

**Item 1 – Cover Page**

## ADVISORY FUSION, LLC

2911 Bond Street, Suite 200  
Everett, WA 98201

(425) 212-3777

March 21, 2016

This Brochure provides information about the qualifications and business practices of Advisory Fusion, LLC. If you have any questions about the contents of this Brochure, you may contact us at (425) 212-3777 or [brian@madronafinancial.com](mailto:brian@madronafinancial.com) to obtain answers and additional information. Advisory Fusion, LLC is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”). Registration of an investment adviser does not imply any level of skill or training. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Advisory Fusion, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Advisory Fusion, LLC is 282227.

## **Item 2 – Material Changes**

This Brochure is our initial brochure. There is no previous annual update to our Brochure.

We will ensure that all current clients receive a Summary of Material Changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. A Summary of Material Changes is also included with our Brochure on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Advisory Fusion, LLC is 282227. We may further provide other ongoing disclosure information about material changes as necessary and will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Brian Evans, Compliance Officer of Advisory Fusion, LLC at (425) 212-3777 or [brian@madronafinancial.com](mailto:brian@madronafinancial.com). Our Brochure is provided free of charge.

---

**Item 3 – Table of Contents**

	<u>Page</u>
<b>Contents</b>	
Item 1 – Cover Page.....	i
Item 2 – Material Changes.....	ii
Item 3 – Table of Contents.....	iii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	3
Item 6 – Performance-Based Fees and Side-By-Side Management .....	6
Item 7 – Types of Clients.....	7
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	8
Item 9 – Disciplinary Information .....	10
Item 10 – Other Financial Industry Activities and Affiliations .....	11
Item 11 – Code of Ethics, Participation or Interest in Client Transaction & Personal Trading ...	12
Item 12 – Brokerage Practices .....	15
Item 13 – Review of Accounts.....	16
Item 14 – Client Referrals and Other Compensation.....	17
Item 15 – Custody.....	18
Item 16 – Investment Discretion.....	19
Item 17 – Voting Client Securities.....	20
Item 18 – Financial Information .....	21

#### Item 4 – Advisory Business

- A** Advisory Fusion, LLC (“Advisory Fusion” “we” or “us”) is an SEC registered investment advisory firm formed in January 2016 and located in Everett, Washington. The principal owners of Advisory Fusion are Brian Evans, Tracie Evans, John Capuano and Greg Dinetz.
- B** Advisory Fusion provides non-discretionary sub-advisory services, turnkey asset management services and business solutions to independent and unrelated investment advisory firms (“RIA Firms”). Advisory Fusion primarily operates transparently behind the scenes to support the RIA Firms in building and operating an efficient business. Advisory Fusion offers the following services as a part of the turnkey business solution and performs services upon request by the Advisor:

**Investment Management:** Advisory Fusion provides investment model portfolios as follows:

Conservative, Moderate, Growth, and Aggressive model portfolios for each of the following:

- 1) investment accounts with an account value in excess of \$100,000;
- 2) investment accounts with an account value of less than \$100,000; and
- 3) trust and other accounts striving for higher dividend and interest payouts.

These models are updated periodically as the market environment changes. At the request of the RIA, Advisory Fusion will also handle day-to-day account management needs for the managed accounts and place trades to rebalance client accounts to the model portfolio selected by the RIA. Advisory Fusion will calculate its investment management fees each quarter and as a service to the RIA, will calculate the RIA investment management fees upon request.

**Financial Plan Review:** Advisory Fusion, through its affiliation with Madrona Financial Services, prepares and reviews financial plans for the Advisor’s clients and helps the Advisor make recommendations to assist the Advisor’s clients in meeting their financial and retirement goals.

**CPA Access:** Advisory Fusion, through its affiliation with Bauer Evans, Inc. P.S., a full service CPA firm, obtains and provides investment related tax advice and prepares tax projections for accounts that Advisory Fusion provides sub-advisory services (“End Client”).

**Social Security Optimization:** Advisory Fusion analyzes the Advisor's End Clients' financial situation and provides advice on when the End Client should begin collecting social security.

**Estate Planning/Trusts:** Advisory Fusion provides the Advisor with trust and/or estate planning advice as appropriate to the End Client's situation. In the event that the scope of the advice is beyond Advisory Fusion's expertise, Advisory Fusion may direct the End Client to obtain a specialist for advice. The End Client will be responsible for any fees incurred through the End Clients relationship with the specialist.

**Seminar Training:** Advisory Fusion provides RIA Firms with access to sample seminars and provides seminar training.

**Radio Syndication:** RIA Firms have the opportunity to use Brian Evans' syndicated radio show in whole or in part in conjunction with Brian Evans' own radio appearances.

**Book Authorship:** Advisory Fusion provides RIA Firms with tips and guidance on how to become an author of a book or a chapter in a book.

**Website Creation:** Advisory Fusion creates a professional looking website for the RIA Firm which incorporates various techniques to improve the RIA Firm's placement in local search engines.

**Information Technology Support:** Advisory Fusion provides limited information technology support to RIA Firms for questions related to software, computers, or networking.

**Initial Marketing and Rebranding Services.** Advisory Fusion, through its affiliation with Lone Beacon Media LLC, provides initial marketing and rebranding services to RIA Firms.

- C** Individual advice and services are tailored by RIA Firms to the stated objectives of their End Client. The RIA Firm discusses with an End Client in detail critically important information such as their risk tolerance, time horizon, and projected future needs, to formulate an investment policy. The RIA Firm sends instructions to us in accordance with this policy which objectively and suitably guides the management of the End Client's account. RIA Firms meet with End Clients as needed to review portfolio performance, discuss current issues, and re-assess goals and plans.
- D** Advisory Fusion does not participate in or sponsor any wrap-fee programs.
- E** We manage \$0 of Client assets on a discretionary basis and \$0 of Client assets on a non-discretionary basis. This amount was calculated as of January 29, 2016.

## Item 5 – Fees and Compensation

**A** We provide services to RIA Firms primarily under the following fee schedules:

### **Assets Under Management Fees**

Advisory Fusion charges an assets under management (“AUM”) fee quarterly in arrears equal to 0.25 times the Annual AUM Fee, as described below, times the sum of all End Client’s AUM on the last day of the immediately preceding quarter in excess of the Advisor’s Base AUM which is calculated as the Advisor’s AUM on the last day of the month prior to becoming a client of Advisory Fusion, or as otherwise negotiated.

Unless otherwise agreed upon by the End Client, the RIA Firm and Advisory Fusion, the RIA Firm will obtain authorization from the End Client to deduct fees from their accounts. The RIA Firm will then assign this right to Advisory Fusion. As a part of Advisory Fusion’s service to RIA Firms, Advisory Fusion will calculate and deduct the RIA Firm’s fee from End Client accounts. Advisory Fusion will then deduct its fee from the total and forward the balance to the RIA Firm. That said, Advisory Fusion may adapt its fee process as needed to better accommodate how the RIA Firm calculates its own advisory fees. (For example, if an RIA Firm calculates and bills its advisory fees in advance, Advisory Fusion may alter its billing process to match and therefore also bill in advance to be consistent with the RIA Firm’s process.) If a process other than the above stated arrears process (using the market value of the End Client’s account on the last trading day of the prior quarter) is to be used, Advisory Fusion will discuss this procedural change with RIA Firms prior to implementation.

Alternatively in the event that the brokerage firm does not allow fees to be paid directly to Advisory Fusion from the End Client’s custodial account, Advisory Fusion will send a quarterly invoice to the RIA Firm, payable immediately upon receipt of the quarterly AUM fees from the End Client’s custodial account.

AUM in excess of Base AUM	Annual AUM Fee (in basis points)
\$0-\$10,000,000	45
\$10,000,001-\$25,000,000	40
\$25,000,001-\$50,000,000	35
\$50,000,001+	30

In the event that the RIA Firm chooses not to utilize the services offered by Advisory Fusion on all client accounts, the AUM fee will still be calculated based on all assets under management.

Payment of fees may result in the liquidation of Client's securities if there is insufficient cash in the End Client's account. If End Client assets are invested in mutual funds, End Client may be required to pay, in addition to Advisory Fusion's AUM fee, a proportionate share of the mutual fund's fees and charges.

This AUM fee charged to the RIA Firm is in addition to any other fee that the RIA Firm may charge the client for their services.

RIA Firms that utilize Advisory Fusion's Financial Plan Review, CPA Access, Social Security Optimization, Estate Planning/Trusts, Seminar Training, Radio Syndication, Book Authorship, Website Creation, and Information Technology Support Services are not charged additional fees for these services provided that they utilize these services through Advisory Fusion or one of its approved service providers.

### **Insurance Fees**

For the annuity, life, and long-term care insurance sales, the field marketing organization ("FMO") will pay their respective fee portions, pursuant to this agreement or other agreement between Advisory Fusion and the RIA Firm, to Advisory Fusion, the RIA Firm, or the insurance representative placing the insurance.

Advisory Fusion is compensated monthly for services provided under this Agreement through a percentage of Advisor's insurance related commissions. The commission split, as outlined below, ranges between 0%-10% based on Advisor's monthly insurance related production levels.

Advisory Fusion offers Enhanced Marketing Programs as part of their menu of services available to Advisor based on insurance related production levels. Advisor may be eligible for marketing support credits for an Enhanced Marketing Program offered by Advisory Fusion as outlined below.

Advisor Annual Insurance Production Amount	Advisory Fusion Share of Advisor Commissions	Advisor Marketing Support
\$0-\$3,000,000	10%	0%
\$3,000,001-\$5,000,000	10%	5%*
\$5,000,001+	0%	Enhanced Marketing Campaigns

\* Advisor Marketing Support is retroactive based on the total Advisor Annual Insurance Production Amount.

### **Initial Marketing and Rebranding Service Fees**

The RIA Firm agrees to pay the marketing affiliate a one-time, non-refundable, initial marketing and rebranding fee of \$5,000, or as otherwise negotiated.

- C** In addition to fees paid to Advisory Fusion, the End Client will incur transaction fees and the usual expenses charged by mutual fund companies.
- D** All RIA service agreements may be terminated at the end of each annual agreement term, by providing the non-terminating party with 90 day advance written notice. Upon termination, the RIA Firm is responsible for all applicable charges including, but not limited to, full quarterly service and account administrative fees.
- E** Advisory Fusion does not receive any compensation for the sale of securities or other investment products, including asset-based sales charges or transaction fees from the purchase or sale of mutual funds.

Brian Evans, a supervised person of Advisory Fusion, is also an owner of Madrona Funds, Inc., the investment sub-advisor to the AdvisorShares Madrona Domestic ETF, the AdvisorShares Madrona International ETF, and the AdvisorShares Madrona Global Bond ETF, each an investment company registered under the Investment Company Act of 1940. Mr. Evans is also an owner of Madrona Financial Services, LLC. If End Clients are placed in any of the above securities, Mr. Evans will have a conflict of interest because Mr. Evans will indirectly receive compensation for the placement through his ownership in the sub-advisor, therefore Mr. Evans has an incentive to recommend one of these products over another product based on the End Client's needs. The conflict is fully disclosed and End Clients have the option of investing in other products with which Mr. Evans does not have an interest. Mr. Evans at all times will comply with his fiduciary duty to the End Client.



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

Advisory Fusion does not charge any performance-based fees for its services or provide side-by-side management.

### **Item 7 – Types of Clients**

Advisory Fusion provides primarily non-discretionary sub-advisory services, turnkey asset management services and business solutions to RIA Firms. Generally, we do not provide advisory services directly to any End Clients of those RIA Firms. The RIA Firm has the sole responsibility of providing investment advice to their End Clients.

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

### METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

***Asset Allocation.*** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

***Mutual Fund and/or ETF Analysis.*** We look at the methodology used by the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated a superior value-add proposition. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio. See Item 5.E for a discussion of certain ETF conflicts of interest.

***Risks for all forms of analysis.*** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

***Long-term purchases.*** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

***Risk of Loss.*** Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your End Client's tolerance for risk.

### **Item 9 – Disciplinary Information**

Advisory Fusion is required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of our firm, or the integrity of our management. No principal or person associated with Advisory Fusion has any information to disclose which is applicable to this Item.

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

### **Affiliated Entities:**

Advisory Fusion is affiliated through common ownership and control with Madrona Financial Services, LLC (“Madrona Financial”), Bauer Evans, Inc. (“Bauer Evans”), Madrona Funds, LLC (“Madrona Funds”), and Lone Beacon Media, LLC (“Lone Beacon Media”). Madrona Financial, Bauer Evans, Madrona Funds, and Lone Beacon Media are all under common control through majority ownership of Brian Evans who is considered a control person of each firm because he holds more than 25% ownership interest in each firm.

Madrona Financial and Madrona Funds are investment advisors registered with the Securities and Exchange Commission offering a wide range of financial planning and investment advisory services. Bauer Evans is a CPA firm providing accounting services to its own clients as well as Advisory Fusion clients. Lone Beacon Media is a firm that provides marketing and branding services to its own clients as well as Advisory Fusion clients.

Brian Evans, a supervised person of Advisory Fusion, is also an owner of Madrona Funds, Inc., the investment sub-advisor to the AdvisorShares Madrona Domestic ETF, the AdvisorShares Madrona International ETF, and the AdvisorShares Madrona Global Bond ETF, each an investment company registered under the Investment Company Act of 1940. If End Clients are placed in any of the above securities, Mr. Evans will have a conflict of interest because Mr. Evans will indirectly receive compensation for the placement through his ownership in the sub-advisor, therefore Mr. Evans has an incentive to recommend one of these products over another product based on the End Client’s needs. The conflict is fully disclosed and End Clients have the option of investing in other products with which Mr. Evans does not have an interest. Mr. Evans at all times will comply with his fiduciary duty to the End Client.

If an Advisor utilizes the services of Bauer Evans and/or Lone Beacon Media, Mr. Evans will have a conflict of interest because Mr. Evans will indirectly receive compensation through his ownership in the sub-advisor, therefore Mr. Evans has an incentive to recommend one of these companies over another service provider based on the End Client’s needs. For any referral of services to Bauer Evans and Lone Beacon Media, Advisory Fusion will inform Advisor that they are under no obligation to utilize the services of Bauer Evans or Lone Beacon Media.

### **Item 11 – Code of Ethics, Participation or Interest in Client Transaction & Personal Trading**

- A** We have a Code of Ethics which all employees are required to follow. The Code of Ethics outlines our high standard of business conduct, and fiduciary duty to our RIA Firm Clients. The Code of Ethics includes provisions relating to the confidentiality personal information, a prohibition on insider trading, personal securities trading procedures, improper use of Firm property, and diversion of investment and business opportunities, among other things.

Advisory Fusion or individuals associated with our firm may buy and sell some of the same securities for their own account that we buy and sell for the End Clients of RIA Firms. Generally we will purchase or sell securities for these End Clients before purchasing or selling the same for our account or allowing representatives to purchase or sell the same for their own account. However, we do allow the accounts of employees to be included in block trading alongside the accounts for RIA Firms and their End Clients. Further, the accounts of certain End Clients may not be included in a trade if the RIA Firm directs us not to include such accounts. In some cases we or our representatives may buy or sell securities for our own account for reasons not related to the strategies adopted for the RIA Firms we work with. Our employees are required to follow the Code of Ethics when making trades for their own accounts in securities which are recommended to and/or purchased for the RIA Firm accounts. The Code of Ethics is designed to assure that the personal securities transactions will not interfere with decisions made in the best interest of our RIA Firm clients while at the same time, allowing employees to invest their own accounts.

In the event a material conflict of interest not already discussed in this document should arise, we will disclose to our RIA Firm clients any material conflict of interest relating to us, our representatives, or any of our employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

As any advisory situation could present a conflict of interest, we have established the following restrictions to ensure our fiduciary responsibilities:

- A director, officer, associated person, or employee of Advisory Fusion shall not buy or sell securities for his personal portfolio where his decision is substantially derived, in whole or in part, by reason of his employment unless the information is also available to the investing public on reasonable inquiry. No person of Advisory Fusion shall prefer his or her own interest to that of any RIA Firm End Client.
- We maintain a list of all securities holdings for the firm and for anyone associated with its advisory practice who has access to advisory recommendations. An appropriate officer reviews these holdings on a regular basis.

- Any individual not in observance of the above may be subject to discipline up to and including termination.

Advisory Fusion has a Code of Ethics which all employees are required to follow. The Code of Ethics outlines our high standard of business conduct, and fiduciary duty to its RIA Firm Clients. The Code of Ethics includes provisions relating to the confidentiality of Client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things.

A copy of the code of ethics is available to any RIA Firm Client or prospective Client upon request by contacting Brian Evans at (425) 212-3777 or [brian@madronafinancial.com](mailto:brian@madronafinancial.com).

**B,C,D** With the exception of the following, we do not own or manage any companies or investments that we advise our RIA Firm Clients to buy.

Brian Evans, a supervised person of Advisory Fusion, is also an owner of Madrona Funds, Inc., the investment sub-advisor to the AdvisorShares Madrona Domestic ETF, the AdvisorShares Madrona International ETF, and the AdvisorShares Madrona Global Bond ETF, each an investment company registered under the Investment Company Act of 1940. If End Clients are placed in any of the above securities, Mr. Evans will have a conflict of interest because Mr. Evans will indirectly receive compensation for the placement through his ownership in the sub-advisor, therefore Mr. Evans has an incentive to recommend one of these products over another product based on the End Client's needs. The conflict is fully disclosed and RIA Firms have the option of investing in other products on behalf of their End Clients with which Mr. Evans does not have an interest.

Advisory Fusion or individuals associated with our firm may buy and sell some of the same securities for their own account that Advisory Fusion buys and sells for its RIA Firm's End Clients. When appropriate we will purchase or sell securities for RIA Firms before purchasing the same for our account or allowing representatives to purchase or sell the same for their own account. In some cases Advisory Fusion or representatives may buy or sell securities for their own account for reasons not related to the strategies adopted for our RIA Firm Clients. Our employees are required to follow the Code of Ethics when making trades for their own accounts in securities which are recommended to and/or purchased for RIA Firm Clients. The Code of Ethics is designed to assure that the personal securities transactions will not interfere with decisions made in the best interest of the RIA Firm Clients while at the same time, allowing employees to invest their own accounts.



Advisory Fusion will disclose to its RIA Firm Clients any material conflict of interest relating to us, our representatives, or any of our employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

As any advisory situation could present a conflict of interest, we have established the following restrictions to ensure our fiduciary responsibilities:

1. A director, officer, associated person, or employee of Advisory Fusion shall not buy or sell securities for his personal portfolio where his decision is substantially derived, in whole or in part, by reason of his employment unless the information is also available to the investing public on reasonable inquiry. No person of Advisory Fusion shall prefer his or her own interest to that of the RIA Firm Client.
2. Advisory Fusion maintains a list of all securities holdings for itself and for anyone associated with its advisory practice that has access to advisory recommendations. An appropriate officer of Advisory Fusion reviews these holdings on a regular basis.
3. Any individual not in observance of the above may be subject to discipline up to and including termination.

## Item 12 – Brokerage Practices

- A** The RIA Firm’s End Client assets are held by independent third-party qualified custodians. Advisory Fusion has established relationships with third-party custodians. Advisory Fusion provides recommendations to RIA Firms in compliance with its fiduciary duty to seek best execution and with the Securities Exchange Act of 1934. We take into account such relevant factors as:
- Price;
  - The custodian’s facilities, reliability and financial responsibility;
  - The ability of the custodian to effect transactions, particularly with regard to such aspects as timing, order size and execution of order;
  - The research and related brokerage services provided by such custodian to us, notwithstanding that the account may not be the direct or exclusive beneficiary of such services; and
  - Any other factors that we consider to be relevant.

We require RIA Firms to direct us as to the custodian to utilize for their End Clients’ accounts. We recommend certain custodians to RIA Firms. Advisory Fusion periodically evaluates custodians to determine whether the services provided are reasonable in relation to the value of services provided to our RIA Firm clients.

- B** Advisory Fusion may aggregate trades for RIA Firm End Clients. The allocations of a particular security will be determined by Advisory Fusion before the trade is placed with the broker. When practical, RIA Firm End Client trades in the same security will be bunched in a single order (a “block”) in an effort to obtain best execution at the best security price available. When employing a block trade:
- Advisory Fusion will make reasonable efforts to attempt to fill RIA Firm End Client orders by day-end.
  - If the block order is not filled by day-end, Advisory Fusion will allocate shares executed to underlying accounts on a pro rata basis, adjusted as necessary to keep RIA Firm End Client transaction costs to a minimum.
  - If a block order is filled (full or partial fill) at several prices through multiple trades, an average price and commission will be used for all trades executed.
  - All participants receiving securities from the block trade will receive the average price.
  - Only trades executed within the block on the single day may be combined for purposes of calculating the average price.

It is expected that this trade aggregation and allocation policy will be applied consistently. However, if application of this policy results in unfair or inequitable treatment to some or

all of Advisory Fusion's RIA Firm End Clients, Advisory Fusion may deviate from this policy.

**Item 13 – Review of Accounts**

- A** Each RIA Firm has a contractual relationship with their End Client and determines the review policies within their firm. We provide access for the RIA Firm to review all their End Clients' accounts and to provide extensive reporting to their End Clients as they desire. We may provide analysis and reporting to the RIA Firm on a daily, weekly, monthly, and quarterly basis regarding model portfolios and recommended holdings.

The independent custodian provides the RIA Firms' End Clients a monthly statement reflecting current positions, purchases and sales, and all other activity in the account.

- B,C** RIA Firm End Clients receive standard account statements from the custodian of their accounts on a monthly basis.

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

Advisory Fusion has relationships with affiliated and non-affiliated RIA firms and an affiliated CPA whereby it shares fees earned from End Clients.

For Advisory Fusion’s relationships with RIA firms, Advisory Fusion enters into an agreement with the RIA Firm whereby the parties share fees generated from services provided to the RIA Firm’s End Clients. For more information on this relationship see Item 5.

The RIA Firm’s End Clients are ultimately clients of the RIA firm and therefore Advisory Fusion is not conflicted in providing advisory services to these clients.

For Advisory Fusion’s relationships with Bauer Evans, Inc. P.S., Madrona Financial Services, LLC and Lone Beacon Media (“Servicer”), Advisory Fusion does not charge the RIA Firm for the services, so long as the RIA Firm uses the approved Servicer. Advisory Fusion absorbs this cost only charging the RIA Firm an investment advisory fee or other fee as described in the servicer agreements. For more information on these relationships see Item 5.

Based on Advisory Fusion being affiliated with Bauer Evans, Advisory Fusion is incentivized to use Bauer Evans for CPA services over other CPA firms. Advisory Fusion will at all times meet its fiduciary duty to its RIA Firm and only refer RIA Firms to Bauer Evans when it is in the best interest of the RIA Firm.

### **Item 15 – Custody**

With the exception of Advisory Fusion’s ability to debit fees, Advisory Fusion does not otherwise have custody of the assets in any custodial account.

Advisory Fusion shall have no liability to the RIA Firm or its End Client for any loss or other harm to any property in the custodial accounts, including any harm to any property in the account resulting from the insolvency of the custodian or any acts of the agents or employees of the custodian and whether or not the full amount or such loss is covered by the Securities Investor Protection Corporation (“SIPC”) or any other insurance which may be carried by the custodian. The RIA Firm understands that SIPC provides only limited protection for the loss of property held by a custodian.

#### **Item 16 – Investment Discretion**

We do not have discretionary authority to execute investment recommendations. Our non-discretionary authority requires us to obtain prior approval from RIA Firms before executing the investment recommendations. While RIA Firms' End Clients technically grant us trading authority under the custodial agreement, non-discretionary authority under an advisory or services agreement with the RIA Firm requires us to obtain the RIA Firm's approval prior to executing investment recommendations.

**Item 17 – Voting Client Securities**

- A** Without exception, we do not vote proxies on behalf of RIA Firms or their End Clients.
- B** We do not have authority to vote RIA Firm or RIA Firm End Client securities. RIA Firm or their End Clients will receive proxies and other solicitations directly from the custodian or transfer agent. If any proxy materials are received by Advisory Fusion, they will be sent directly to the RIA Firm.

**Item 18 – Financial Information**

- A** Advisory Fusion does not require advisory fees to be paid in advance and under no circumstances will Advisory Fusion collect more than \$1,200.00, more than six months in advance of services from any RIA Firm.
- B** We do not have discretionary authority over an RIA Firm (or their End Client) funds or securities. Regardless, we have no financial commitments that would impair our ability to meet contractual and fiduciary commitments to RIA Firms we serve.
- C** Neither Advisory Fusion, nor any of the principals have been the subject of a bankruptcy petition at any time in the past. We have no financial conditions that would impair our ability to meet contractual commitments to our RIA Firm clients.