisory Services Fees**

Compensation in connection with Third-Party Advisory Services generally consists of six elements:

1. Management fees paid to Third-Party Advisory Services
2. Management fees paid to FS as outlined below
3. Transaction costs if applicable, which may be paid to purchase and sell such securities
4. Custody fees
5. Revenue sharing compensation paid to Royal Alliance Associates, Inc. ("Royal Alliance"), the securities broker-dealer with which members of FS are associated
6. Fees paid to Royal Alliance for administrative and supervisory services.

The Third-Party Advisory Services annual fee schedule is as follows:

<u>Assets Under Management</u>	<u>Annual Fee Rate</u>
\$0-\$1,000,000	0.50 to 2.00%
Next \$1,000,000	0.40% to 1.50%

For more complete fee details, please see the applicable third party advisory service's disclosure brochures, investment advisory contracts, and account opening documents.

### **A.3. Financial Planning Fee Schedule**

FS does not take custody of client funds. FS may charge up-front fees for the analysis, which are negotiable and billed to client upon completion of the financial plan, or analysis, design and implementation phases of its activities ranging from \$125.00 to \$2,500.00 depending upon each situation. FS advisors receive fees and commissions paid directly by the various investment program sponsors from the investment proceeds.

For our monitoring and reporting services, we receive an annual minimum fee of \$125.00 to \$2,500.00, which are billed to the client annually, usually in January for the previous calendar year. In addition, up to 1.00% of assets in advisory accounts, taken from the client's investment account either annually in arrears, or paid quarterly in advance after the engagement commences, computed based on the value of the portfolio at end of calendar year for annually in arrears and based upon previous calendar value for quarterly taken in advance.

These fees are negotiable and refunded upon termination prior to end of calendar if paid in advance.

The Financial Planning Agreement covers the initial financial plan and terminates upon completion and presentation of the report to the client. The Ongoing Agreement covers financial planning services on a yearly basis. Upon termination, the fee will be prorated from the beginning of the calendar year to date of termination.

A financial planning agreement may be terminated by either party for any reason upon receipt of written notice. Upon termination, any earned, unpaid fees will be due and payable.

## **B. Client Payment of Fees**

### **B.1. Managed Assets Program Fees**

FS generally requires clients to authorize the direct debit of fees from their accounts. Exceptions may be granted subject to the firm's consent for clients to be billed directly for our fees. For directly debited fees, the custodian's periodic statements will show each fee deduction from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying us or their custodian in writing.

FS will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account.

The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

### **B.2. Third-Party Advisory Services Fees**

For information on payment of fees, please see the applicable Third Party Advisory Service's disclosure brochures, investment advisory contracts, and account opening documents.

### **B.3. Financial Planning Fees**

FS may charge up-front fees for the analysis, which are negotiable and billed to client upon completion of the financial plan, or analysis, design and implementation phases of its activities ranging from \$125.00 to \$2,500.00 depending upon each situation. FS advisors receive fees and commissions paid directly by the various investment program sponsors from the investment proceeds.

For our monitoring and reporting services, we receive an annual minimum fee of \$125.00 to \$2,500.00, which are billed to the client annually, usually in January for the previous calendar year. In addition, up to 1.00% of assets in advisory accounts are taken from the client's investment account either annually in arrears, or paid quarterly in advance after the engagement commences, computed based on the value of the portfolio at end of calendar year for annually in arrears and based upon previous calendar value for quarterly taken in advance.

Under no circumstances will FS require the prepayment of fees of \$500 or more, six months or more in advance.

## **C. Additional Client Fees Charged**

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by exchange-traded funds, mutual funds, separate account managers, pooled investment vehicles, broker-dealers, and custodians retained by clients. Such fees and expenses are described in each exchange-traded fund and mutual fund's prospectus, each separate account manager's Form ADV and Brochure and Brochure Supplement or similar disclosure statement, each pooled investment vehicle's confidential offering memoranda, and by any

broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using FS may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian.

Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

## **D. Prepayment of Client Fees**

### **B.1. Managed Assets Program Fees**

FS requires the prepayment of its investment advisory fees. FS's fees will either be paid directly by the client or disbursed to FS by the qualified custodian of the client's investment accounts, subject to prior written consent of the client. The custodian will deliver directly to the client an account statement, at least quarterly, showing all investment and transaction activity for the period, including fee disbursements from the account.

A client investment advisory agreement may be canceled at any time by the client, or by FS with 30 days' prior written notice to the client. Upon termination, any unearned, prepaid fees will be promptly refunded. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

### **B.2. Third-Party Advisory Services Fees**

For information on payment of fees, please see the applicable Third Party Advisory Service's disclosure brochures, investment advisory contracts, and account opening documents.

### **B.3. Financial Planning Fees**

FS may charge up-front fees for the analysis, which are negotiable and billed to client upon completion of the financial plan. Under no circumstances will FS require the prepayment of fees of \$500 or more, six months or more in advance.

A financial planning agreement may be terminated by either party for any reason upon receipt of written notice. Upon termination, any earned, unpaid fees will be due and payable.

## **E. External Compensation for the Sale of Securities to Clients**

FS's advisory professionals are compensated primarily through a salary and bonus structure. FS's advisory professionals may be paid sales, service, or administrative fees for the sale of mutual funds or other investment products. FS's advisory professionals may receive commission-based compensation for the sale of securities and insurance products. Please see Item 10.C. for detailed information and conflicts and interest.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

FS does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in their best interests.

## **Item 7: Types of Clients**

FS offers its investment services to various types of clients, including to individuals and high-net-worth individuals, trusts, retirement plans, charitable organizations, and corporations (both profit and non-profit).

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

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

FS uses a variety of sources of data to conduct its economic, investment and market analysis, such as financial newspapers and magazines, economic and market research materials prepared by others, conference calls hosted by mutual funds, corporate rating services, annual reports, prospectuses, and company press releases. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

FS and its investment adviser representatives are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria.

- Optimization involves the use of mathematical algorithms to determine the appropriate mix of assets given the firm's current capital market rate assessment and a particular client's risk tolerance.
- Quantitative methods include analysis of historical data such as price and volume statistics, performance data, standard deviation and related risk metrics, how the security performs relative to the overall stock market, earnings data, price to earnings ratios, and related data.
- Technical analysis involves charting price and volume data as reported by the exchange where the security is traded to look for price trends.
- Computer models may be used to attempt the future value of a security based on assumptions of various data categories such as earnings, cash flow, profit margins, sales, and a variety of other company specific metrics.

In addition, FS reviews research material prepared by others, as well as corporate filings, corporate rating services, and a variety of financial publications. FS may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

#### **A.1. Material Risks of Investment Instruments**

FS typically invests in equity securities, corporate debt instruments, municipal fixed income instruments, government securities including asset-backed securities, and options on securities as detailed below:

- Equity securities
- Mutual fund securities
- Exchange-traded funds
- Corporate debt securities, commercial paper, and certificates of deposit
- Municipal securities

- U.S. government securities
- Corporate debt obligations

#### **A.1.a. Equity Securities**

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

#### **A.1.b. Mutual Fund Securities**

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

#### **A.1.c. Exchange-Traded Funds ("ETFs")**

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs<sup>®</sup>, streetTRACKS<sup>®</sup>, DIAMONDS<sup>SM</sup>, NASDAQ 100 Index Tracking Stock<sup>SM</sup> ("QQQs<sup>SM</sup>"), iShares<sup>®</sup> and VIPERs<sup>®</sup>. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro rata portion of the other investment company's advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employ the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.



#### **A.1.d. Corporate Debt, Commercial Paper, and Certificates of Deposit**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds also have liquidity and currency risk.

Commercial paper and certificates of deposit are generally considered safe instruments, although they are subject to the level of general interest rates, the credit quality of the issuing bank and the length of maturity. With respect to certificates of deposit, depending on the length of maturity there can be prepayment penalties if the client needs to convert the certificate of deposit to cash prior to maturity.

#### **A.1.e. Municipal Securities**

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

#### **A.1.f. U.S. Government Securities**

U.S. government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. government securities may be supported by the full faith and credit of the United States.

#### **A.1.g. Corporate Debt Obligations**

Corporate debt obligations include corporate bonds, debentures, notes, commercial paper and other similar corporate debt instruments. Companies use these instruments to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest and must repay the amount borrowed at maturity. Commercial paper (short-term unsecured promissory notes) is issued by companies to finance their current obligations and normally has a maturity of less than nine months. FS may also invest in corporate debt securities registered and sold in the United States by foreign issuers (Yankee bonds) and those sold outside the U.S. by foreign or U.S. issuers (Eurobonds).

## **B. Investment Strategy and Method of Analysis Material Risks**

### **B.1. Margin Leverage**

Although FS, as a general business practice, does not utilize leverage, there may be instances in which exchange-traded funds, other separate account managers and, in very limited circumstances, FS will utilize leverage. In this regard please review the following:

The use of leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment. The use of leverage entails borrowing, which results in additional interest costs to the investor.

Broker-dealers that carry customer accounts have a minimum equity requirement when clients utilize leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to satisfy a margin deposit or withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

### **B.2. Short-Term Trading**

Although FS, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard, please read the following:

There is an inherent risk for clients who trade frequently in that high-frequency trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

### **B.3. Technical Trading Models**

Technical trading models are mathematically driven based upon historical data and trends of domestic and foreign market trading activity, including various industry and sector trading statistics within such markets. Technical trading models, through mathematical algorithms, attempt to identify when markets are likely to increase or decrease and identify appropriate entry and exit points. The primary risk of technical trading models is that historical trends and past performance cannot predict future trends, and there is no assurance that the mathematical

algorithms employed are designed properly, updated with new data, and can accurately predict future market, industry, and sector performance.

### **C. Concentration Risks**

There is an inherent risk for clients whose investment portfolios lack diversification—that is, they have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

FS has nothing to disclose for this item.

### **B. Administrative Enforcement Proceedings**

FS has nothing to disclose for this item.

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

FS has nothing to disclose for this item.

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

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

Members and registered advisory personnel of FS are registered representatives of Royal Alliance Associates, Inc. ("Royal Alliance"). Royal Alliance is a diversified financial services company registered with FINRA as a broker-dealer engaged in the offer and sale of securities products. FS professionals licensed with Royal Alliance as registered representatives spend less than 25% of their time engaged in commission product sales through Royal Alliance.

As a result of FS members and registered professionals' affiliation with Royal Alliance, such professionals, in their capacity as registered representatives of Royal Alliance, are subject to the general oversight of Royal Alliance and the Financial Industry Regulatory Authority Inc. ("FINRA"). As such, clients of FS should understand that their personal and account information is available to FINRA and Royal Alliance for the fulfillment of their regulatory oversight obligations and duties.

Further, a potential conflict of interest may be deemed to exist as a result of FS personnel being licensed with Royal Alliance; in that regard please note the following:

- The recommendation of securities transactions for commission creates a conflict of interest in that FS is economically incented to effect securities transactions for clients;
- The client is under no obligation to act upon FS's recommendation; and
- If the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through Royal Alliance.

Please note that the registration of FS personnel with Royal Alliance is to facilitate the sale of securities products. All FS managed portfolios are established at Pershing LLC. Please see Item 12 of this Brochure for additional details regarding FS's relationship with Pershing.

### **B. Futures or Commodity Registration**

Neither FS nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator, or commodity trading adviser and do not have an application to register pending.

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

#### **C.1. JLTD Advisors**

Financial Solutions Group, LLC, an entity solely owned by Timothy McGrath, owns a 50% interest in Financial Solutions, LLC, a Wisconsin state-registered investment adviser. Jeffrey Stuckert owns a 50% interest directly in Financial Solutions, LLC.

Timothy McGrath owns a 60% interest in JLTD Advisors and the remaining 40% interest is owned by Horace Seely-Brown. As such, Financial Solutions Group, LLC, Financial Solutions, LLC and

JLTD Advisors are affiliate entities. Both advisory firms will continue to be separately registered and operated. Depending on the needs of the client, either Financial Solutions or JLTD Advisors may recommend the other adviser for such services. This creates a potential conflict of interest in that the recommendation of the other firm may be viewed as being in the best interests of Financial Solutions or JLTD Advisors as opposed to the best interest of its clients.

### **C.2. Royal Alliance Associates, Inc.**

Certain representatives of FS are associated with Royal Alliance Associates, Inc. ("Royal Alliance") as Registered Representatives. Royal Alliance is a diversified financial services company registered with FINRA as a broker-dealer engaged in the offer and sale of securities products.

Royal Alliance is financing the acquisition of Financial Solutions by Financial Solutions Group, LLC. As a result, there is a potential conflict of interest in that there is an economic incentive for Financial Solutions to recommend Royal Alliance to open and maintain advisory accounts and effect advisory clients' securities transactions. In addition, there may be an incentive to recommend products or services offered through Royal Alliance that yield higher asset-based fee or commission income. Although Financial Solutions strives to put its clients' interests first, the recommendation of Royal Alliance may be viewed as being in the best interests of Financial Solutions as opposed to the best interest of its clients.

### **C.3. JCW Tax & Accounting, LLC**

FS may recommend the provision of tax preparation services for individuals through JCW Tax & Accounting, which is not affiliated with FS.

### **C.4. MJA, Inc.**

Certain managers, members, and registered employees of FS are licensed insurance agents. With respect to the provision of financial planning services, FS professionals refer health insurance prospects to Liberty Insurance and Creative Insurance, for which they may receive a portion of the health insurance commission paid to MJA, Inc., an affiliate of FS.

Clients are advised that there is a potential conflict of interest in that there is an economic incentive to recommend the purchase of insurance products offered through Liberty Insurance and Creative Insurance and other insurance carriers and receive a commission for doing so. The client may utilize any carrier of their choice and is under no obligation to purchase insurance products through MJA or any other carrier recommended by FS. Clients are also advised that FS strives to put its clients' interests first and foremost.

## **D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest**

FS may refer clients to certain investment management firms in return for an ongoing portion of the advisory fee received by such investment manager. See Item 14 for additional disclosure.

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

### **A. Code of Ethics Description**

In accordance with the Advisers Act, FS has adopted policies and procedures designed to detect and prevent insider trading. In addition, FS has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of the firm's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the Chief Compliance Officer of the firm. FS will send clients a copy of its Code of Ethics upon written request.

FS has policies and procedures in place to ensure that the interests of its clients are given preference over those of the firm, its affiliates, and its employees. For example, there are policies in place to prevent the misappropriation of material nonpublic information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

### **B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

FS does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, FS does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

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

FS, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may purchase the same securities as are purchased for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which FS specifically prohibits. FS has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest,
- prohibit front-running, and
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow FS's procedures when purchasing or selling the same securities purchased or sold for the client.

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

FS, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other of the firm's clients. FS will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation. It is the policy of FS to place the client's interests above those of the firm and its employees.



## Item 12: Brokerage Practices

### A. Factors Used to Select Broker-Dealers for Client Transactions

#### A.1. Custodian Recommendations

As described in Item 10, our Advisory Representatives are also Registered Representatives of Royal Alliance, a FINRA registered broker-dealer. In order to meet its FINRA supervisory obligations, Royal Alliance requires that all investment advisory activities that we conduct be processed through Royal Alliance's clearing relationships with Pershing LLC ("Pershing"), a FINRA-registered broker-dealer, member SIPC. In connection with the provision of Third Party Advisory Services, our choice of custodian will be limited to those choices offered by the Third Party Advisory Service.

Although FS may recommend that clients establish brokerage accounts with Pershing, FS is independently owned and operated and not affiliated with Pershing. Pershing does not charge separately for custody services, but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through or that settle into Pershing accounts.

FS considers the financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, and related factors in recommending broker-dealers or custodians to advisory clients.

In certain instances and subject to approval by the firm, FS will recommend to clients certain broker-dealers and/or custodians based on the needs of the individual client, taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by FS will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

##### A.1.a. Soft Dollar Arrangements

FS does not utilize soft dollar arrangements. FS does not direct brokerage transactions to executing brokers for research and brokerage services.

##### A.1.b. Institutional Trading and Custody Services

Pershing provides FS with access to its institutional trading and custody services, which are typically not available to Pershing's retail investors. These services are generally available to independent investment advisers on an unsolicited basis, at no charge to them so long as a minimum dollar commitment of the advisor's clients' assets are maintained in accounts at Pershing. These services are not contingent upon FS committing to Pershing any specific

amount of business (assets in custody or trading commissions). Pershing'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 that would require a significantly higher minimum initial investment.

#### **A.1.c. Other Products and Services**

Pershing also makes available to FS other products and services that benefit FS but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of FS's accounts, including accounts not maintained at Pershing. Pershing also makes available to FS its managing and administering software and other technology that

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing, and other market data
- facilitate payment of FS's fees from its clients' accounts
- assist with back-office functions, recordkeeping, and client reporting

Pershing also offers other services intended to help FS manage and further develop its business enterprise. These services may include

- compliance, legal, and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants, and insurance providers

Pershing may also provide other benefits such as educational events or occasional business entertainment of FS personnel. In evaluating whether to recommend that clients custody their assets at Pershing, FS may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost, or quality of custody and brokerage services provided by Pershing, which may create a potential conflict of interest.

#### **A.1.d. Independent Third Parties**

Pershing may make available, arrange, and/or pay third-party vendors for the types of services rendered to FS. Pershing may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to FS.

#### **A.1.e. Additional Compensation Received from Custodians**

FS may participate in institutional customer programs sponsored by broker-dealers or custodians. FS may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between FS's participation in such programs and the investment advice it gives to its clients, although FS receives economic benefits through its

participation in the programs that are typically not available to retail investors. These benefits may include the following products and services (provided without cost or at a discount):

- Receipt of duplicate client statements and confirmations
- Research-related products and tools
- Consulting services
- Access to a trading desk serving FS participants
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts)
- The ability to have advisory fees deducted directly from client accounts
- Access to an electronic communications network for client order entry and account information
- Access to mutual funds with no transaction fees and to certain institutional money managers
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to FS by third-party vendors

The custodian may also pay for business consulting and professional services received by FS's related persons, and may pay or reimburse expenses (including travel, lodging, meals and entertainment expenses for FS's personnel to attend conferences). Some of the products and services made available by such custodian through its institutional customer programs may benefit FS but may not benefit its client accounts. These products or services may assist FS in managing and administering client accounts, including accounts not maintained at the custodian as applicable. Other services made available through the programs are intended to help FS manage and further develop its business enterprise. The benefits received by FS or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

FS also participates in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and its continued participation may require FS to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, FS will typically receive benefits similar to those listed above, including research, payments for business consulting and professional services received by FS's related persons, and reimbursement of expenses (including travel, lodging, meals and entertainment expenses for FS's personnel to attend conferences sponsored by the broker-dealer or trust company).

As part of its fiduciary duties to clients, FS endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by FS or its related persons in and of itself creates a potential conflict of interest and may indirectly influence FS's recommendation of broker-dealers such as Pershing for custody and brokerage services.

## **A.2. Brokerage for Client Referrals**

FS does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

## **A.3. Directed Brokerage**

### **A.3.a. FS Recommendations**

FS typically recommends Pershing as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.

In connection with the provision of Third Party Advisory Services, our choice of custodian will be limited to those choices offered by the Third Party Advisory Service.

### **A.3.b Client-Directed Brokerage**

Occasionally, clients may direct FS to use a particular broker-dealer to execute portfolio transactions for their accounts or request that certain types of securities not be purchased for their accounts. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage FS derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. FS loses the ability to aggregate trades with other FS advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

## **B. Aggregating Securities Transactions for Client Accounts**

### **B.1. Best Execution**

FS, pursuant to the terms of its investment advisory agreement with clients, may have discretionary authority to determine which securities are to be bought and sold, the price of such securities, the executing broker, and the commission rates to be paid to effect such transactions. FS effects securities transactions directly with the clients' custodian unless as otherwise directed by the client. FS recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. FS will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance and settlement

- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, FS seeks to ensure that clients receive best execution with respect to clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of FS's knowledge, these custodians provide high-quality execution, and FS's clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, FS believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

## **B.2. Security Allocation**

Since FS may be managing accounts with similar investment objectives, FS may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by FS in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

FS's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. FS will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

FS's advice to certain clients and entities and the action of FS for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines and circumstances. Thus, any action of FS with respect to a particular investment may, for a particular client, differ, or be opposed to the recommendation, advice, or actions of FS to or on behalf of other clients.

## **B.3. Order Aggregation**

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating

in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if FS believes that a larger size block trade would lead to best overall price for the security being transacted.

#### **B.4. Allocation of Trades**

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs, and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

FS acts in accordance with its duty to seek best price and execution and will not continue any arrangements if it determines that such arrangements are no longer in the best interest of its clients.

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

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

FS assumes responsibility for the monitoring of each investment program sponsor, proactively recommending changes where it is deemed appropriate. While we remain sensitive to substantive short-term events, these investment vehicles are evaluated against our fundamental buy and hold strategy. In addition to monthly statements, quarterly reports and periodic written updates, communications include regularly scheduled meetings with the client to review a comprehensive written Statement of Financial Position report. Our firm is fully committed to making itself available to respond to client questions and input. Reviewers will be Timothy D. McGrath, Jeffrey S. Stuckert, William J. Kenton and Kenneth R. Stuckert.

### **B. Review of Client Accounts on Non-Periodic Basis**

FS may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how FS formulates investment advice.

### **C. Content of Client-Provided Reports and Frequency**

The client's independent custodian provides account statements directly to the client no less frequently than quarterly. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by FS.

## Item 14: Client Referrals and Other Compensation

### A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest

#### A.1. Royal Alliance

FS's advisory representatives are Registered Representatives of Royal Alliance. This arrangement requires us to offer you advisory services and programs sponsored or approved by Royal Alliance. Royal Alliance sets limits on how much we can charge you for these advisory services. Some advisory programs have higher fee limits than others. As such, there may be an incentive for us to recommend to you advisory services or programs with higher limits. In addition, Royal Alliance may charge us certain usage fees and expenses to use their advisory programs which may decrease the amount of money we make when offering investment advice to you. Therefore, there may be an incentive to provide you with advisory programs and services that may be cheaper for us to use but not as suitable to your needs as other advisory programs that Royal Alliance sponsors which may be more expensive for us to use.

In addition, Royal Alliance offers our Advisory Representatives educational, training and incentive programs for those Advisory Representatives that meet certain sales production goals. There may be an incentive for us to manage your account in ways that assist us in meeting these production goals even if such strategies may not always be suitable for your account.

Certain Third Party Advisory Service programs may provide our Advisory Representatives with the opportunity to attend training or education conferences. Such conferences include the payment or reimbursement of travel, meals, and lodging expenses for attendees. Payment/reimbursement of expenses is not contingent upon sales targets or contests, but rather on total assets managed on their respective Third Party Advisory Service platforms. We may have an incentive to recommend third Party Advisory Service programs that provide us with the above referenced opportunities over those that do not.

When we offer you a Wrap Account, the fee for transactions executed in your account are included in your quarterly account fee. However, Royal Alliance will still assess the truncation charges to us. This may influence us to charge you a higher quarterly account fee than we would otherwise charge you in an effort to recoup from you the transaction charges Royal Alliance charges us. We may also have incentive to trade your account less often to lessen our transaction fees or to trade your account with certain securities where royal Alliance reduces or eliminates the transaction charges (such as the Focus Elite and FundVest programs mentioned below) to use eve if such trading strategies may not always to be suitable for your account.

Our Advisory Representatives participate in the Focus Elite and FundVest programs, provided by Royal Alliance. In these programs, transaction charges for purchasing securities that participate in these programs may be reduced or waived. This may provide us with incentive to invest your account in these securities over securities that do not participate in these programs to reduce our transaction costs even if such investments may not always be suitable for your account.



Royal Alliance has provided some of our Advisory Representatives with funding in the form of loans as incentive to establish, maintain or expand our broker-dealer relationships with Royal Alliance. Such loans are typically used to assist in the transition and expansion of our practice. All or a portion of the loans require cash repayments of principal and interest if specific production levels are not achieved over a specified time frame. Any year in which the practice achieves its production levels initiates pro-rata loan forgiveness by Royal Alliance. Thus, there may be an incentive for us to offer advisory services and programs to you that may not be suitable in an effort to achieve specific production levels.

While our security sales are reviewed for suitability by an appointed supervisor, you should be aware of the incentives we have to sell certain securities products and are encouraged to ask us about any conflict presented.

### **B. Advisory Firm Payments for Client Referrals**

FS does not make payment for client referrals.

## Item 15: Custody

Clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances, and portfolio holdings in their accounts. Clients are urged to compare billing statements provided by FS to the custodian statement for accuracy. Any discrepancies should be brought to the firm's attention. The custodian's statement is the official record of the account.

## **Item 16: Investment Discretion**

Clients may grant a limited power of attorney to FS with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In those cases, FS will exercise full discretion as to the nature and type of securities to be purchased and sold and the amount of securities for such transactions. Investment limitations may be designated by the client as outlined in the investment advisory agreement.

## Item 17: Voting Client Securities

FS does not take discretion with respect to voting proxies on behalf of its clients. FS will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of FS supervised and/or managed assets. In no event will FS take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, FS will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. FS has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. FS also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, FS has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where FS receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

## **Item 18: Financial Information**

### **A. Balance Sheet**

FS does not require the prepayment of fees of \$1200 or more, six months or more in advance, and as such is not required to file a balance sheet.

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

FS does not have any financial issues that would impair its ability to provide services to clients.

### **C. Bankruptcy Petitions During the Past Ten Years**

There are no bankruptcy petitions to report.