

Invictus Fiduciary Services, LLC

SEC Form ADV Part 2A

Brochure

This brochure provides information about the qualifications and business practices of Invictus Fiduciary Services, LLC. If you have any questions about the contents of this brochure, please contact us by telephone at (901) 260-1449 or by email at dkelso@invictusfiduciary.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (hereinafter, "SEC") or by any state securities authority.

Additional information about Invictus Fiduciary Services, LLC (hereinafter, "Invictus") is also available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by using a unique identifying number, known as a CRD number. Our firm's CRD number is: 286117.

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Item 2: Material Changes

There has been a material changes to this brochure since our last update in March 2018.

Invictus is deemed to have custody of client accounts for which certain employees serve as trustee and maintains discretionary authority. Custody of client's accounts is held primarily at the trustee's custodian which is not affiliated with Invictus.

Certain non-material changes have been made to this brochure since our last update and consequently, we encourage you to review this brochure in its entirety.

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Item 4: Advisory Business

Invictus Fiduciary Services, LLC is a Limited Liability Company organized in the State of Tennessee. The firm was formed in July 2016, and the principal owners are Michael Eugene New, Kenneth Bryan Lenoir and Clyde Douglas Kelso, III.

Invictus provides services to Employee Stock Ownership Plans (“ESOP”) on three separate bases as follows:

Invictus will serve as the Investment Manager to the ESOP and its related trust agreement sponsored by the ESOP’s company (“Company”) on a continuing or “on-going” basis. Michael New or Kenneth Lenoir, in their individual capacities, will serve as the ESOP trustee.

OR

Invictus will serve as the Investment Manager to the ESOP and its related trust agreement sponsored by the Company and Michael New or Kenneth Lenoir, in their individual capacities, will serve as the ESOP trustee in connection with a proposal to engage in a transaction involving the purchase of a percentage of the issued and outstanding shares of Company stock by the ESOP.

OR

Invictus will provide investment advisory services to ESOP trustees and/or Plan Sponsor Fiduciaries.

Invictus provides services according to the client’s needs and instructions. Investment policies are determined by the client, which may be the Plan Sponsor or Committee, ESOP trustee or other authorized parties noted in the agreement.

Invictus has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$210,468,184	\$ 76,584,167	December 2017

Item 5: Fees and Compensation

For Invictus's services as Investment Manager or Advisor for an ESOP transaction, Invictus will receive a transaction fee from the Company, of which a portion disclosed in the agreement is payable upon the execution of the letter agreement, with the remaining amount payable upon either the sixtieth (60th) day following the execution of this agreement, or upon the completion of this engagement, whichever event occurs first. The Company will also pay the reasonable out-of-pocket expenses incurred in connection with the services the Fiduciaries perform relating to the Proposed Transaction, such as copying expenses, long-distance telephone charges, private express mail deliveries, and travel expenses, based on customary rates that commercial air carriers, hotels, and other service providers charge.

For its services as Investment Manager or Advisor to an ESOP in an on-going capacity, Invictus will receive an annual fee based upon the fair market value of the assets in the ESOP as of December 31st of the prior year (the "fee valuation date") or the ESOP's fiscal year-end if other than December 31st. This annual fee will be calculated in the following manner:

- ❖ 15 basis points of the first \$10 Million in ESOP assets;
- ❖ 5 basis points of the next \$40 Million in ESOP assets; and
- ❖ 2.5 basis points of ESOP assets in excess of \$50 Million.

The annual fee will be payable by the Company or the ESOP in four equal quarterly installments. Each quarterly installment will be charged at one-fourth the annual fee rate and payment shall be due within 30 days following the beginning of each calendar quarter. If the fair market value of the assets in the ESOP as of the "fee valuation date" has not been determined at the time when a quarterly installment payment is to be made, then the amount of such payment will be based upon such fair market value as of the end of the plan year immediately preceding the "fee valuation date" until the fair market value as of the "fee valuation date" can be determined. When the fair market value of the assets in the ESOP as of the "fee valuation date" has ultimately been determined, the Company or the ESOP will increase (or decrease) its subsequent quarterly installments until it has paid Invictus the amount due in accordance with the calculation method described above. Invictus maintains a minimum annual fee of \$15,000.00. In addition to its annual investment management or advisory fee, Invictus will receive a distribution transaction fee of \$35.00 for each participant distribution made during the plan year. This distribution transaction fee includes the preparation of the appropriate tax reporting form for each plan participant recipient. Finally, the Company will also pay the reasonable out-of-pocket expenses incurred in connection with the services the Fiduciaries perform in their respective roles as Investment Manager and trustee to the ESOP, such as copying expenses, long-distance telephone charges, private express mail deliveries, and travel expenses, based on customary rates charged by commercial air carriers, hotels, and other service providers.

Some Companies worked with the members of Invictus while they were employees of Evolve Bank and Trust (“Evolve”), the previous plan trustee, under fee schedules that were applicable at the time these Companies appointed Evolve as their plan trustee. The fee schedule applicable to each of these Companies has been grandfathered by Invictus for these Companies and may produce a fee different than the fee created by the fee schedule shown above. Invictus reserves the right, at their sole discretion, to offer negotiated fees based on a range of factors relating to individual plans and circumstances. Evolve Bank and Trust is not affiliated with Invictus.

Item 6: Performance-Based Fees and Side-By-Side Management

Invictus does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of clients.

Item 7: Types of Clients

Invictus generally provides advisory services to the following types of clients:

- ❖ Employee Stock Ownership Plans and their Plan Sponsors

Item 8: Methods of Analysis, Investment Strategies, & Risk of Loss

Invictus is responsible for monitoring and recommending investment options to the ESOP trustee and/or Plan Sponsor fiduciary committee. This may include:

- Causing securities to be valued
- Evaluating security valuation methods
- Evaluating executive compensation and planning

Invictus, in consultation with their advisors, assumes fiduciary responsibility for advising the ESOP trustee that the purchase of Company stock is prudent, that the purchase price of the stock does not exceed adequate consideration as defined under Section 3(18) of ERISA, and that the transaction is fair from a financial viewpoint to the ESOP and its participants. The fiduciary determinations by Invictus will be based upon such factors and information as it considers to be relevant, including the appraisal and a fairness opinion by an independent appraiser and/or financial advisor. However, at all times, Invictus shall have discretionary authority to investigate

and evaluate the Proposed Transaction. Nothing contained herein shall be construed to constitute a representation, warranty, or commitment that Invictus will approve or disapprove the Proposed Transaction.

Clients should be aware that there is a material risk of loss using any investment strategy. Investment products are not guaranteed or insured by the Federal Deposit Insurance Corporation or any other government agency.

Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

Item 9: Disciplinary Information

There are no criminal or civil actions, administrative proceedings, or self-regulatory organization proceedings to report involving Invictus or its management persons.

Item 10: Other Financial Industry Activities and Affiliations

Neither Invictus nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

Neither Invictus nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

Michael Eugene New is a lawyer and from time to time may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. Invictus always acts in the best interest of the client and clients are in no way required to utilize the services and/or products of any representative of Invictus in connection with such individual's activities outside of Invictus.

Clyde Douglas Kelso, III is a lawyer and from time to time may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. Invictus always acts in the best interest of the client and clients are in no way required to utilize the services and/or products of any representative of Invictus in connection with such individual's activities outside of Invictus.

Invictus does not utilize or select third-party investment advisers. All discretionary assets are managed by Invictus and regarding assets held in accounts for which Invictus is directed by the company or its representatives, these assets are administered pursuant to the directions received.

Invictus is deemed to have custody as a result of certain employees having discretionary authority while serving as a trustee. This may create a potential conflict of interest. Custody of a client's assets are primarily held at an independent custodian and account statements are provided by the custodian.

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

Invictus has a written Code of Ethics that emphasizes its fiduciary duty to its investment management and advisory clients and the obligation of the firm's personnel to uphold that fundamental duty. The Code of Ethics further includes firm policies such as: Insider Trading, Personal Securities Transactions, Conflicts of Interest, Gifts, Service on a Board of Directors and Procedures and reporting. Invictus's Code of Ethics is available upon request to any client or prospective client.

Invictus does not recommend that clients buy or sell any security in which a related person to Invictus or Invictus has a material financial interest.

Item 12: Brokerage Practices

Invictus does not trade for client's accounts such that it does not receive research, products, or services ("soft dollar benefits") from broker-dealers. Invictus receives no referrals from broker-dealers or third parties in exchange for using that broker-dealer or third party.

Item 13: Review of Accounts

Trustee's engage a valuation firm annually to value the company stock held by ESOPs. Invictus reviews and advises whether to approve the findings in such valuation reports.

Item 14: Client Referrals and Other Compensation

Invictus does not receive any economic benefit, directly or indirectly from any third party for advice rendered to Invictus's clients. Invictus does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

Item 15: Custody

Invictus is deemed to have custody of client accounts for which certain employees serve as trustee and maintains discretionary authority. Custody of client's accounts is held primarily at the trustee's custodian which is not affiliated with Invictus. Clients will receive account statements from the custodian and should carefully review those statements for accuracy.

Item 16: Investment Discretion

Invictus provides advice only and does not have discretion over client accounts at any time.

Item 17: Voting Client Securities (Proxy Voting)

Invictus does not ask for or accept voting authority for client securities.

Item 18: Financial Information

Invictus neither requires nor solicits prepayment of fees from clients six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

Neither Invictus nor its management has any financial condition that is likely to reasonably impair Invictus's ability to meet contractual commitments to clients.

Invictus has not been the subject of a bankruptcy petition in the last ten years.