

# **Fusion Investment Advisors, LLC**

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**March 28, 2013**

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

Fusion Investment Advisors, LLC is an investment adviser registered with the Securities and Exchange Commission (hereinafter "SEC"). An "investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Fusion Investment Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (866) 254-4235 . 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 Fusion Investment Advisors, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Material Changes - Item 2**

The purpose of this page is to inform you of any material changes since the previous version of this brochure.

On March 28, 2013, we submitted our annual updating amendment filing and amended Item 4 of this Brochure to reflect total assets under management of \$63,961,428.

We review and update our brochure at least annually to make sure that it remains current.

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#### **Advisory Business - Item 4**

Fusion Investment Advisors, LLC (hereinafter "Fusion") is a registered investment advisor based in Bradenton, Florida. We are a limited liability company under the laws of the State of Florida. We have been providing investment advisory services since 2011. Ryan Borer is the Managing Member and Chief Compliance Officer. Anthony Francis Apollaro, Jr. and Richard Allen Barnett are minority owners of Fusion.

Currently, we offer the following investment advisory services, personalized to each individual client:

- **Portfolio Management Services**
- **Financial Planning Services**

The following paragraphs describe what we do and what we charge. Each investment advisory service is listed below and describes how we tailor our advisory services to your individual needs. Also, you may see the term Associated Person throughout this Brochure. As used in this Brochure, this term refers to anyone from our firm who is an officer, employee, and all individuals providing investment advice on behalf of our firm. Such persons are properly registered as investment adviser representatives in all required jurisdictions.

#### ***Portfolio Management Services***

Portfolio management refers to the management of money, including investments. Assets are usually held in an account. A group of accounts is called a portfolio. Determining the types and quantities of securities to hold in a portfolio is referred to as portfolio management.

Our firm offers discretionary and non-discretionary portfolio management services to our clients and prospective clients. Discretionary portfolio management means we will make investment decisions and place buy or sell orders in your account without contacting you. These decisions would be made based upon your stated investment objectives. Non-discretionary portfolio management means we will contact you before a trading decision is taken.

Our investment advice is tailored to meet our clients' needs and investment objectives. If you decide to hire our firm to manage your portfolio, we will meet with you to gather your financial information, determine your goals, and decide how much risk you should take in your investments. The information we gather will help us create a portfolio and implement an asset allocation strategy that will be specific to your goals, whether we are actively investing for you or simply providing you with advice.

Our firm mainly uses equity securities, exchange traded funds, no-load or load waived mutual funds, corporate securities, municipal securities, U.S. government securities in its portfolio management programs. We may also recommend that clients invest in various investment related limited partnerships created by third parties.

However we construct your investment portfolio, we will monitor your portfolio's performance on an ongoing basis, and rebalance the portfolio whenever necessary, as changes occur in market conditions, your financial circumstances, or both.

As outlined above, discretionary portfolio management services means that once the portfolio has been agreed upon, the ongoing supervision and management of the portfolio will be our responsibility. This allows our firm to decide on specific securities, the quantity of the securities and placing buy or sell orders for your account without obtaining your approval for each transaction. You may grant us discretionary authority using either the investment advisory agreement you sign with our firm, a limited power of attorney agreement, or trading authorization forms. You may limit this authority by setting a limit on the type of securities that can be purchased for your account. Simply provide us with your restrictions or guidelines in writing.

The non-discretionary portfolio management service means, as outlined above, that we must obtain your approval prior to making any transactions in your account. In some cases, we may provide you with a list of recommended transactions that you can review, approve and execute in your account.

***Delegation to sub-advisors:*** *For those of our clients who hire us for discretionary portfolio management services and who have signed an agreement with us to this effect, you should be aware that we may use one or more sub-advisors to assist us in managing your account or to manage a portion of your account. All sub-advisors that we recommend to clients must be registered as investment advisers with either the Securities and Exchange Commission or with the appropriate state authority(ies). We will continuously monitor the performance of any accounts managed by the sub-adviser and will assume discretionary authority to hire or fire the sub adviser where such action is deemed to be in the best interest of the Client. The sub-advisor(s) may use one or more of their own model portfolios to manage your account. You will be required to sign an individual agreement with the sub-advisor. Fusion will not share in the fees charged by the sub-advisor.*

We recommend that you compare our reports with the statement(s) you receive from the qualified custodian. If you see something that is incorrect, please call our main office number, located on the cover page of this brochure.

### **Wrap Fee Program**

We are a portfolio manager to and sponsor of a wrap fee program. A wrap fee program combines portfolio management, advisory services and trade execution for a single fee. Fusion, as portfolio manager is responsible for the research, security selection and implementation of transaction orders in your account. The transactions in your account will be executed by Charles Schwab & Company, Inc., a division of The Charles Schwab Corporation ("Schwab") or TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade"). Fusion receives a portion of the wrap fee for portfolio management services. Schwab /and or TD Ameritrade will also receive a portion of the fee for trade execution expenses depending on where the account(s) is/are held. The terms and conditions under which a Client participates in Fusion's wrap fee program will be set forth in a written agreement between the Client and Fusion. The overall cost incurred from participation in our wrap fee program may be higher or lower than if the services were purchased separately. Please see our ADV 2A, Appendix 1 (Wrap Fee Brochure) for additional information about the wrap fee program.

### **Financial Planning Services**

We offer broad based financial planning including tax planning, charitable gifting strategies, risk and insurance analysis and estate and retirement planning. Fusion strives to achieve a client's long-term financial goals by implementing a financial planning process that may include any or all of the following

steps:

- Assessment of a client's present financial situation by collecting information regarding net worth and cash flow statements, tax returns, insurance policies, investment portfolios, pension plans, employee benefit statements etc.
- Identification of a client's financial and personal goals and objectives. Goals or objectives may include financing a child's college education or retirement planning. The identified goals or objectives are specific, realistic and measurable. All goals include time horizons.
- Resolution of finance related problems. Obstacles to achieving financial independence are identified so that resolution may occur. Examples of problem areas can include too little or too much insurance coverage, inadequate cash flow or a high tax burden.
- Plan Design. A written financial plan is prepared that includes recommendations and solutions to any financial related problems.
- Implementation of the financial plan. The financial plan is finalized and agreed upon. The recommendations and solutions are executed to reach the desired goals and objectives.
- Evaluation of the financial plan is conducted periodically. The financial planning service provides periodic review and revision of the plan to ensure that the financial goals are achieved.

Financial plans are based on your financial situation and the financial information you provide to our firm. If your financial situation, goals, objectives, or needs change, you must notify us promptly.

You may choose to accept or reject our recommendations. If you decide to proceed with our recommendations, you may do so either through our investment advisory services or by using the advisory/brokerage firm of your choice.

#### **Assets Under Management**

As of December 31, 2012, we manage approximately \$63,961,428 in client assets on a discretionary basis.

#### **Fees and Compensation - Item 5**

Fusion charges a percentage of assets under management, hourly charges, fixed fees (not including subscription fees) or other fees for its advisory services.

#### **Portfolio Management Services and Wrap Fee Program**

If you decide to engage Fusion for portfolio management services, we will charge an annual fee based upon a percentage of the market value of the assets being managed. Our fee for portfolio/asset management services is set forth in the following fee schedule:

Portfolio Size	Annualized Fee*	
	WRAP Accounts	Non-WRAP Accounts

\$0 to \$500,000	2.50%	2.00%
\$500,001 to \$1,000,000	2.25%	1.75%
\$1,000,001 to \$2,500,000	2.00%	1.50%
Accounts over \$2,500,000	Negotiable	Negotiable

\*Our fees are negotiable. The exact fee paid by the client will be clearly stated in the advisory agreement signed by the client and the firm.

Fusion allows related accounts to be combined for fee paying purposes. We combine the account valuations to assist you in meeting fee breakpoints and therefore lowering the overall fee level. Fusion extends this option to all accounts residing in the same household and certain members of the same family.

Fusion will deduct advisory fees directly from your account. Fees are billed monthly, in arrears and are based on the average daily balance of your account during the preceding month. We usually deduct advisory fees from a designated account to facilitate billing. The client must consent in advance to direct debiting of their account.

If you choose to have Fusion's fee deducted directly from your account, you must provide authorization. The qualified custodian holding your funds and securities will send you an account statement on a monthly basis. This statement will detail account activity. Please review each statement for accuracy. Fusion will have access to a copy of your account statements from the custodian.

Clients subscribed to our Non Wrap portfolio management option should note that our annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which will be incurred by the Client. Please see Item 12 – Brokerage Practices for further information on brokerage and transaction costs.

At the inception of investment management services, the first month's fees will be calculated on a pro-rata basis. The advisory agreement between Fusion and the client will continue to be in effect until either party terminates the agreement in accordance with the terms of the agreement. Fusion's annual fee will be pro-rated through the date of termination and the client will be charged any remaining balance, in a timely manner.

#### **Financial Planning Services Fees**

Fusion may provide its clients with financial planning and consulting services. Fusion will charge a fixed fee and/or hourly fee for consulting services. Our consulting fees are negotiable. We utilize the following financial planning fee schedules:

- **Fixed Fees:** Fusion will charge a fixed fee that ranges from \$1000.00 to \$20,000.00, for broad based planning services. *In limited circumstances*, the total cost could potentially exceed \$20,000.00. In such cases, we will notify the client and may request that the client pay an additional fee.

- *Hourly Fees:* Fusion charges an hourly fee of \$200 for clients who request specific services (such as a modular plan or hourly consulting services) and do not desire a broad based written financial plan.

Prior to engaging Fusion to provide consulting services, the client will generally be required to enter into a written agreement with us. The agreement will set forth the terms and conditions of the engagement and describe the scope of the services to be provided and the portion of the fee that is due from the client. Generally, Fusion requires one-half of the consulting fee to be paid upon entering the written agreement. The balance is generally due upon the completion of the agreed upon services. Either party may terminate the agreement by written notice to the other. In the event the client terminates Fusion's consulting services, the balance of Fusion's unearned fees (if any) shall be refunded to the client.

#### **Additional Fees and Expenses**

The fees Fusion charges may be negotiable based on the amount of assets under management, complexity of client goals and objectives, and level of services rendered. As described above, the fees are charged as described and are not based on a share of capital gains of the funds of an advisory client.

All fees paid to Fusion for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees generally include a management fee, other fund expenses, early redemption fee and a possible distribution fee. A client could invest in a mutual fund directly, without the services of Fusion. In that case, the client would not receive the services provided by Fusion which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by Fusion to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Advisory recommendations are based on your financial information and situation you disclose to us at the time the services are provided. Certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is in no way an indication of future returns. As your financial situation, goals, objectives, or needs change, you must notify us promptly.

All conflicts of interest between you and our firm, and the Associated Persons of our firm, are outlined in this Disclosure Brochure. If additional conflicts arise in the future, we will notify you in writing or supply you with an updated Disclosure Brochure.

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

We and our Associated Persons do not accept performance based fees. Performance based fees are based on a share of capital gains on or capital appreciation of the client's assets.

#### **Types of Clients - Item 7**

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



Fusion requires a minimum of \$20,000 to open and maintain an advisory account. At our sole discretion we may waive this requirement. This requirement can be met by combining two or more accounts owned by you or related family members.

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

The following are different methods of analysis that we may use when providing you with investment advice:

- **Fundamental Analysis** – fundamental analysis is a technique that attempts to determine a security's value by focusing on underlying factors that affect a company's actual business and its future prospects. The term refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements.
- **Technical Analysis** – technical analysis is a technique that relies on the assumption that current market data (such as charts of price, volume, and open interest) can help predict future market trends, at least in the short term. It assumes that market psychology influences trading and can predict when stocks will rise or fall.

We may use one or more of the following investment strategies when advising you on investments:

- **Long Term Purchases** – securities held for over a year.
- **Short Term Purchases** – securities held for less than a year.
- **Trading** – securities are sold within 30 days.
- **Covered Options** – covered option is a strategy in which an investor writes an option contract while at the same time owning an equivalent number of shares of the underlying stock.
- **Margin Transactions** – margin strategies allow an investor to purchase securities on credit and to borrow on securities already in their custodial account. Interest is charged on any borrowed funds for the period of time that the loan is outstanding.
- **Short Sales** – short selling is the selling of a stock that the seller doesn't own. More specifically, a short sale is the sale of a security that isn't owned by the seller, but that is promised to be delivered.

The investment advice provided along with the strategies we suggest will vary depending on each client's specific financial situation and goals. This brief statement does not disclose all of the risks and other significant aspects of investing in financial markets. In light of the risks, you should fully understand the nature of the contractual relationship(s) into which you are entering and the extent of your exposure to risk. Investing in securities involves risk of loss that clients should be prepared to bear. Certain investing strategies may not be suitable for many members of the public. You should carefully consider whether the strategies employed will be appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

**General Investment Risk:** All investments come with the risk of losing money. Investing involves substantial risks, including complete possible loss of principal plus other losses and may not be suitable for many members of the public. Investments, unlike savings and checking accounts at a bank, are not insured by the government to protect against market losses. Different market instruments carry

different types and degrees of risk and you should familiarize yourself with the risks involved in the particular market instruments you intend to invest in.

**Loss of Value:** There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Investments may also be affected by any changes in exchange control regulation, tax laws, withholding taxes, international, political and economic developments, and government, economic or monetary policies.

**Interest Rate Risk:** Fixed income securities and funds that invest in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, and their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes.

**Credit Risk:** Investments in bonds and other fixed income securities are subject to the risk that the issuer(s) may not make required interest payments. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

**Foreign Exchange Risk:** Foreign investments may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rates. Changes in currency exchange rates may influence the share value, the dividends or interest earned and the gains and losses realized. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation and other economic and political conditions. If the currency in which a security is denominated appreciates against the US Dollar, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

#### **Disciplinary Information - Item 9**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. There is no history of material legal or disciplinary events by our firm or our management persons.

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

Ryan Borer and Rick Barnett are the Managing Members of Fusion Advisory Group, LLC, an insurance agency based in Florida. Mr. Borer and Mr. Barnett are licensed insurance agents and can effect transactions in insurance products for clients and earn commissions for these activities. Fusion expects that clients to whom it offers advisory services may also be clients for whom Mr. Borer and Mr. Barnett act as insurance agents. Clients are instructed that the fees paid to the firm for advisory services are separate and distinct from the commissions earned by Associated Persons of the firm in their capacities as insurance agents with Fusion Advisory Group, LLC. Clients to whom the firm offers advisory services

are informed that they are under no obligation to utilize the services of Fusion Advisory Group, LLC or its agents for insurance services and may use the insurance brokerage firm and agent of their choosing.

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

#### **Description of Our Code of Ethics**

Fusion has adopted a Code of Ethics (the "Code") to address investment advisory conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes Fusion's policies and procedures developed to protect client's interests in relation to the following topics:

- The duty at all times to place the interests of clients first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the code of ethics.
- The responsibility to avoid any actual or potential conflict of interest or misuse of an employee's position of trust and responsibility;
- The fiduciary principle that information concerning the identity of security holdings and financial circumstances of clients is confidential; and
- The principle that independence in the investment decision-making process is paramount.

A copy of Fusion's Code of Ethics is available upon request to the Chief Compliance Officer at Fusion's principal office address.

#### **Personal Trading Practices**

At times Fusion and/or its Associated Persons may take positions in the same securities as clients, which may pose a conflict of interest with clients. Fusion and its Associated Persons will generally be "last in" and "last out" for the trading day when trading occurs in close proximity to client trades. We will not violate our fiduciary responsibilities to our clients. Front running (trading shortly ahead of clients) is prohibited. Should a conflict occur because of materiality (i.e. a thinly traded stock), disclosure will be made to the client(s) at the time of trading. Incidental trading not deemed to be a conflict (i.e. a purchase or sale which is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price), would not be disclosed at the time of trading.

### **Brokerage Practices - Item 12**

For Fusion's portfolio management programs we recommend and request clients to implement trades and maintain custody of assets through discount brokers. Currently, we recommend the services of Charles Schwab & Company, Inc., a division of The Charles Schwab Corporation ("Schwab") and TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade"). Schwab and TD Ameritrade are members of the Financial Industry Regulatory Authority ("FINRA"), the Securities Investor Protection Corporation ("SIPC") and the National Futures Association ("NFA"). As a condition of the WRAP Program, transactions for Clients' accounts are executed by the appropriate custodian bank, Schwab or TD Ameritrade.

Schwab and TD Ameritrade offer independent investment advisers services, which include custody of client securities, trade execution, clearance and settlement of transactions, and daily research and investment information.

Schwab Institutional provides us with access to its institutional trading and operational services, which are typically not available to Schwab retail investors. The services generally are available at no charge so long as we maintain a minimum of \$10 million of account assets with them. Schwab Institutional services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors. Schwab Institutional also makes available other products and services that benefit the administration of our accounts. These include software, client account access technology, trade confirmations and account statements, trade execution and aggregated trade order allocation technology, back-office support, recordkeeping, and client reporting. Schwab Institutional also provides us with business enterprise services. These services include consulting, publications and practice management presentations, information technology, business succession, regulatory compliance, and marketing information and best practices. Schwab may make available, arrange and/or pay independent third parties for these types of services. Schwab Institutional may discount, waive or pay all or part of the third party fees for services provided. There are no contingencies or business volume requirements (assets in custody or trading) associated with the availability of the foregoing products and services.

We are not affiliated with Schwab or TD Ameritrade. Our Investment Adviser Representatives are not registered representatives of Schwab or TD Ameritrade and do not receive commissions or other compensation from recommending these services.

#### **Research and Other Soft Dollar Benefits**

Although not considered “soft dollar” compensation, we may receive benefits from Schwab and/or TD Ameritrade for research services that include reports, software, and institutional trading support.

There is no direct link between the Firm’s participation in the Schwab or TD Ameritrade Institutional programs and the investment advice it gives to its clients, although Fusion receives economic benefits through its participation in the programs that are typically not available to TD Ameritrade or Schwab retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Fusion by third party vendors. TD Ameritrade and/or Schwab may also have paid for business consulting and professional services received by Fusion’s related persons. Some of the products and services made available by TD Ameritrade and/or Schwab through the programs may benefit Fusion but may not benefit its client accounts. These products or services may assist Fusion in managing and administering client accounts, including accounts not maintained at TD Ameritrade or Schwab. Other services made available by TD Ameritrade are intended to help Fusion manage and further develop its business enterprise. The benefits received by the Firm or its personnel through participation in the programs do not depend on the amount of brokerage transactions directed to TD Ameritrade or Schwab. As part of its fiduciary duties to clients, the Firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Fusion or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Fusion’s choice of TD Ameritrade or Schwab for custody and brokerage services.

In selecting a broker dealer based on discretionary authority, Fusion will endeavor to select those brokers or dealers that will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on several factors, including the broker's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, the broker's reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions.

Best execution is not measured solely by reference to commission rates. Paying a broker a higher commission rate than another broker might charge is permissible if the difference in cost is reasonably justified by the quality of the brokerage services offered. In addition, Fusion may cause the account to pay a higher commission in recognition of the value of "research services" and additional brokerage products and services a broker-dealer has provided or may be willing to provide.

#### **Directed Brokerage**

The client may direct brokerage to a specified broker/dealer other than the firm recommended by Fusion. In the event that a Client directs Fusion to use a particular broker/dealer, the firm may not be authorized under these circumstances to negotiate commissions and may not be able to obtain volume discounts or best execution. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to Clients who direct the Company to use a particular broker/dealer and those that don't.

#### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers and custodians in which we have an institutional advisory arrangement. Also, we do not receive other benefits from a broker-dealer in exchange for client referrals.

#### **Trade Aggregation**

While individual client advice is provided to each account, client trades may be executed as a block trade. Fusion encourages its existing and new clients to use Schwab and/or TD Ameritrade. Only accounts in the custody of Schwab and/or TD Ameritrade would have the opportunity to participate in aggregated securities transactions. All trades using Schwab and/or TD Ameritrade will be aggregated and done in the name Fusion. The executing broker will be informed that the trades are for the account of Fusion's clients and not for Fusion itself. No advisory account within the block trade will be favored over any other advisory account, and thus, each account will participate in an aggregated order at the average share price and receive the same commission rate. The aggregation should, on average, reduce slightly the costs of execution, and Fusion will not aggregate a client's order if in a particular instance Fusion believes that aggregation would cause the client's cost of execution to be increased. Schwab and/or TD Ameritrade will be notified of the amount of each trade for each account. Fusion and/or its Associated Persons may participate in block trades with clients, and may also participate on a pro rata basis for partial fills, but only after the determination has been made that clients will receive fair and equitable treatment.

### **Review of Accounts - Item 13**

#### ***Portfolio Management Account Reviews***

Fusion monitors the individual investments within Fusion's portfolio management account each day the market is open. Portfolio performance is reviewed, at a minimum, on a quarterly basis. Fusion offers portfolio management clients an in-person portfolio review meeting on a semi-annual basis. A financial plan is a snapshot in time and no ongoing reviews are conducted. We recommend clients engage us on an annual basis to update the financial plan.

Ryan Borer and Rick Barnett, Managing Members, or the client's IAR, will perform all client portfolio reviews.

Clients will receive statements directly from their account custodian(s) on at least a quarterly basis. Additionally, Fusion may provide clients with quarterly performance reports.

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

We do not receive economic benefits from third parties in exchange for providing investment advice or other advisory services to our clients.

We and our related persons do not compensate, either directly or indirectly, any person or entity who is not our supervised person for client referrals.

#### **Custody - Item 15**

Fusion is deemed to have custody of client funds solely because of the fee deduction authority granted by the client in the investment advisory agreement.

Clients will receive account statements at least quarterly from the broker-dealer or other qualified custodian. Client is urged to compare custodial account statements against statements prepared by Fusion for accuracy. Minor variations may occur because of reporting dates, accrual methods of interest and dividends, and other factors. The custodial statement is the official record of your account for tax purposes.

#### **Investment Discretion - Item 16**

Fusion offers Portfolio Management Services to its advisory clients on both a discretionary and non-discretionary basis. Fusion will manage client accounts on a discretionary basis if the client has granted discretionary authority in the client advisory agreement. Discretionary authority extends to the type and amount of securities to be bought and sold and do not require advance client approval. Fusion does not have the ability to make third party withdrawals from the client's account.

You may limit our discretionary authority if you wish by setting a limit on the type of securities that can be purchased for your account. Simply provide us with your restrictions or guidelines in writing. Please refer to the "Advisory Business" section in this Brochure for more information on our discretionary management services.

In a non-discretionary account, an Associated Person of Fusion recommends the purchase or sale of securities for review and approval by their clients. Fusion will only purchase or sell securities which have

been approved by clients in advance. In some cases, we may provide you with a list of recommended transactions that you can review, approve and execute in your account.

### **Voting Client Securities - Item 17**

#### **Proxy Voting**

Fusion does not vote proxies. It is the client's responsibility to vote proxies. Clients will receive proxy materials directly from the custodian. Questions about proxies may be made via the contact information on the cover page.

### **Financial Information - Item 18**

We are required in this Item to provide you with certain financial information or disclosures about Fusion's, financial condition. Fusion has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

### **Requirements for State-Registered Advisors - Item 19**

**This section is intentionally left blank- Our Firm is SEC registered**

### **Miscellaneous**

#### **Class Action Lawsuits**

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. Fusion has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. It 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, the firm 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 the firm 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 the client has authorized contact in this manner.

#### **Trade Error Correction Procedures**

On infrequent occasions, an error may be made in a client account. For example, a security may be erroneously purchased for the account instead of sold. In these situations, the firm generally seeks to rectify the error by placing the client account in a similar position as it would have been had there been no error. Depending on the circumstances, various corrective steps may be taken, including among others canceling the trade or adjusting an allocation. Any gains or losses resulting from error correction will be placed in Fusion's error correction account.

**Confidentiality**

Fusion views protecting its customers' private information as a top priority and, pursuant to the requirements of the Gramm-Leach-Bliley Act, the firm has instituted policies and procedures to ensure that customer information is kept private and secure.

Fusion does not disclose any nonpublic personal information about its customers or former customers to any nonaffiliated third parties, except as permitted by law. In the course of servicing a client account, Fusion may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers.

Fusion restricts internal access to nonpublic personal information about its clients to those employees who need to know that information in order to provide products or services to the client. Fusion maintains physical and procedural safeguards that comply with state and federal standards to guard a client's nonpublic personal information and ensure its integrity and confidentiality. As emphasized above, it has always been and will always be the firm's policy never to sell information about current or former customers or their accounts to anyone. It is also the firm's policy not to share information unless required to process a transaction, at the request of the client, or as required by law.

A copy of the firm's privacy policy notice will be provided to each client prior to, or contemporaneously with, the execution of the advisory agreement. Thereafter, the firm will deliver a copy of the current privacy policy notice to its clients on an annual basis. If you have any questions on this policy, please contact Ryan J. Borer, Chief Compliance Officer at (866) 254-4235.



# **Fusion Investment Advisors, LLC**

8370 West Hillsborough Ave Suite 102,  
Tampa, FL 33615  
Phone: (866) 254-4235

**November 21, 2012**

## **Firm Form ADV Part 2A, Appendix 1: Wrap Fee Program Brochure**

Fusion Investment Advisors, LLC is an investment adviser registered with the Securities and Exchange Commission (hereinafter "SEC"). An "investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

This Wrap Fee program brochure provides information about the qualifications and business practices of Fusion Investment Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (866) 254-4235. 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 Fusion Investment Advisors, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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#### **Services Fees and Compensation - Item 4**

Fusion Investment Advisors, LLC (hereinafter “Fusion”) offers a Wrap Fee program (“Program”) whereby the Firm manages Client accounts for a single fee that includes portfolio management services, custodial services and the transaction/commission costs. Under this Program, Fusion offers discretionary investment advice designed to assist Clients in obtaining professional asset management for a convenient single “Wrap Fee.”

We are a portfolio manager to and sponsor of a wrap fee program. A wrap fee program combines portfolio management, advisory services and trade execution for a single fee. Fusion, as portfolio manager is responsible for the research, security selection and implementation of transaction orders in your account. The transactions in your account will be executed by Charles Schwab & Company, Inc., a division of The Charles Schwab Corporation (“Schwab”) or TD Ameritrade Institutional, a division of TD Ameritrade, Inc. (“TD Ameritrade”). Fusion receives a portion of the wrap fee for portfolio management services. Schwab /and or TD Ameritrade will also receive a portion of the fee for trade execution expenses depending on where the account(s) is/are held. The terms and conditions under which a Client participates in Fusion’s wrap fee program will be set forth in a written agreement between the Client and Fusion. The overall cost incurred from participation in our wrap fee program may be higher or lower than if the services were purchased separately

Wrap accounts are managed to diversify Client’s investments and may include various types of securities such as equity securities, Exchange Traded Funds (ETFs), corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company products and U.S. Government securities. Other types of investments may also be recommended where the firm deems such investments appropriate based on the Client’s stated goals and objectives.

***Delegation to sub-advisors:*** Clients should be aware that we may use one or more sub-advisors to assist us in managing your account or to manage a portion of your account. All sub-advisers that we recommend to clients must be registered as investment advisers with either the Securities and Exchange Commission or with the appropriate state authority(ies). We will continuously monitor the performance of any accounts managed by the sub-adviser and will assume discretionary authority to hire or fire the sub adviser where such action is deemed to be in the best interest of the Client. The sub-advisor(s) may use one or more of their own model portfolios to manage your account. You will be required to sign an individual agreement with the sub-advisor. The sub-advisor will share in the fees charged by Fusion.

Investments and allocations are determined and based upon the Clients predefined objectives, risk tolerance, time horizon, financial horizon, financial information, and other various suitability factors. Further restrictions and guidelines imposed by Clients may affect the composition and performance of a Client’s portfolio. For these reasons, performance of the portfolio may not be identical with the average Client of Fusion. On an ongoing basis, Fusion reviews the Client’s financial circumstances and investment objectives and makes any adjustments to the Client’s portfolio as may be necessary to achieve the desired results.

Our Wrap Fee accounts are discretionary, that is, once the portfolio allocation has been agreed upon, the ongoing supervision and management of the portfolio will be our responsibility. This authority is granted to us by you in a written agreement. This allows our Firm to decide on specific securities, the quantity of the securities and placing buy or sell orders for your account without obtaining your

approval for each transaction. This type of authorization is granted using either the investment advisory agreement the Client signs with our Firm, a limited power of attorney agreement, or trading authorization forms. Clients may limit the firm's discretionary authority if they wish, by, for example, setting a limit on the type of securities that can be purchased for their account. All such restrictions must be provided in writing.

### **Program Fee**

Fusion charges a single asset-based fee for advisory services, which includes the cost of portfolio management services, custodial services and the execution of securities transactions. The annual fee for the Fusion Wrap Fee Program is billed quarterly in arrears based on the market value of the assets on the last day of the quarter. Fees will be assessed pro rata in the event the portfolio management agreement is executed at any time other than the first day of a calendar quarter.

The Client pays one fee to Fusion. This fee is deducted from the Client's account held at TD Ameritrade or Schwab. The Client authorizes Fusion to debit the fee from the Client's account. If insufficient cash is available to pay such fees, securities in an amount equal to the balance of unpaid fees will be liquidated to pay for the unpaid balance. Our fee for portfolio management services is set forth in the following fee schedule:

<b>Portfolio Size</b>	<b>Annualized Fee</b>
\$0 to \$500,000	2.50%
\$500,001 to \$1,000,000	2.25%
\$1,000,001 to \$2,500,000	2.00%
Accounts over \$2,500,000	Negotiable

In some cases, Fusion may enter into arrangements where performance-based fees are assessed for advisory services. All individual clients entering into such arrangements must have at least \$750,000 under management with Fusion or certify to Fusion that such client has a net worth of at least \$1,500,000 at the time of entering into the performance based fee arrangement (Rule 205-3 under the Investment Advisers Act of 1940). The fixed portion of the fee is generally equal to 2.00% of assets under management payable monthly in arrears. The performance fee is generally equal to 15% of any positive net investment return during a calendar year, adjusted for deposits and withdrawals made during the year. Performance-based fees are generally billed on an annual basis, payable in arrears.

Generally, Fusion allows related accounts to be combined for fee paying purposes. We combine the account valuations to assist you in meeting fee breakpoints and therefore lowering the overall fee level. Fusion extends this option to accounts residing in the same household and certain members of the same family.

In determining whether to establish a Program account, a Client should be aware that the overall cost to the Client of the Program may be higher or lower than the Client might incur by purchasing separately the types of securities available in the Program. In order to compare the cost of the Program with unbundled services, the Client should consider the turnover rate in Fusion's investment strategies, trading activity in the account and standard advisory fees and brokerage commissions that would be charged at Schwab or TD Ameritrade, or at other broker-dealers and investment advisers.

### **Additional Fees and Expenses**

The fees are charged as described above and are not based on a share of capital gains of the funds of an advisory Client.

All fees paid to Fusion for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a Client may pay an initial or deferred sales charge. A Client could invest in a mutual fund directly, without the services of Fusion. In that case, the Client would not receive the services provided by Fusion which are designed, among other things, to assist the Client in determining which mutual fund or funds are most appropriate to each Client's financial condition and objectives. Accordingly, the Client should review both the fees charged by the funds and the fees charged by Fusion to fully understand the total amount of fees to be paid by the Client and to thereby evaluate the advisory services being provided.

There may be other costs assessed, which are not included in the Program Fee, such as national securities exchange fees; charges for transactions with respect to assets not executed through the custodian, costs associated with exchanging currencies; wire transfer fees; or other fees required by law.

### **Termination**

The agreement between Fusion and the Client will continue in effect until either party terminates in accordance with the terms of the agreement. Fusion's annual fee will be pro-rated through the date of termination. Refunds are generally not applicable as fees are payable in arrears. However, in the event there are any prepaid unearned fees, Fusion will return a pro rata share to the Client.

Upon termination of accounts held at Schwab or TD Ameritrade, Schwab and TD Ameritrade delivers securities and funds held in the account as instructed by Client, unless Client requests that the account be liquidated. After the Agreement has been terminated, transactions are processed at the prevailing brokerage rates. Client becomes responsible for monitoring their own assets and Fusion has no further obligation to act or provide advice with respect to those assets.

### **TD Ameritrade Institutional Advisor Program**

Fusion participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Fusion receives some benefits from TD Ameritrade through its participation in the Program. Please refer to Page 11: "Client Referrals and Other Compensation" section of this document for further information about the economic benefits Fusion receives from TD Ameritrade for participation in the TD Ameritrade Institutional program.

### **Schwab Institutional Program**

Fusion participates in the Schwab Institutional Program. Schwab Institutional provides us with access to its institutional trading and operational services, which are typically not available to Schwab retail investors. The services generally are available at no charge so long as we maintain a minimum of \$10 million of account assets with them. Schwab Institutional services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional

investors. Schwab Institutional also makes available other products and services that benefit the administration of our accounts. These include software, client account access technology, trade confirmations and account statements, trade execution and aggregated trade order allocation technology, back-office support, recordkeeping, and client reporting. Schwab Institutional also provides us with business enterprise services. These services include consulting, publications and practice management presentations, information technology, business succession, regulatory compliance, and marketing information and best practices. Schwab may make available, arrange and/or pay independent third parties for these types of services. Schwab Institutional may discount, waive or pay all or part of the third party fees for services provided. There are no contingencies or business volume requirements (assets in custody or trading) associated with the availability of the foregoing products and services.

We are not affiliated with Schwab or TD Ameritrade. Our Investment Adviser Representatives are not registered representatives of Schwab or TD Ameritrade and do not receive commissions or other compensation from recommending these services.

#### **Account Requirements and Types of Clients - Item 5**

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

Where we assess performance based fees for advisory services, Clients will have at least \$750,000 under management with Fusion or certify to Fusion that such Client has a net worth of at least \$1,500,000 at the time of entering into the performance based fee arrangement (Rule 205-3 under the Investment Advisers Act of 1940).

Fusion requires a minimum of \$20,000 to open and maintain an advisory account. At our sole discretion we may waive this requirement. This requirement can be met by combining two or more accounts owned by you or related family members.

#### **Portfolio Manager Selection and Evaluation - Item 6**

##### **Advisory Business**

Currently, we offer the following investment advisory services, personalized to each individual Client:

##### ***Portfolio Management Services***

###### ***Non Wrap Program***

Portfolio management refers to the management of money, including investments. Assets are usually held in an account. A group of accounts is called a portfolio. Determining the types and quantities of securities to hold in a portfolio is referred to as portfolio management.

Our firm offers discretionary and non-discretionary portfolio management services to our clients and prospective clients. Discretionary portfolio management means we will make investment decisions and place buy or sell orders in your account without contacting you. These decisions would be made based upon your stated investment objectives. Non-discretionary portfolio management means we will contact you before a trading decision is taken.

Our investment advice is tailored to meet our clients' needs and investment objectives. If you decide to hire our firm to manage your portfolio, we will meet with you to gather your financial information, determine your goals, and decide how much risk you should take in your investments. The information we gather will help us create a portfolio and implement an asset allocation strategy that will be specific to your goals, whether we are actively investing for you or simply providing you with advice.

Our firm mainly uses equity securities, exchange traded funds, no-load or load waived mutual funds, corporate securities, municipal securities, U.S. government securities in its portfolio management programs. We may also recommend that clients invest in various investment related limited partnerships created by third parties.

However we construct your investment portfolio, we will monitor your portfolio's performance on an ongoing basis, and rebalance the portfolio whenever necessary, as changes occur in market conditions, your financial circumstances, or both.

As outlined above, discretionary portfolio management services means that once the portfolio has been agreed upon, the ongoing supervision and management of the portfolio will be our responsibility. This allows our firm to decide on specific securities, the quantity of the securities and placing buy or sell orders for your account without obtaining your approval for each transaction. You may grant us discretionary authority using either the investment advisory agreement you sign with our firm, a limited power of attorney agreement, or trading authorization forms. You may limit this authority by setting a limit on the type of securities that can be purchased for your account. Simply provide us with your restrictions or guidelines in writing.

The non-discretionary portfolio management service means, as outlined above, that we must obtain your approval prior to making any transactions in your account. In some cases, we may provide you with a list of recommended transactions that you can review, approve and execute in your account.

***Delegation to sub-advisors:*** For those of our clients who hire us for discretionary portfolio management services and who have signed an agreement with us to this effect, you should be aware that we may use one or more sub-advisors to assist us in managing your account or to manage a portion of your account. All sub-advisors that we recommend to clients must be registered as investment advisers with either the Securities and Exchange Commission or with the appropriate state authority(ies). We will continuously monitor the performance of any accounts managed by the sub-adviser and will assume discretionary authority to hire or fire the sub adviser where such action is deemed to be in the best interest of the Client. The sub-advisor(s) may use one or more of their own model portfolios to manage your account. You will be required to sign an individual agreement with the sub-advisor. The sub-advisor will share in the fees charged by Fusion.

We recommend that you compare our reports with the statement(s) you receive from the qualified custodian. If you see something that is incorrect, please call our main office number, located on the cover page of this brochure.

### **Financial Planning Services**

We offer broad based financial planning including tax planning, charitable gifting strategies, risk and insurance analysis and estate and retirement planning. Fusion strives to achieve a client's long-term

financial goals by implementing a financial planning process that may include any or all of the following steps:

- Assessment of a client's present financial situation by collecting information regarding net worth and cash flow statements, tax returns, insurance policies, investment portfolios, pension plans, employee benefit statements etc.
- Identification of a client's financial and personal goals and objectives. Goals or objectives may include financing a child's college education or retirement planning. The identified goals or objectives are specific, realistic and measurable. All goals include time horizons.
- Resolution of finance related problems. Obstacles to achieving financial independence are identified so that resolution may occur. Examples of problem areas can include too little or too much insurance coverage, inadequate cash flow or a high tax burden.
- Plan Design. A written financial plan is prepared that includes recommendations and solutions to any financial related problems.
- Implementation of the financial plan. The financial plan is finalized and agreed upon. The recommendations and solutions are executed to reach the desired goals and objectives.
- Evaluation of the financial plan is conducted periodically. The financial planning service provides periodic review and revision of the plan to ensure that the financial goals are achieved.

Financial plans are based on your financial situation and the financial information you provide to our firm. If your financial situation, goals, objectives, or needs change, you must notify us promptly.

You may choose to accept or reject our recommendations. If you decide to proceed with our recommendations, you may do so either through our investment advisory services or by using the advisory/brokerage firm of your choice.

#### **Performance Based Fees - Side by Side Management**

We charge performance-based fees to "qualified Clients" who have a net worth greater than \$1,500,000, or those for whom we manage a minimum of \$750,000, from the beginning of our agreement for services. Performance-based fees are fees based on a share of capital gains or capital appreciation of a Client's account. The amount of the performance-based fee we charge is described in the "Fees and Compensation - Item 5" section in this Brochure.

Performance based fee arrangements may create an incentive for Fusion to recommend investments, which may be riskier or more speculative than those, which would be recommended under a different fee arrangement.

#### **Methods of Analysis**

The following are different methods of analysis that we may use when providing you with investment advice:



- **Fundamental Analysis** – fundamental analysis is a technique that attempts to determine a security's value by focusing on underlying factors that affect a company's actual business and its future prospects. The term refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements.
- **Technical Analysis** – technical analysis is a technique that relies on the assumption that current market data (such as charts of price, volume, and open interest) can help predict future market trends, at least in the short term. It assumes that market psychology influences trading and can predict when stocks will rise or fall.

### **Investment Strategies**

- **Long Term Purchases** – securities held for over a year.
- **Short Term Purchases** – securities held for less than a year.
- **Trading** – securities are sold within 30 days.
- **Covered Options** – covered option is a strategy in which an investor writes an option contract while at the same time owning an equivalent number of shares of the underlying stock.
- **Margin Transactions** – margin strategies allow an investor to purchase securities on credit and to borrow on securities already in their custodial account. Interest is charged on any borrowed funds for the period of time that the loan is outstanding.
- **Short Sales** – short selling is the selling of a stock that the seller doesn't own. More specifically, a short sale is the sale of a security that isn't owned by the seller, but that is promised to be delivered.

### **Risk of Loss**

The investment advice provided along with the strategies we suggest will vary depending on each client's specific financial situation and goals. This brief statement does not disclose all of the risks and other significant aspects of investing in financial markets. In light of the risks, you should fully understand the nature of the contractual relationship(s) into which you are entering and the extent of your exposure to risk. Investing in securities involves risk of loss that clients should be prepared to bear. Certain investing strategies may not be suitable for many members of the public. You should carefully consider whether the strategies employed will be appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

**General Investment Risk:** All investments come with the risk of losing money. Investing involves substantial risks, including complete possible loss of principal plus other losses and may not be suitable for many members of the public. Investments, unlike savings and checking accounts at a bank, are not insured by the government to protect against market losses. Different market instruments carry different types and degrees of risk and you should familiarize yourself with the risks involved in the particular market instruments you intend to invest in.

**Loss of Value:** There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Investments may also be affected by any changes in exchange control regulation, tax

laws, withholding taxes, international, political and economic developments, and government, economic or monetary policies.

**Interest Rate Risk:** Fixed income securities and funds that invest in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, and their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes.

**Credit Risk:** Investments in bonds and other fixed income securities are subject to the risk that the issuer(s) may not make required interest payments. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

**Foreign Exchange Risk:** Foreign investments may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rates. Changes in currency exchange rates may influence the share value, the dividends or interest earned and the gains and losses realized. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation and other economic and political conditions. If the currency in which a security is denominated appreciates against the US Dollar, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

#### **Voting of Client Securities - Proxy Voting**

Fusion does not vote proxies. It is the client's responsibility to vote proxies. Clients will receive proxy materials directly from the custodian. Questions about proxies may be made via the contact information on the cover page.

#### **Client Information Provided to Portfolio Managers - Item 7**

Since Fusion and its Associated Persons are the sole portfolio managers to the Program, we do not provide information about our Clients to other portfolio managers.

#### **Confidentiality**

Fusion views protecting its customers' private information as a top priority and, pursuant to the requirements of the Gramm-Leach-Bliley Act, the Firm has instituted policies and procedures to ensure that customer information is kept private and secure.

Fusion does not disclose any nonpublic personal information about its customers or former customers to any nonaffiliated third parties, except as permitted by law. In the course of servicing a Client account, Fusion may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers.

Fusion restricts internal access to nonpublic personal information about its Clients to those employees who need to know that information in order to provide products or services to the Client. Fusion maintains physical and procedural safeguards that comply with state and federal standards to guard a Client's nonpublic personal information and ensure its integrity and confidentiality. As emphasized above, it has always been and will always be the Firm's policy never to sell information about current or former customers or their accounts to anyone. It is also the Firm's policy not to share information unless required to process a transaction, at the request of the Client, or as required by law.

A copy of the Firm's privacy policy notice will be provided to each Client prior to, or contemporaneously with, the execution of the advisory agreement. Thereafter, the Firm will deliver a copy of the current privacy policy notice to its Clients on an annual basis. If you have any questions on this policy, please contact us.

#### **Client Contact with Portfolio Managers - Item 8**

Fusion and its Associated Persons may act as portfolio managers to the Program. Clients are free to contact us at any time. Our primary contact regarding questions about the Program is Ryan Borer, Managing Member. Clients may contact him at (866) 254-4235 .

Additionally, Fusion may use one or more sub-advisors to assist us in managing your account or to manage a portion of your account. Fusion does not place any restrictions on the client's ability to contact and consult with any of the sub-advisors.

#### **Additional Information - Item 9**

##### **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. There is no history of material legal or disciplinary events by our Firm or our management persons.

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

Ryan Borer and Rick Barnett are the Managing Members of Fusion Advisory Group, LLC, an insurance agency based in Florida. Mr. Borer and Mr. Barnett are licensed insurance agents and can effect transactions in insurance products for clients and earn commissions for these activities. Fusion expects that clients to whom it offers advisory services may also be clients for whom Mr. Borer and Mr. Barnett act as insurance agents. Clients are instructed that the fees paid to the firm for advisory services are separate and distinct from the commissions earned by Associated Persons of the firm in their capacities as insurance agents with Fusion Advisory Group, LLC. Clients to whom the firm offers advisory services are informed that they are under no obligation to utilize the services of Fusion Advisory Group, LLC or its agents for insurance services and may use the insurance brokerage firm and agent of their choosing.

##### **Description of Our Code of Ethics**

Fusion has adopted a Code of Ethics (the "Code") to address investment advisory conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts

of interest. The Code includes Fusion's policies and procedures developed to protect Client's interests in relation to the following topics:

- The duty at all times to place the interests of Clients first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the code of ethics.
- The responsibility to avoid any actual or potential conflict of interest or misuse of an employee's position of trust and responsibility;
- The fiduciary principle that information concerning the identity of security holdings and financial circumstances of Clients is confidential; and
- The principle that independence in the investment decision-making process is paramount.

Clients who would like to receive a copy of Fusion's Code of Ethics, may contact Ryan Borer, Managing Member/CCO at (866) 254-4235 .

### **Personal Trading Practices**

At times Fusion and/or its Advisory Representatives may take positions in the same securities as Clients, which may pose a conflict of interest with Clients. Fusion and its Advisory Representatives will generally be "last in" and "last out" for the trading day when trading occurs in close proximity to Client trades. We will not violate our fiduciary responsibilities to our Clients. Front running (trading shortly ahead of Clients) is prohibited. Should a conflict occur because of materiality (i.e. a thinly traded stock), disclosure will be made to the Client(s) at the time of trading. Incidental trading not deemed to be a conflict (i.e. a purchase or sale which is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price), would not be disclosed at the time of trading.

### **Review of Accounts**

Fusion monitors the individual investments within Fusion's portfolio management account each day the market is open. Portfolio performance is reviewed, at a minimum, on a quarterly basis. Fusion offers portfolio management clients an in-person portfolio review meeting on a semi-annual basis. A financial plan is a snapshot in time and no ongoing reviews are conducted. We recommend clients engage us on an annual basis to update the financial plan.

Ryan Borer and Rick Barnett, Managing Members, or the client's IAR, will perform all client portfolio reviews.

Clients will receive statements directly from their account custodian(s) on at least a quarterly basis. Additionally, Fusion may provide clients with quarterly performance reports.

### **Client Referrals and Other Compensation**

As disclosed under Item 4. above, Fusion participates in both Schwab's and TD Ameritrade's institutional customer program and Fusion may recommend Schwab and/or TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Fusion's participation in the program and the investment advice it gives to its Clients, although Fusion receives economic benefits through its participation in the program that are typically not available to Schwab or TD Ameritrade retail investors.

These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools;

consulting services; access to a trading desk serving Fusion participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Fusion by third party vendors. Schwab and/or TD Ameritrade may also have paid for business consulting and professional services received by Fusion's related persons.

Some of the products and services made available by Schwab or TD Ameritrade through the program may benefit Fusion but may not benefit its Client accounts. These products or services may assist Fusion in managing and administering Client accounts, including accounts not maintained at Schwab or TD Ameritrade. Other services made available by Schwab or TD Ameritrade are intended to help Fusion manage and further develop its business enterprise. The benefits received by Fusion or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to Schwab or TD Ameritrade. As part of its fiduciary duties to clients, Fusion endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Fusion or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Fusion's choice of Schwab or TD Ameritrade for custody and brokerage services.

We and our related persons do not compensate, either directly or indirectly, any person or entity who is not our supervised person for Client referrals.

#### **Financial Information**

We are required in this Item to provide you with certain financial information or disclosures about Fusion's, financial condition. Fusion does not require the prepayment of over \$1,200, six or more months in advance. Additionally, Fusion has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients, and has not been the subject of a bankruptcy proceeding.

#### **Requirements for State-Registered Advisors - Item 10**

**This section is intentionally left blank- Our Firm is SEC registered**

#### **Miscellaneous**

##### **Trade Aggregation**

While individual client advice is provided to each account, client trades may be executed as a block trade. Fusion encourages its existing and new clients to use Schwab and/or TD Ameritrade. Only accounts in the custody of Schwab and/or TD Ameritrade would have the opportunity to participate in aggregated securities transactions. All trades using Schwab and/or TD Ameritrade will be aggregated and done in the name Fusion. The executing broker will be informed that the trades are for the account of Fusion's clients and not for Fusion itself. No advisory account within the block trade will be favored over any other advisory account, and thus, each account will participate in an aggregated order at the average share price and receive the same commission rate. The aggregation should, on average, reduce slightly the costs of execution, and Fusion will not aggregate a client's order if in a particular instance Fusion believes that aggregation would cause the client's cost of execution to be increased. Schwab

and/or TD Ameritrade will be notified of the amount of each trade for each account. Fusion and/or its Associated Persons may participate in block trades with clients, and may also participate on a pro rata basis for partial fills, but only after the determination has been made that clients will receive fair and equitable treatment.

#### **Class Action Lawsuits**

From time to time, securities held in the accounts of Clients will be the subject of class action lawsuits. Fusion has no obligation to determine if securities held by the Client are subject to a pending or resolved class action lawsuit. It 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, the Firm 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 the Firm 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 the Client has authorized contact in this manner.

#### **Trade Error Correction Procedures**

On infrequent occasions, an error may be made in a Client account. For example, a security may be erroneously purchased for the account instead of sold. In these situations, the Firm generally seeks to rectify the error by placing the Client account in a similar position as it would have been had there been no error. Depending on the circumstances, various corrective steps may be taken, including among others canceling the trade or adjusting an allocation. Any gains or losses resulting from error correction will be placed in Fusion's error correction account.