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**FORM ADV PART 2A
BROCHURE**

This brochure provides information about the qualifications and business practices of Financial Advantage, Inc., dba FAI Wealth Management. If you have any questions about the contents of this brochure, please contact us at (410) 715-9200. 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 Financial Advantage, Inc., dba FAI Wealth Management is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for the firm is 104610.

Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Item 2 Material Changes

As a registered investment advisor, we must ensure that our brochure is current and accurate and makes full disclosure of all material facts relating to the advisory relationship. If there have been any material changes to our business or advisory practices since our last annual update, we will provide a description of such material changes here.

Since our last annual updating amendment dated May 27, 2020, we amended our brochure to reflect that Lyn A. Dippel, JD, CFP (former President / Chief Compliance Officer) has resigned from the organization.

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Item 4 Advisory Business

Financial Advantage, Inc. dba FAI Wealth Management ("FAI") is a registered investment advisor based in Columbia, Maryland. We are organized as a corporation under the laws of the State of Maryland. We have been providing investment advisory services since 1987. Mark O. Stinson, CPA, CFP®, MBA, President, Curtis R. Gross, MBA, CFA®, Chairman/Chief Investment Officer, and Andrew L. Smith, Vice President/Chief Compliance Officer, AAMSSM, are owners.

As used in this brochure, the words "we," "our" and "us" refer to FAI Wealth Management, and the words "you," "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term associated person throughout this brochure. As used in this brochure, our associated persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

The centerpiece of FAI's service is our planning process where we work closely with clients and their other advisors to develop detailed strategies in the critical areas of cash flow, taxes, risk management, investments, retirement and estate planning. Currently, we offer the following advisory services which can be utilized independently or in combination:

- **Wealth Management**
- **Ongoing Financial Planning and Consulting**
- **Investment Management**
- **Retirement Plan Consulting**
- **Hourly and Ad Hoc Consulting**

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs.

Wealth Management Services

Our wealth management service is a retainer arrangement that provides clients with personal financial planning and investment management services. Our staff is committed to developing, implementing, and supervising your customized financial plan. Specifically, we may provide guidance in areas such as cash flow and budget analysis/planning, tax analysis/planning, risk management, retirement planning, estate planning, and investment/portfolio management. As part of the investment management component of this service, we will construct a portfolio based on your individual needs and objectives and actively manage your portfolio on a discretionary basis.

Our staff will be accessible to you for advice and support in matters impacting your personal financial situation and the achievement of your goals.

On an annualized basis, the firm's fees for wealth management services are based on the following fee schedule:

Assets Under Management	Annualized Fee*
First \$2,000,000	1.00%
Next \$3,000,000	0.70%
Above \$5,000,000	0.50%

*Note: Clients generally have a minimum of \$500,000 in investable assets to qualify for this service. The fee does not include transaction fees, or other fees/expenses charged by brokers, custodians, or mutual funds.

When agreed between each party, it may be appropriate to establish a fee schedule different from the base fee structure due to circumstances such as prior relationship, related accounts, level of collateral responsibilities, etc.

At our discretion, we may allow accounts of members of the same household to be aggregated for purposes of determining the advisory fee. We may allow such aggregation, for example, where we service accounts on behalf of related accounts. This consolidation practice is designed to allow a client the benefit of an increased asset total, which could potentially cause the accounts to be assessed a reduced advisory fee based on the breakpoints available in our fee schedule as stated above.

The annual fee is billed quarterly, in advance, and payment is due on the first days of January, April, July, and October. Fees are calculated using the asset value on the last day of the previous calendar quarter as reported by the custodian. For assets not held at our select custodians, it is the client's responsibility to provide updated statements of market value. Fees will be assessed pro rata in the event the advisory agreement is executed at any time other than the first day of a billing period.

Fees will either be invoiced and payable by check or the advisory fees will be directly debited by the qualified custodian holding your funds and securities provided you supply us with written authorization permitting the fees to be paid directly from the account. Further, the qualified custodian agrees to deliver an account statement, at least quarterly, directly to you, showing all disbursements from the account. You are encouraged to review all account statements for accuracy and compare those with those we provide to you quarterly.

Ongoing Financial Planning and Consulting Services

In certain circumstances, we may offer ongoing financial planning and consulting services through a retainer fee arrangement. Services may include cash flow analysis, ongoing strategic advice, asset allocation, retirement planning, capital needs analysis, risk management, income tax planning and/or estate planning. Services may also include periodic reviews, revisions/updates to the financial plan, and ongoing consulting as necessary.

The annual fee for these services depends on the scope and complexity of your specific circumstances and typically starts at \$4,000 for initial 18-month engagement. In determining the fee, we may also take into consideration other factors such as liquid net worth and investment time horizon. Fees for ongoing/retainer services are payable semi-annually in advance. Other fee payment arrangements may be negotiated in limited circumstances, and at our sole discretion. Mutually agreed upon terms for the continuation of service will be established in the executed agreement with our firm.

Investment Management Services

Our stand alone investment management services are not available to new clients at this time. For our legacy clients that engaged us prior to 2015, we provide discretionary investment management services (without personal financial planning) where the investment advice provided is custom tailored to meet your needs and investment objectives. Subject to any written guidelines, which you may provide, we will be granted discretion and authority to manage your accounts. Accordingly, we are authorized to perform various functions, at your expense, without further approval from you. Such functions include the determination of securities to be purchased/sold, and the amount of securities to be purchased/sold. Once the portfolio is constructed, we will provide continuous supervision and rebalancing of the portfolio as changes in market conditions and your circumstances may require.

On an annualized basis, the firm's fees for investment management services will be 1% of the assets under management. Investment management is subject to a minimum of \$5,000. This minimum applies to clients who engage us for investment management services only. The fee does not include transaction fees, or other fees/expenses charged by brokers, custodians, or mutual funds.

At our discretion, we may allow accounts of members of the same household to be aggregated for purposes of determining the advisory fee. We may allow such aggregation, for example, where we service accounts on behalf of related accounts. This consolidation practice is designed to allow you the benefit of an increased asset total, which could potentially cause the accounts to be assessed a reduced advisory fee based on the breakpoints available in our fee schedule as stated above.

The annual fee for investment management services is billed quarterly, in advance, based on the asset value on the last day of the previous quarter as reported by the custodian. For assets not held at our select custodians, it is your responsibility to provide updated statements of market value. 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.

Management fees will either be invoiced and payable by check or the management fees will be directly debited by the qualified custodian holding your funds and securities provided you supply written authorization permitting the fees to be paid directly from the account. We will not have access to your funds for payment of fees without your written consent. Further, the qualified custodian agrees to deliver an account statement, at least quarterly, directly to you, showing all disbursements from the account. You are encouraged to review all account statements for accuracy.

Types of Investments

We may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship. If you request that we refrain from investing in particular securities or certain types of securities, those restrictions must be provided to our firm in writing.

Termination of Management Services

Either you or our firm may terminate the management agreement within five days of the date of acceptance without penalty to you. Subsequent to that period, either party may terminate the agreement by providing 30 days written notice to the other party, with termination generally taking effect at the end of the calendar quarter unless otherwise provided in the written notice. In the event there are any prepaid unearned fees, we will promptly refund a pro rata share to you. All applicable fees, terms of engagement, and termination clauses will be clearly set forth in the agreement executed between all parties.

Retirement Plan Consulting Services

We offer pension consulting services to sponsors of participant directed retirement plans based upon the needs of the plan and the services requested by the plan sponsor. In general, these services may include an existing plan review and analysis, plan-level advice regarding fund selection and investment options, investment performance monitoring, ongoing consulting, and education services to plan participants. Participant education meetings are designed to assist participants with the investment selection process. The ultimate decision to act on behalf of the plan shall remain with the plan sponsor or other named fiduciary.

The scope of these services, the fees, and the terms of the agreement for these services will be negotiated on a case-by-case basis with each plan sponsor and will be clearly set forth in writing in the agreement for services.

Hourly and Ad Hoc Consultations

We do not generally offer hourly consulting to the public at large. Where a situation warrants it, personal financial planning and consulting services are provided hourly on a fee-only basis. Mark Stinson's hourly rate is \$350, Wayne Patterson \$350, Daniel Kelly \$350. Work performed by other staff members is \$250 per hour. Invoices are billed monthly for work that has been performed to completion.

Important Disclosures

We **do not** serve as an attorney or insurance agency, and no portion of our services should be construed as same. Accordingly, we **do not** prepare estate planning documents, or sell insurance products.

Limitations of Financial Planning and Non-Investment Consulting/Implementation Services. To the extent specifically requested, FAI will generally provide limited planning and consulting services regarding non-investment related matters, such as tax and estate planning, insurance, etc. inclusive of its advisory fee set forth at Item 5 below (limited exceptions may occur based upon assets under management, advanced planning needs, special projects, etc. for which Firm may charge an mutually agreeable additional fee and/or stand-alone financial planning engagement). Please Note: FAI does not serve as an attorney, accountant, or insurance agent, and no portion of our services should be construed as same. Accordingly, FAI does not prepare legal documents, prepare tax returns, or sell insurance products. To the extent requested by a client, we may recommend the services of other professionals for non-investment implementation purpose (i.e. attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from FAI and/or its representatives.

Cash Positions. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being **no guarantee** that such anticipated market conditions/events will occur), we may maintain cash positions for defensive purposes. All cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating your advisory fee. **Andrew Smith, Chief Compliance Officer, remains available to address any questions you may have regarding the above fee billing practice.**

Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by us) will be profitable or equal any specific performance level(s).

Client Obligations. In performing our services, we shall not be required to verify any information received from you or your other professionals, and we are expressly authorized to rely thereon. Moreover, it remains your responsibility to promptly notify us if changes occur in your financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

Retirement Rollovers-No Obligation/Conflict of Interest. A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If FAI recommends that a client roll over their retirement plan assets into an account to be managed by FAI, such a recommendation creates a conflict of interest if FAI will earn new (or increase its current) compensation as a result of

the rollover. When acting in such capacity, FAI serves as a fiduciary under the Employee Retirement Income Security Act (ERISA), or the Internal Revenue Code, or both. **No client is under any obligation to roll over retirement plan assets to an account managed by FAI. FAI's Chief Compliance Officer, Andrew Smith, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.**

Custodian Charges-Additional Fees. As discussed below at Item 12 below, when requested to recommend a broker-dealer/custodian for client accounts, FAI generally recommends that Schwab serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Schwab charge transaction fees for effecting securities transactions. In addition to FAI's investment advisory fee referenced in Item 5 below, the client will also incur transaction fees to purchase securities for the client's account (i.e., mutual funds, exchange traded funds, individual equity and fixed income transactions, etc.). **ANY QUESTIONS: FAI's Chief Compliance Officer, Andrew Smith, remains available to address any questions that a client or prospective client may have regarding the above.**

Portfolio Activity. FAI has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, FAI will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when FAI determines that changes to a client's portfolio are neither necessary nor prudent. Of course, as indicated below, there can be no assurance that investment decisions made by FAI will be profitable or equal any specific performance level(s).

ERISA PLAN and 401(k) INDIVIDUAL ENGAGEMENTS:

- **Trustee Directed Plans.** FAI may be engaged to provide investment advisory services to ERISA retirement plans, whereby the Firm shall manage Plan assets consistent with the investment objective designated by the Plan trustees. In such engagements, FAI will serve as an investment fiduciary as that term is defined under The Employee Retirement Income Security Act of 1974 ("ERISA"). FAI will generally provide services on an "assets under management" fee basis per the terms and conditions of an Investment Advisory Agreement between the Plan and the Firm.
- **Participant Directed Retirement Plans.** FAI may also provide investment advisory and consulting services to participant directed retirement plans per the terms and conditions of a Retirement Plan Services Agreement between FAI and the plan. For such engagements, FAI shall assist the Plan sponsor with the selection of an investment platform from which Plan participants shall make their respective investment choices (which may include investment strategies devised and managed by FAI), and, to the extent engaged to do so, may also provide corresponding education to assist the participants with their decision making process.
- **Client Retirement Plan Assets.** If requested to do so, FAI shall provide investment advisory services relative to the client's 401(k) plan assets. In such event, FAI shall recommend that the client allocate the retirement account assets among the investment options available on the 401(k) platform. FAI shall be limited to making recommendations regarding the allocation of the assets among the investment alternatives available through the plan. FAI will not receive any communications from the plan sponsor or custodian, and it shall remain the client's exclusive obligation to notify FAI of any changes in investment alternatives, restrictions, etc. pertaining to the retirement account.

Use of Mutual Funds: Most mutual funds are available directly to the public. Thus, a prospective client can obtain many of the mutual funds that may be recommended and/or utilized by FAI independent of engaging FAI as an investment advisor. However, if a prospective client determines to do so, he/she will not receive FAI's initial and ongoing investment advisory services.

Tradeaway/Prime Broker Fees. Relative to its discretionary investment management services, when beneficial to the client, individual equity and/or fixed income transactions may be effected through broker-dealers other than the account custodian, in which event, the client generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate "tradeaway" and/or prime broker fee charged by the account custodian (Schwab).

Participant Directed Retirement Plans. FAI may also provide investment advisory and consulting services to participant directed retirement plans per the terms and conditions of a Retirement Plan Consulting Agreement between FAI and the plan. For such engagements, FAI may assist the Plan sponsor to select an investment platform from which Plan participants shall make their respective investment choices, and, to the extent engaged to do so, may also provide corresponding education to assist the participants with their decision-making process.

eMoney. In conjunction with the services provided by eMoney, we may also provide periodic comprehensive reporting services which can incorporate all of the client's investment assets, including those investment assets that are not part of the assets that we manage (the "Excluded Assets"). You and/or your other advisors that maintain trading authority, and not us, shall be exclusively responsible for the investment performance of the Excluded Assets. Our service relative to the Excluded Assets is limited to reporting only, which does not include investment monitoring or implementation. You may engage us to manage the Excluded Assets pursuant to the terms and conditions of a properly executed *Investment Advisory Agreement*.

Assets Under Management

As of December 31, 2019, we manage \$389,274,037 in client assets on a discretionary basis, and we do not manage any client assets on a non-discretionary basis.

Item 5 Fees and Compensation

Please refer to the "Advisory Business" section in this brochure for information on our advisory fees, fee deduction arrangements, and refund policy according to each service we offer.

Additional Fees and Expenses

As part of our investment advisory services we provide, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian, nor do we receive compensation of any kind from mutual funds or product sponsors. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this brochure.

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

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the *Advisory Business* section above and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

Item 7 Types of Clients

We offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and other advisors.

Wealth Management clients generally have a minimum of \$500,000 in investable assets.

FAI, in its sole discretion, may waive its asset minimum, charge a lesser investment advisory fee and/or charge a flat fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, competition, negotiations with client, etc.). Please Note: As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees. **ANY QUESTIONS: FAI's Chief Compliance Officer, Andrew Smith, remains available to address any questions that a client or prospective client may have regarding advisory fees.**

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

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, or other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

Methods of Analysis

We may use one or more of the following methods of analysis when providing investment advice to you:

- **Fundamental Analysis** - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.
- **Cyclical Analysis** - a type of technical analysis that involves evaluating recurring price patterns and trends.
- **Charting Analysis** - involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends.

Associated Risks

Charting and Technical Analysis - The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Fundamental Analysis - The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

Cyclical Analysis - Economic/business cycles may not be predictable and may have many fluctuations between long term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

Investment Strategies

We may use one or more of the following investment strategies when formulating investment advice:

- **Long-Term Purchases** - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- **Short-Term Purchases** - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.
- **Option Writing** - a securities transaction that involves selling an option. An option is the right, but not the obligation, to buy or sell a particular security at a specified price before the expiration date of the option. When an investor sells an option, he or she must deliver to the buyer a specified number of shares if the buyer exercises the option. The buyer pays the seller a premium (the market price of the option at a particular time) in exchange for writing the option.

We may use trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk.

Tax Considerations

Our strategies and investments may have unique and significant tax implications. We consider tax implications when implementing any investment strategy and where feasible we will attempt to minimize your tax liability. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. We will instruct your custodian to use the average-cost accounting method for mutual funds and the high-cost accounting method for equities and all other securities for calculating and reporting the cost basis of your investments or the custodian will default to the FIFO method where no instruction is given.

You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

Risk of Loss

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

Recommendation of Particular Types of Securities

As disclosed under the "Advisory Business" section in this brochure, we recommend all types of securities and we do not necessarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

Liquidity Constraints

We may utilize mutual funds and/or exchange traded funds that, although publicly traded, do not provide daily liquidity. Rather, such funds generally provide liquidity on a quarterly basis. Thus, if we determined that the fund was no longer performing or if the client determined to transfer his/her account, the fund could not be sold or transferred immediately. Rather, sale or transfer would need to await the quarterly permitted sale date. Moreover, the eventual net asset value for the fund could be substantially different (positive or negative) than the fund value on the date that the sale was requested. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct us, in writing, not to employ any or all such strategies for the client's account. **ANY QUESTIONS: Our Chief Compliance Officer, Andrew Smith, remains available to address any questions regarding this conflict of interest.**

Item 9 Disciplinary Information

We have been registered and providing investment advisory services since 1987. Neither our firm nor our management persons have any reportable legal or disciplinary information.

Item 10 Other Financial Industry Activities and Affiliations

Our firm and our management personnel provide financial planning services in the area of budgeting and cash management, retirement planning, tax planning, risk management and estate planning in addition to investment management and counseling activities. We do not have a referral arrangement with either an outside or an affiliated entity.

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

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics.

Additionally, we maintain and enforce written policies reasonably designed to prevent any misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm. Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

Participation or Interest in Client Transactions

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

Personal Trading Practices

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. Our firm or persons associated with our firm may recommend securities to you at the same time we or persons associated with our firm purchase such securities for our own account. Such cases create the potential for a conflict of interest because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.

Item 12 Brokerage Practices

In the event that the client requests that FAI recommend a broker-dealer/custodian for execution and/or custodial services, FAI generally recommends that investment advisory accounts be maintained at Schwab. Prior to engaging FAI to provide investment management services, the client will be required to enter into a formal Wealth Management Agreement with FAI setting forth the terms and conditions under which FAI shall advise on the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that FAI considers in recommending Schwab (or any other broker-dealer/custodian to clients) include historical relationship with FAI, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by FAI's clients shall comply with FAI's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where FAI determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although FAI will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, FAI's investment advisory fee. FAI's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

Non-Soft Dollar Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, FAI may receive from Schwab (or another broker-dealer/custodian, investment manager, platform or fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist FAI to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by FAI may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support-including client events, computer hardware and/or software and/or other products used by FAI in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that may be received may assist FAI in managing and administering client accounts. Others do not directly provide such assistance, but rather assist FAI to manage and further develop its business enterprise.

FAI's clients do not pay more for investment transactions effected and/or assets maintained at Schwab as a result of this arrangement. There is no corresponding commitment made by the FAI to Schwab or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

ANY QUESTIONS: FAI's Chief Compliance Officer, Andrew Smith, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflict of interest presented by such arrangements.

Directed Brokerage:

FAI does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and FAI will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts advised by FAI. As a result, a client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Please Note: In the event that the client directs FAI to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would

otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through FAI. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

Brokerage for Client Referrals

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

Block Trades

When a decision is made to purchase, add to, reduce or sell a particular security across many client accounts, we will execute a block trade in our master account and allocate the shares according to predetermined written allocation instructions and the average price for all shares will be allocated to each trade participant.

In the rare circumstance where there is not enough liquidity in the security to fill the entire order, we will allocate the partial fill according to a pro rata format unless specifically explained otherwise in a written allocation. If a pro rata format is not used, the criteria for the allocation of the partial fill will be documented with the original written allocation plan prior to the trade.

Item 13 Review of Accounts

Services are initiated by review of your financial goals, preferences and risk tolerance. An investment plan is then drafted for your approval. Subsequent to the plan's approval and implementation, quarterly reviews are conducted which result in a written client report encompassing a summary of account activity, year-to-date income and changes in capital value for individual investments, and a compilation of capital gains and losses for the current tax year. A diversification analysis is part of each quarterly review. Changes in the investment environment or in your circumstances can trigger unscheduled reviews.

Reviews are conducted by Mark Stinson, Wayne Patterson, and Daniel Kelly. Reviewers perform reviews in accordance with our current portfolio target allocations and investment guidelines set by the Chief Investment Officer and the Investment Committee. Reviewers are members of the Investment Committee and attend regular meetings. Reviewers work as a team to complete all reviews in your account(s). Records are maintained detailing who is responsible for each review.

If you engage us for management services, you will receive confirmations and monthly statements from the custodian with which your accounts are held. You will also be provided with confidential internet access to a portal which will allow access to quarterly reports describing the value of each of your accounts, as well as performance of the aggregate portfolio as well as monthly account valuations, performance, current holdings and transactions.

Item 14 Client Referrals and Other Compensation

Certain employees are eligible to receive a discretionary bonus for a direct referral of a new portfolio management client. You will not be charged additional fees as a result of this arrangement.

Please refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with Charles Schwab & Co. We do not receive any compensation from any third party in connection with providing investment advice to you.

Item 15 Custody

Provided we receive your written authorization, we will instruct your custodian to directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact us directly at the telephone number displayed on the cover of this brochure.

Please Also Note: Custody Situations: In addition, certain clients have established asset transfer authorizations which permit the qualified custodian to rely upon instructions from FAI to transfer client funds or securities to third parties. Thus, FAI engages in other practices and/or services on behalf of its clients that require disclosure at ADV Part 1, Item 9, but which practices and/or services are not subject to an annual surprise CPA examination in accordance with the guidance provided in the SEC's February 21, 2017 Investment Adviser Association No-Action Letter.

ANY QUESTIONS: FAI's Chief Compliance Officer, Andrew Smith, remains available to address any questions that a client or prospective client may have regarding custody-related issues.

Item 16 Investment Discretion

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a limited power of attorney, and/or trading authorization forms.

You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the "Advisory Business" section in this brochure for more information on our discretionary management services.

Item 17 Voting Client Securities

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you electronically, unless you have directed us otherwise, in which case, we would forward any electronic solicitation to vote proxies.

Item 18 Financial Information

Our firm does not have any financial conditions or impairments that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and we do not require the prepayment of fees six or more months in advance and in excess of \$1,200. Therefore, we are not required to include a financial statement with this brochure.

Item 19 Requirements for State-Registered Advisers [Not Applicable]

FAI Wealth Management is registered with the Securities and Exchange Commission ("SEC"); therefore, this section is not applicable.

Item 20 Additional Information

Your Privacy

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure. We do not disclose any non-public personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to non-public personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your non-public personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

Trade Errors

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. When this occurs, we may place a correcting trade with the broker-dealer which has custody of your account. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, it is not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax reasons). If the gain does not remain in your account and Charles Schwab & Co. Inc. ("Schwab") is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, we will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

Class Action Lawsuits

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

Any Questions: FAI's Chief Compliance Officer, Andrew Smith, remains available to address any questions regarding this Part 2A.