

FSM Capital Management, LLC

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This brochure provides information about the qualifications and business practices of FSM Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (216) 916-8420. 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 FSM Capital Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

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Item 2 Material Changes

Annual Update

FSM Capital Management LLC is providing this information as part of our annual updating amendment which contains material changes from our last annual update. In the future, this page will summarize material changes made to our brochure. We will also reference the date of our last annual update.

Material Changes since the Last Update

Since our last Disclosure Brochure filed March 2017, there have been the following material changes:

- Updated the language in the following sections:
 - Item 4 – Advisory Business
 - Item 7 – Types of Clients

We will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after our firm's fiscal year ends. Our firm's fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time we will also offer or provide a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

Full Brochure Availability

The Firm Brochure for FSM Capital Management, LLC is available by contacting Chris MacLaren at (216) 916-8429.

Item 4 Advisory Business

Firm Description

Fairway Sports Management, LLC, doing business as FSM Capital Management, LLC since July 2007, offers personalized investment advisory services to clients. We are a privately held, stand-alone entity, with no subsidiaries. We are a limited liability company formed under the laws of the State of Ohio. We specialize in Financial Planning, Tax Compliance, CFO Services, Estate Planning, Asset Management, and Bill Paying Services and Concierge Services.

FSM also provides Fund Administration services for private equity, venture capital and hedge funds. Our accounting and back-office solutions are designed to assist these clients with their operational needs and requirements.

Principal Owners

The principal owners of FSM Capital Management LLC are Terrence P. Fergus, CPA, PFS, and David A. Lightner, CPA, CFP®. They collectively own over 70% of the firm.

Types of Advisory Services

As mentioned above, we specialize in several areas of Wealth Management. See below for a more detailed description of each of those services.

Financial Planning

We provide on-going financial planning services in the form of written financial plans and financial planning consultations. Our clients must execute an agreement for services prior to receiving such services. These services may be specific or modular in their preparation, and are unique to each client in their depth of preparation. Financial planning services may take into consideration factors such as the client's objectives, risk tolerance, investment knowledge, net worth, income, age, projected retirement, funding requirements, inheritance possibilities, pensions, social security, children, estate issues, and current living expenses requested for retirement. Financial planning services may focus on specific topics such as:

- Tax compliance
- Debt planning
- Negotiation
- Insurance advice and planning
- Coordination of U.S. bill paying services

Tax Compliance

We prepare for our clients U.S. Federal, State, and Local tax returns during the term of our relationship. Additionally, for our international clients, we prepare, and/or assist in preparing their foreign tax returns. The tax compliance needs of our clients vary, and are assessed individually with each client.

CFO Services

Our tenured experience in financial services allows us to help affect change, manage transitions and improve operational efficiency. Some of our specific services include financial forecasting, internal controls, as well as policy and procedure development and documentation

Estate Planning

We work with clients' legal and tax professionals to design sophisticated estate plans to mitigate the effects of estate taxes on wealth transfers to future generations. We help our clients plan for the preservation of current wealth by running projections for various alternative scenarios under which client estates can be structured for the most efficient disposition of their assets. In close consultation with our clients' legal providers, FSM will review existing wills, trusts, and other legal instruments, and help align them with each individual client's needs.

Asset Management

In its discretion and based on the needs of the client, FSM Capital Management, LLC, uses other third party money managers to assist in the management of client accounts.

In these instances, we provide on-going supervision and management services on the accounts, while the sub-advisor maintains trading authorization over the accounts.

Bill Paying and Concierge Services

FSM functions as our clients' family office in regards to financial and investment affairs. Depending on your needs, we may act as your liaison with your vendors, lenders and other professional advisors. In order to engage our bill-paying services, your FSM Advisor obtains power-of-attorney on your checking accounts. As your bills are sent to us, we enter them into our accounting systems, and pay them directly out of your account as needed or directed. Each month, those bank accounts are reconciled, and clients are mailed their monthly reconciliation along with a statement summarizing all financial activity for that month. It is the client's responsibility to compare the statements they receive from their custodian to the statements sent to them by FSM.

Client Relationships

We tailor all services to the needs of each specific client depending on the types of services rendered and client complexity. For example, we do not use model portfolios for all clients. In discussing asset allocation and risk tolerance with our clients, there may be restrictions imposed on investing in certain securities or types of securities. Additionally, we allow for our clients to maintain their pre-existing banking relationships as well, with other custodians and/or money managers.

Managed Client Assets

As of December 31, 2017, we managed approximately \$321 million dollars in assets. Of this amount, we managed \$321 million dollars on a discretionary basis, and none on a non-discretionary basis. These numbers were calculated using the same methods used in calculating Assets under Management required for Item 5.F in Part 1A.

Item 5 Fees and Compensation

Financial Planning Services

FSM's general fee structure policy is based on the services clients have engaged us to provide for them. However, all fees are subject to negotiation. Financial Planning, Tax Compliance, Bill and other consulting services are generally billed on a fixed fee arrangement. The exact fixed fee arrangement charged to an individual client is determined by and negotiated in consideration of a variety of factors, including but not limited to: the complexity of the client's situation, the actual services provided, and the associated advisor representative providing the service. The fees range from \$10,000 to \$150,000 annually. The fixed fee arrangement is agreed upon with the client in writing.

Fees for financial planning services are billed in advance, monthly or quarterly, depending on the needs of the client. Fees are generally deducted directly from the client account, unless the client specifically requests to pay the bill directly. Other, non-recurring consulting engagements are billed as services are performed.

Asset Management Fees

Fees for asset management services are billed based on varying percentages of the client's assets under management, usually between 0.5% and 1.0% annually. We then, generally, pay a sub-advisory fee to a third party manager, usually ranging between 25% and 50% of the fee collected by us as primary advisor. The annual fee is divided and charged quarterly, based on the value of the account at the end of each quarter.

Fees are generally deducted directly from the client's account. Typically, clients provide written authorization to NFS, Pershing, or another respective custodian permitting our fees to be paid directly from the client's account held by the custodian. Upon our discretion, clients may pay fees directly to FSM. For those clients that pay directly, payment is due upon receipt of the billing statement from FSM.

The custodian will send each client their account statements, at least quarterly, showing all disbursements for the account including the amount of the advisory fee, if deducted directly from the account. It shall be the responsibility of both FSM Capital Management, and the client, to verify the accuracy of the fee calculation. It is not the responsibility of the custodian to determine whether the fee is properly calculated.

Brokerage commissions and/or transaction ticket fees charged by the custodian will be billed directly to the client's account by the custodian. We do not receive any portion of such commissions or fees from the custodian or client. In addition, clients may incur certain charges imposed by third parties other than Advisor in connection with investments made through the account, including but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, and IRA and qualified retirement plan fees, if applicable.

Termination of Client Relationships

The client agreement shall remain in effect until terminated by either party upon a sixty (60) day notice.

However, services may be terminated within five (5) business days of executing the agreement without penalty (no fees due and/or a complete refund of any fees paid in advance). After the initial five (5)

business days, the client is responsible for paying fees for the time and effort expended by FSM prior to termination. A pro-rated refund or a pro-rated charge will be made to the client, depending on the time spent by us on services at the time notice of termination was received. We will provide a billing statement summarizing all charges and an explanation of the pro-rated refund due to the client or the pro-rated charges due from the client.

Item 6 Performance Based Fees and Side-by-side Management

FSM does not charge performance-based fees.

Item 7 Types of Clients

FSM Capital Management, LLC generally provides investment services to the following types of clients:

- Individuals (including Trusts and Estates)
- High-Net Worth Individuals

All clients are required to execute an agreement for services in order to establish a client relationship with us.

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

Our asset management approach revolves around picking outside managers and using outside investment consultants to create a dynamic asset allocation model across major asset classes. The investments are then made with our forward-looking view of market fundamentals.

FSM Capital Management, LLC uses the following methods of analysis in formulating investment advice.

Our firm primarily uses a fundamental approach to investment analysis. Fundamental analysis is a method of evaluating a company or security by attempting to measure its intrinsic value. In other words, trying to determine its true value by looking at all aspects of the business, including both tangible factors (e.g., growth rate, machinery, buildings, land, etc.) and intangible factors (e.g., patents, trademarks, "brand" names, etc.). Fundamental analysis also involves examining related economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., dividends, company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g., management expertise, industry cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios).

The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price to determine the position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis uses real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for most security types.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be

dominant. This interpretation may be wrong, and could therefore, lead to an unfavorable investment decision.

An important sub-category of fundamental analysis is cyclical analysis which is used to analyze the investments sensitive to business cycles whose performance is strongly tied to the overall economy. One of the most important cyclical considerations is whether the economy is being subjected primarily to inflationary or deflationary forces. This consideration influences FSM Capital Management's asset selections, many of which are sector plays that perform based on whether inflationary or deflationary forces are dominant. Stocks of individual companies tend to move based on cyclical factors as well. For example, cyclical companies make products or provide services that are in lower demand during downturns in the economy and higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise right before an economic upturn begins, and fall right before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, immediately before a turnaround begins.

While most economists and investors agree that there are cycles in the economy that need to be respected, the duration of these cycles is generally unknown. An investment decision to buy at the bottom of a business cycle may actually turn out to be a trade that occurs before or after the bottom of the cycle. If completed before the bottom, then downside price action can result prior to any gains. If completed after the bottom, then some upside price action may be missed. Similarly, a sell decision meant to occur at the top of a cycle may result in missed opportunity or unrealized losses.

FSM Capital Management, LLC uses the following general investment strategies when managing client assets and/or providing investment advice.

- Long term purchases - Investments held at least a year.
- Short term purchases - Investments sold within a year.
- Trading - Investments sold within 30 days.
- Tactical asset allocation. Allows for a range of percentages in each asset class (such as Stocks = 40-50%). These are minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. Thus, a minor form of market timing is possible, since the investor can move to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak. We feel that the successful implementation of the tactical asset allocation allows us to reduce risk within the client portfolios below that of standard market risk
- Strategic asset allocation. Calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a "buy and hold" strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client's goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.

Item 9 Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business

or the integrity of our management. Our firm and our management personnel have no reportable legal or disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations Broker/Dealer

Registrations

Currently, one of FSM's management persons may sell securities (typically limited to variable annuity products) to clients for commissions in their separate capacities as registered representatives of Safeguard Securities, Inc.

This situation could present a conflict of interest since the management person may receive commissions if the client chooses to implement the recommendations of the registered representative in their separate capacities with the broker-dealers referenced above. FSM does not receive any advisory fees for any of the products sold by its management person that is also a registered representative and clients are not obligated to implement any recommendation provided by the management person in their separate capacities as a registered representative.

Other Material Relationships or Related Parties

FSM Capital Management is not and does not have a related party that is a (1) broker/dealer, municipal securities dealer, government securities dealer or broker, (2) futures commission merchant, commodity pool operator or commodity trading adviser, (3) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), (4) other investment adviser (5) financial planning firm, (6) banking or thrift institution, (7) lawyer or law firm, (8) insurance company or agency, (9) pension consultant, (10) real estate broker or dealer, or (11) sponsor or syndicator of limited partnerships.

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

Code of Ethics

We have established a Code of Ethics that will apply to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is our responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is considered the core underlying principle for FSM's Code of Ethics which also includes insider trading and personal securities transactions policies and procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. FSM Capital Management's Code of Ethics is consistent with applicable accounting and securities regulations.

Upon employment or affiliation and when changes occur to the Code of Ethics, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. FSM has the responsibility to make sure that the interests of all clients are placed ahead of ours or our supervised person's own investment interest. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to any services being conducted. FSM, and our supervised persons, must conduct business in an honest, ethical and fair manner and avoid all

circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Personal Securities Trading Review

FSM and our supervised persons may buy or sell securities or hold a position in securities identical to the securities recommended to clients. It is our policy that no supervised person will put his or her interest before a client's interest. Supervised persons may not trade ahead of any client or trade in a way that would cause the supervised person to obtain a better price than the price a client would obtain. It is the supervised person's responsibility to know which securities are being traded by FSM. Supervised persons should consult with the Chief Compliance Officer ("CCO") if there is ever an instance where it is unclear whether a security is an appropriate purchase or sale. In addition, all supervised persons are prohibited from trading on non-public information and from sharing such information. We do not allow short swing trading or market timing.

Per the requirements of Rule 204A-1 of the Advisor's Act, all persons associated with FSM who are also considered access persons will be required to report all securities transactions to the CCO per the firm's Code of Ethics. An access person has been defined by the SEC, under Rule 204A- 1(e)(1). Access persons must report trades implemented for a personal account, an account of any of their household family members, or any account for which the access person acts as a trustee. Personal securities transactions that need to be reported include: stocks, bonds, limited partnerships, options, and other general securities. It is the policy of FSM to ensure that investment opportunities are offered first to clients before they are acted upon by Advisor, in its proprietary accounts, or FSM access persons act on them.

Item 12 Brokerage Practices

Factors Considered in Selecting Broker/Dealers

Clients wishing to implement the advice of FSM Capital Management are free to select any broker/dealer or investment advisor they wish and are so informed. For clients that wish to have us implement its advice, we recommend clients establish accounts through Fidelity Brokerage Services LLC, National Financial Services LLC, or Pershing LLC. The two primary factors considered in suggesting the above-referenced broker/dealers are cost effectiveness and overall value provided to the client. Best execution of client transaction is an obligation we take seriously and is a catalyst in the decision of suggesting a broker/dealer. While quality of execution at the best price is an important determinant, it does not necessarily mean lowest price and it is not the sole consideration. The trading process of any broker/dealer suggested by us must be efficient, seamless, and straight-forward. Overall custodial support services, trade correction services and statement preparation are some of the other factors determined when suggesting a broker/dealer.

While there is no direct linkage between the investment advice given to clients and our recommendation and use of any custodian, FSM and its clients benefit from using Fidelity and Pershing as they provide the following: a dedicated trade desk for us to use, a dedicated service group and an account services manager dedicated to the FSM accounts, access to real-time order matching systems, ability to block clients' trades, electronic download of trades, balances and position information, access for a fee to an electronic

interface with Fidelity and Pershing software, duplicate and batched client statements, confirmations and year-end summaries, the ability to have advisory fees directly debited from client accounts (in accordance with federal and state requirements), a quarterly newsletter, access to mutual funds, and the ability to have loads waived for our clients who invest in certain loaded funds when certain conditions are met and maintained.

Research, Soft Dollar and Referral Arrangements

Currently, FSM does not have any soft dollar arrangements, or referral arrangements.

Trading Aggregation

Our trading policy is to implement all client orders on an individual basis. Therefore, we do not aggregate or "block" client transactions. Considering the types of investments we hold in advisory client accounts, we do not believe clients are hindered in any way because we trade accounts individually. This is because we develop individualized investment strategies for clients and holdings will vary. Further, the investments we are responsible for trading in client accounts are typically limited to mutual funds, ETFs, and other broadly traded positions. Our strategies are primarily developed for the long-term and minor differences in price execution are not material to our overall investment strategy.

Items 13 Review of Accounts Periodic Review of Client Accounts

The Advisor Representatives of FSM Capital Management LLC are in charge of reviewing and monitoring their client accounts. Accounts are reviewed at least quarterly with the underlying investments reviewed on a more frequent basis. When third-party investment advisors are selected to manage all, or a portion, of the clients' accounts, the advisor representative will meet with the third-party investment advisor to discuss client accounts periodically and as necessary, but no less than annually.

We will also meet with clients at frequencies determined by each client. The frequency of these meetings ranges from monthly to annually, depending upon the requirements set by the client. In addition, some of the non-investment related services FSM provides, if applicable, are also covered at these reviews.

Financial plans are reviewed at least quarterly by advisor representative personnel and reviewed with the client at least annually. The financial plan review covers many areas of an individual's financial affairs, including but not limited to: estate planning, wills and trusts, retirement accounts and savings, investment performance and risk tolerance, tax compliance, accounting and bill-pay needs, insurance needs, and various other matters. Topics covered in the annual review for each client differ due to their specific individualized needs.

Client Reporting

For those clients of the bill-pay services, to which we have banking authority on their checking accounts, we provide a monthly cash reconciliation and cash flow report to each client, as well as quarterly and annual compilations of their assets. Clients of our asset management services and bill-pay services receive monthly account statements directly from the custodian at which their accounts are maintained. Annually, clients have the discretion to receive a comprehensive summary of their financial activities for the previous year. The information included in each annual report varies client to client, and is set to each client's financial needs.

Item 14 Client Referrals and Other Compensation

FSM does not receive referral fees or other compensation for referrals to other third party advisors.

Items 15 Custody

This section provides disclosure regarding our activities that are deemed to be custody by rules set forth under the Investment Advisors Act of 1940. We provide bill paying services to clients. Through this service, FSM advisor representatives will be granted check writing privileges on each client's bank accounts. In addition, we may accept and forward client securities (e.g. stock certificates), to a qualified custodian on behalf of the client. Finally, we are generally given the authority to have fees deducted directly from client accounts and paid to FSM Capital Management LLC.

We have developed internal policies and procedures to control for the risk associated with having access to and/or control over client funds and securities. We have established procedures to ensure all client funds and securities are held at a qualified custodian (such as a broker/dealer or bank) in a separate account for each client under that client's name. Clients or an independent representative of the client (other than an affiliated person of FSM) are also notified, in writing, of the qualified custodian's name, address, and the manner in which the funds or securities are maintained, promptly when the account is opened and following any changes. Finally, the account statements are delivered directly from the qualified custodian to each client, or the client's independent representative (other than an affiliated person of FSM), at least quarterly.

In 2010, the SEC adopted amendments to Rule 206(4)-2, the Custody Rule, under the Investment Advisor's Act of 1940 which governs custody arrangements for Registered Investment Advisors. The amendments are intended to provide additional safeguards under the Advisor's Act when a registered adviser has custody over client funds or securities. This amendment requires us to undergo an annual surprise examination by an independent public accountant to verify client assets. The independent accountant must be registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (PCAOB). The amendment requires the independent accountant to notify the SEC within one business day of finding any material discrepancies, and also requires them to submit a form ADV-E to the SEC accompanied by a certificate with 120 days of the date of the surprise examination, stating that the accountant has examined the client funds and securities and describing the nature and extent of the examination. FSM has complied with this requirement, and undergoes a surprise examination annually.

Despite our best efforts to protect client funds, we urge clients to compare statements received directly from their custodians to the statements received from FSM.

Item 16 Investment Discretion

We may provide investment supervisory services on a discretionary basis and when doing so, maintain the discretion to determine the securities to be purchased or sold and the amount of securities to be purchased or sold.

Upon engaging FSM, the client will sign an engagement letter defining the terms of the engagement and expected fees for services. This letter will be accompanied with several addendums depending on services engaged by the client. The addendum may include a power of attorney, and investment management

agreement authorizing us with discretionary or non-discretionary authority, new account forms required by the qualified custodian, risk tolerance addendums, etc. Note that addendums may differ depending on each specific client's needs.

Item 17 Voting Client Securities

We do not vote proxies for securities held in client accounts. Even though we may have discretionary authority to make investment decision on behalf of clients, we will not exercise proxy voting authority over client securities. Clients shall be instructed to inform its custodian that FSM will not be designated as the party to receive information on voting client proxies. The obligation to vote client proxies shall, at all times, rest with the client. Should FSM inadvertently receive proxy information for a security held in a client's account, we will immediately forward such information on to the client, but will not take any further action with respect to the voting of such proxy.

Upon termination of an agreement, FSM shall make a good faith and reasonable attempt to forward proxy information inadvertently received by us on behalf of a client to the forwarding address provided by the client to us. We will not take any action with regard to class action suits for stocks owned by our clients.

Item 18 Financial Information

We do not solicit or require prepayment of fees greater than \$1,200 six months or more in advance.

FSM has never been the subject of a bankruptcy petition that would impair our ability to meet our financial commitments.