

## Item 1 – Cover Page

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March 30, 2020

This Brochure provides information about the qualifications and business practices of Fortem Financial Group, LLC (“Fortem Financial” or the “Firm”). If you have any questions about the contents of this Brochure, please contact us at 760-206-8500. 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.

Fortem Financial is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Fortem Financial also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Fortem Financial is 291662.

## **Item 2 – Material Changes**

This Item of the Brochure discusses only specific material changes that are made to the Brochure since the last annual update and provides clients with a summary of such changes. There are no material changes to report at this time.

Currently, our Brochure may be requested by contacting Brett D’Orlando, Fortem Financial’s Chief Compliance Officer at 760-206-8500. Additional information about Fortem Financial is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with Fortem Financial who are registered, or are required to be registered, as investment adviser representatives of Fortem Financial.

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## Item 4 – Advisory Business

Fortem Financial is part of the Focus Financial Partners, LLC (“Focus LLC”) partnership. Specifically, Fortem Financial is a wholly-owned subsidiary of Focus Operating, LLC (“Focus Operating”), which is a wholly-owned subsidiary of Focus LLC. Focus Financial Partners Inc. (“Focus Inc.”) is the sole managing member of Focus LLC and is a public company traded on the NASDAQ Global Select Market. Focus Inc. owns approximately two-thirds of the economic interests in Focus LLC.

Focus Inc. has no single 25% or greater shareholder. Focus Inc. is the managing member of Focus LLC and has 100% of its governance rights. Accordingly, all governance is through the voting rights and Board at Focus Inc. As of the end of 2018, investment vehicles affiliated with Stone Point Capital, LLC (“Stone Point”) had a greater than 25% voting interest in Focus Inc., and Stone Point had the right to designate two of seven directors on the Focus Inc. Board. As of the end of 2018, investment vehicles affiliated with Kohlberg Kravis Roberts & Co. L.P. (“KKR”) had a less than 25% voting interest in Focus Inc., and KKR had the right to designate one of seven directors on the Focus Inc. Board.

Focus LLC also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, and other financial service firms (the “Focus Partners”), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADVs.

Fortem Financial is managed by Brian P. Amidei, Joseph G. Romano and Brett D’Orlando (“Fortem Financial Principals”), pursuant to a management agreement between FF Capital Management, LLC and Fortem Financial. The Fortem Financial Principals serve as officers of Fortem Financial, and are responsible for the management, supervision and oversight of Fortem Financial.

Fortem Financial offers a variety of advisory services, which include financial planning, consulting, and investment management services. Prior to Fortem Financial rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with Fortem Financial setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

As of December 31, 2019, Fortem Financial had \$283,062,153 in discretionary assets under management and \$5,732,375 in non-discretionary assets under management.

While this brochure generally describes the business of Fortem Financial, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm's officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on Fortem Financial's behalf and is subject to the Firm's supervision or control.

### **Financial Planning and Consulting Services**

- Fortem Financial offers clients a broad range of financial planning and consulting services, which may include any or all of the following functions:
- Business Planning
- Education Planning
- Liability and Risk Management
- Trust and Estate Planning
- Retirement Planning
- Cash Flow Forecasting
- Investment Consulting
- Insurance Planning
- Charitable Giving
- Distribution Planning
- Tax Planning
- Manager Due Diligence

While each of these services is available on a stand-alone basis, certain of them may also be rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement (described in more detail below).

In performing these services, Fortem Financial is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.,) and is expressly authorized to rely on such information. Fortem Financial may recommend clients engage the Firm for additional related services, its Supervised Persons

in their individual capacities as insurance agents or registered representatives of a broker-dealer and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if clients engage Fortem Financial or its affiliates to provide additional services for compensation. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by Fortem Financial under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Fortem Financial's recommendations and/or services.

### **Investment and Wealth Management Services**

Fortem Financial provides clients with wealth management services which include a broad range of comprehensive financial planning and consulting services as well as discretionary management of investment portfolios.

Fortem Financial primarily allocates client assets among various mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, and independent investment managers ("Independent Managers") in accordance with their stated investment objectives.

When requested, the Firm may also provide advice about any type of legacy position or other investment held in client portfolios. Clients may engage Fortem Financial to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Fortem Financial directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

Fortem Financial tailors its advisory services to meet the needs of its individual clients and seeks to ensure that client portfolios are managed in a manner consistent with those needs and objectives. Fortem Financial consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify Fortem Financial if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Fortem Financial determines, in its sole discretion that the conditions would not prove overly burdensome to the Firm's management efforts.

### **Sponsor and Manager of Wrap Program**

Fortem Financial provides investment management services as the sponsor and manager of the Fortem Financial Wrap Program (the “Wrap Program”), a wrap fee program (i.e., an arrangement where brokerage commissions and transaction costs are absorbed by the Firm). Accounts managed through the Wrap Program are done so in substantially the same manner as those managed under a non-wrap arrangement. The main difference is that the Firm’s fees in the Wrap Program include the transaction fees charged by the Financial Institutions (as defined below). Participants in the Wrap Program may pay a higher aggregate fee than if investment management and brokerage services are purchased separately. Additional information about the Wrap Program is available in Fortem Financial’s Wrap Brochure, which appears as Part 2A Appendix 1 of the Firm’s Form ADV.

### **Retirement Plan Consulting Services**

Fortem Financial provides various consulting services to qualified employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans. Each engagement is individually negotiated and customized, and may include any or all of the following services:

- Plan Design and Strategy
- Plan Review and Evaluation
- Executive Planning & Benefits
- Investment Selection
- Plan Fee and Cost Analysis
- Plan Committee Consultation
- Fiduciary and Compliance
- Participant Education

As disclosed in the Advisory Agreement, certain of the foregoing services are provided by Fortem Financial as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). In accordance with ERISA Section 408(b)(2), each plan sponsor is provided with a written description of Fortem Financial’s fiduciary status, the

specific services to be rendered and all direct and indirect compensation the Firm reasonably expects under the engagement.

Fortem Financial is a fiduciary under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) with respect to investment management services and investment advice provided to ERISA plan clients, including ERISA plan participants. Fortem Financial is also a fiduciary under the Internal Revenue Code (the “IRC”) with respect to investment management services and investment advice provided to ERISA plans, ERISA plan participants, IRAs and IRA owners (collectively, “Retirement Account Clients”). As such, Fortem Financial is subject to specific duties and obligations under ERISA and the IRC that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice in which it has a conflict of interest, the fiduciary must either avoid or eliminate the conflict or rely upon a prohibited transaction exemption (a “PTE”).

A conflict of interest arises and the prohibited transaction rules are implicated when Fortem Financial recommends that an ERISA plan participant take a distribution from an ERISA Plan and roll it over to an IRA that Fortem Financial advises or if Fortem Financial recommends that an IRA owner transfer his IRA to an IRA that Fortem Financial advises because Fortem Financial will receive compensation that it would not have received absent the recommendation – i.e., the IRA advisory fee. When Fortem Financial engages in this transaction, it relies on the PTE known as the Best Interest Contract Exemption or BICE which requires compliance with the “impartial conduct standards.” The impartial conduct standards are designed to mitigate conflicts of interest by requiring that investment advice be in the “best interest” of the Retirement Account Client, that advisers not make any materially misleading statements and not charge a fee that exceeds a reasonable amount. The best interest standard requires that advisers act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use, based on the investment objectives, risk tolerance, financial circumstances and needs of the Retirement Account Client. This mirrors the prudent man standard of conduct and duty of loyalty found in ERISA.

### **Use of Independent Managers**

As mentioned above, Fortem Financial may select certain Independent Managers to actively manage a portion of its clients’ assets. The specific terms and conditions under which a client engages an Independent Manager may be set forth in a separate written agreement with the designated Independent Manager. In addition to this brochure, clients may also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets.



Fortem Financial evaluates a variety of information about Independent Managers, which may include the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. Fortem Financial also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

Fortem Financial continues to provide services relative to the discretionary selection of the Independent Managers. The Firm will monitor the performance of those accounts being managed by Independent Managers. Fortem Financial seeks to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

## **Item 5 – Fees and Compensation**

Fortem Financial offers services on a fee basis, which may include fixed and/or hourly fees, as well as fees based upon assets under management or advisement. Additionally, certain of the Firm's Supervised Persons, in their individual capacities, may offer securities brokerage services and/or insurance products under a separate commission-based arrangement.

### **Financial Planning and Consulting Fees**

Fortem Financial can be engaged to provide financial planning and consulting services on a fixed-fee basis under a stand-alone engagement. These fees are negotiable, but generally range from \$1,000 up to \$100,000 depending upon the scope and complexity of the services and the professional rendering the financial planning and/or the consulting services. If the client engages the Firm for additional investment advisory services, Fortem Financial may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

The terms and conditions of the financial planning and/or consulting engagement are set forth in the Advisory Agreement and Fortem Financial generally requires one-half of the fee (estimated hourly or fixed) payable upon execution of the Advisory Agreement. The outstanding balance is generally due upon delivery of the financial plan or completion of the agreed upon services. The Firm does not, however, take receipt of \$1,200 or more in

prepaid fees in excess of six months in advance of services rendered.

### **Investment Management and Retirement Plan Consulting Fees**

Fortem Financial offers investment management and retirement plan consulting services for an annual fee based on the amount of assets under the Firm's management. This management fee generally varies between 25 and 175 basis points (0.25% – 1.75%) depending upon the size and composition of a client's portfolio and the type of services rendered. In the case of retirement plans, each engagement is individually negotiated and tailored to accommodate the needs of the individual plan sponsor, as memorialized in the Agreement, and the fees vary based on the scope of the services to be rendered and assets to be managed.

The annual fee will be an asset-based fee. The asset based fee will be prorated and paid quarterly, in advance. For the initial quarter, the fee is based upon the value of the assets being managed by us at the time the account is funded by such assets. In subsequent quarters, the fee is based upon the market value of the average daily account balance of the assets being managed by us for the previous quarter. For the initial quarter, the fee is calculated on a pro rata basis, while the fees for subsequent quarters are adjusted because of the uses of an average daily account balance from the previous quarter. No portion of the annual fee will be based on capital gains or appreciation of the assets. There will be no increase in the annual fee without prior written notice. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, cash, etc.), Fortem Financial may negotiate a fee rate that differs from the range set forth above.

### **Compensation for Sales of Securities or Other Investment Products**

Certain advisory personnel of Fortem Financial, in their individual capacities, also are registered representatives ("RRs") of Purshe Kaplan Sterling Investments ("PKS"). The association with PKS enables these individuals to continue to receive trails and service brokerage products, such as 529 plans, the individuals individually recommended when they were RRs of a global brokerage firm. The PKS accounts are held by customers who are also advisory clients of the Firm. The receipt of brokerage compensation by advisory personnel presents a conflict of interest because registered representatives have an

incentive to recommend securities transactions for the purpose of being compensated for product sales rather than solely based on a client's needs. Fortem Financial's advisory personnel do not currently recommend initial sales of new brokerage products to the Firm's clients, and would only do so in the future if they believed that such recommendation were in the best interest of the client. Additionally, Fortem Financial personnel do not receive both advisory fees and brokerage compensation and advisory compensation on the same client assets (e.g., they do not "double dip").

### **Fee Discretion**

Fortem Financial may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and for certain non-profit groups or charitable organizations.

### **Additional Fees and Expenses**

In addition to the advisory fees paid to Fortem Financial, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees attributable to alternative assets, margin costs, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage practices are described at length in Item 12, below.

### **Direct Fee Debit**

Clients generally provide Fortem Financial and/or certain Independent Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Fortem Financial.

## **Use of Margin**

Fortem Financial may be authorized to use margin in the management of the client's investment portfolio. In these cases, the fee payable will be based on the underlying value of the assets being managed irrespective of the margin balance. Fortem Financial will not collect any fees related to the margin debit, however, the custodian will charge interest on the balance as agreed upon in the margin agreement. The Firm may, however, charge financial planning or consulting fixed fees based on structuring loans.

## **Account Additions and Withdrawals**

Clients may make additions to and withdrawals from their account at any time, subject to Fortem Financial's right to terminate an account. Additions may be in cash or securities provided that with discretionary accounts the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client's account. Clients may withdraw account assets on notice to Fortem Financial, subject to the usual and customary securities settlement procedures. However, the Firm generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Fortem Financial may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

## **Commissions and Sales Charges for Recommendations of Securities**

Clients can engage certain persons associated with Fortem Financial (but not the Firm directly) to render securities brokerage services under a separate commission-based arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with Fortem Financial.

Under this arrangement, the Firm's Supervised Persons, in their individual capacities as registered representatives of an independent broker-dealer ("PKS"), may provide securities brokerage services and implement securities transactions under a separate commission based arrangement. Supervised Persons may be entitled to a portion of the brokerage commissions paid to PKS, as well as a share of any ongoing distribution or service (trail) fees from the sale of mutual funds. Fortem Financial may also recommend no-load or load-waived funds, where no sales charges are assessed. Prior to effecting any transactions, clients are required to enter into a separate account agreement with PKS.

A conflict of interest exists to the extent that Fortem Financial recommends the purchase or sale of securities where its Supervised Persons receive commissions or other additional compensation as a result of the Firm's recommendation. The Firm has procedures in place to ensure that any recommendations made by such Supervised Persons are in the best interest of clients. For certain accounts covered by the Employee Retirement Income Security Act of 1974 ("ERISA") and such others that Fortem Financial, in its sole discretion, deems appropriate, Fortem Financial may provide its investment advisory services on a fee- offset basis. In this scenario, Fortem Financial may offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by the Firm's Supervised Persons in their individual capacities as registered representatives of PKS.

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

Fortem Financial does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

## **Item 7 – Types of Clients**

Fortem Financial offers services to high net-worth individuals, corporations and business entities, pension and profit sharing plans, charitable organizations, and trusts and estates.

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

### **Methods of Analysis**

Fortem Financial utilizes a combination of fundamental, technical, cyclical and Behavioral finance methods of analysis while employing an asset allocation strategy based on a derivative of Modern Portfolio Theory ("MPT").

### **Investment Strategies**

For each client, Fortem Financial's investment process begins with a financial plan and an investment policy statement. Through understanding each client's cash flows, current and future financial obligations, risk perceptions, liquidity, time horizon, and investment objectives, the Firm believes it can custom tailor portfolios to meet each client's personal objectives.

Fortem Financial believes a diversified approach improves clients' probability of achieving their financial goals. Diversification will be carried out among asset classes, investment styles, and maximum allocations to specific positions. The Firm may include equity, fixed income, alternatives, and cash in each client's account. Further, Fortem Financial may utilize Independent Managers and invest in direct equity and fixed income positions, open-end and closed-end mutual funds, ETFs, UITs, and direct investment.

## **Risk of Loss**

### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of Fortem Financial's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that Fortem Financial will be able to predict those price movements accurately or capitalize on any such assumptions.

### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholder's fees (*e.g.*, sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more

frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *Use of Independent Managers*

As stated above, Fortem Financial may select certain Independent Managers to manage a portion of its clients' assets. In these situations, Fortem Financial continues to conduct due diligence of such managers. However, the performance of those assets managed by Independent Managers will depend to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, Fortem Financial generally does not have the ability to supervise the Independent Managers on a day-to-day basis.

### *Use of Margin*

While the use of margin borrowing can substantially improve returns, it may also increase overall portfolio risk. Margin transactions are generally effected using capital borrowed from a Financial Institution, which is secured by a client's holdings. Under certain circumstances, a lending Financial Institution may demand an increase in the underlying collateral. If the client is unable to provide the additional collateral, the Financial Institution may liquidate account assets to satisfy the client's outstanding obligations, which could have extremely adverse consequences. In addition, fluctuations in the amount of a client's borrowings and the corresponding interest rates may have a significant effect on the profitability and stability of a client's portfolio.

### *Cybersecurity*

The computer systems, networks and devices used by Fortem Financial and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices;

infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

## **Item 9 – Disciplinary Information**

Fortem Financial has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

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

As noted above in response to Item 4, certain investment vehicles managed by Stone Point collectively are principal owners of Focus LLC and Focus Pubco, and certain investment vehicles managed by KKR collectively are minority owners of Focus LLC and Focus Pubco. Because Fortem Financial is an indirect, wholly-owned subsidiary of Focus LLC and Focus Pubco the Stone Point and KKR investment vehicles are indirect owners of Fortem Financial. None of Stone Point, KKR, or any of their affiliates participates in the management or investment recommendations of our business.

### **Registered Representatives of a Broker-Dealer**

Certain of the Firm's Supervised Persons are registered representatives of PKS and may provide clients with securities brokerage services under a separate commission-based arrangement. This arrangement is described at length in Item 5.

### **Licensed Insurance Agents**

A number of the Firm's Supervised Persons are licensed insurance agents and may offer



certain insurance products on a fully-disclosed commissionable basis. A conflict of interest exists to the extent that Fortem Financial recommends the purchase of insurance products where its Supervised Persons may be entitled to insurance commissions or other additional compensation. The Firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

**Focus Operating, LLC, Focus Financial Partners, LLC and Focus Financial Partners Inc.**

As noted above in response to Item 4, certain investment vehicles managed by Stone Point collectively are principal owners of Focus, and certain investment vehicles managed by KKR collectively are minority owners of Focus. Because Fortem Financial is an indirect, wholly-owned subsidiary of Focus, the Stone Point and KKR investment vehicles are indirect owners of Fortem Financial. None of Stone Point, KKR, or any of their affiliates participates in the management or investment recommendations of our business. Fortem Financial does not believe the Focus Partnership presents a conflict of interest with our clients. Fortem Financial has no business relationship with other Focus Partners that is material to its advisory business or to its clients.

As stated earlier in this Brochure, Fortem Financial is a wholly owned subsidiary of Focus. Focus is also one of several minority investors in SmartAsset, which seeks to match prospective advisory clients with investment advisers in exchange for a non-success-based fee paid by the investment adviser. Focus has one director on SmartAsset's board as well as a board observer. Fortem Financial's payment of a fee to SmartAsset benefits SmartAsset's investors, including Focus, our parent company.

We pay a flat fee to participate in an online matching program that seeks to match prospective advisory clients with investment advisers. The program, which is operated by SmartAsset, provides information about investment advisory firms to persons who have expressed an interest in such firms. The program also provides the name and contact information of such persons to the advisory firms as potential leads. The flat fee we pay for being provided with potential leads varies based on certain factors, including the size of the person's portfolio, and the fee is payable regardless of whether the prospect becomes our advisory client.

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

Fortem Financial has adopted a code of ethics in compliance with applicable securities laws

("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. Fortem Financial's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of Fortem Financial's personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (*e.g.*, initial public offerings, limited offerings). **However, the Firm's Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm's policies and procedures.** This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

From time to time, representatives of Fortem Financial's may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of Fortem Financial to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. Fortem Financial will always document any transactions that could be construed as conflicts of interest and will always execute client transactions before their own when similar securities are being bought or sold.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Fortem Financial to request a copy of its Code of Ethics.

## **Item 12 – Brokerage Practices**

### **Recommendation of Broker-Dealers for Client Transactions**

Fortem Financial generally recommends that clients utilize the custody, brokerage and clearing services of Schwab Advisor Services ("Schwab") (the "Custodian") for investment management accounts.

Factors which Fortem Financial considers in recommending the Custodian or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. The Custodian may enable the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by the Custodian may be higher or lower than those charged by other Financial Institutions.

Fortem Financial periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

Fortem also participates in the Schwab Advisor Network® program. Schwab is a broker-dealer independent of and unaffiliated with Fortem. Schwab refers clients to Fortem in exchange for receiving referral fees. Please see Item 14 for more information. These referral arrangements may create incentives for Fortem to recommend Schwab based on Fortem's interest in receiving client referrals, rather than interest in receiving the most favorable execution for client accounts. Fortem minimizes this conflict of interest through this ADV disclosure and other disclosures, as well as by considering each client's specific situation and account needs and may recommend one or more custodians.

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

Our firm has an arrangement with Charles Schwab & Co. Inc. ("Schwab") through which Schwab provides our firm with Schwab's "platform" services. The platform services include, among others, brokerage, custodial, administrative support, consulting, recordkeeping and related services that are intended to support our firm in conducting business and in serving the best interests of our clients, but that benefit our firm.

As part of the arrangement described above, Schwab makes certain research services available at no additional cost to our firm, including research services obtained by Schwab directly from independent research companies. The research and brokerage services provided by Schwab are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm would be compelled to purchase the same or similar services at our own expense.

As a result of receiving the services discussed above, for no additional cost, we have an incentive to continue to use or expand the use of Schwab's services. Our firm examined this

potential conflict of interest when we chose to enter into the relationship with Schwab, and subsequently as part of its best execution review, and we have determined that the relationship is in the best interest of our firm's clients and satisfies our client obligations, including our duty to seek best execution.

Schwab charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Schwab enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Schwab's commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by Schwab may be higher or lower than those charged by other custodians and broker-dealers.

Our clients may pay a commission to Schwab that is higher than another qualified broker dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. 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 we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

Although the investment research products and services that are obtained by our firm will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

We receive client referrals as described in item 14 below.

### **Brokerage for Client Referrals**

Fortem Financial does not consider, in selecting or recommending broker/dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

### **Directed Brokerage**

The client may direct Fortem Financial in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek

better execution services or prices from other Financial Institutions or be able to “batch” client transactions for execution through other Financial Institutions with orders for other accounts managed by Fortem Financial (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Fortem Financial may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

### **Trade Aggregation**

Transactions for each client generally may be effected independently, unless Fortem Financial decides to purchase or sell the same securities for several clients at approximately the same time. Fortem Financial may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Fortem Financial’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which Fortem Financial’s Supervised Persons may invest, the Firm generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Fortem Financial does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on

a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on rotating basis.

## **Item 13 – Review of Accounts**

### **Account Reviews**

Fortem Financial monitors client portfolios on a continuous and regular basis while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by the Firm's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Fortem Financial and to keep the Firm informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and quarterly to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

### **Account Statements and Reports**

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from Fortem Financial and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from Fortem Financial or an outside service provider.

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

In the event a client is introduced to Fortem Financial by either an unaffiliated or an affiliated solicitor, the Firm may pay that solicitor a referral fee in accordance with applicable state securities laws. Unless otherwise disclosed, any such referral fee is paid solely from Fortem Financial's investment management fee and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the solicitor is required to provide the client with Fortem Financial's written brochure(s) and a copy of a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of Fortem Financial is

required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written brochure(s) at the time of the solicitation.

Fortem Financial receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through Fortem Financial's participation in Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with Fortem. Schwab does not supervise Advisor and has no responsibility for Fortem Financial's management of clients' portfolios or Advisor's other advice or services. Fortem Financial pays Schwab fees to receive client referrals through the Service. Fortem Financial's participation in the Service may raise potential conflicts of interest described below.

Fortem Financial pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Fortem Financial is a percentage of the fees the client owes to Fortem Financial or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. Fortem Financial pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to Fortem Financial quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by Fortem Financial and not by the client. Fortem Financial has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Fortem Financial charges clients with similar portfolios who were not referred through the Service.

Fortem Financial generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Advisor generally would pay in a single year. Thus, Fortem Financial will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of Fortem Financial's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, Fortem Financial will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit

Fortem Financial's fees directly from the accounts.

For accounts of Fortem Financial's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from Fortem Financial's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, Fortem Financial may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. Fortem Financial nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for Fortem Financial's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

From time to time, Fortem Financial sponsors events including charitable events, sports events, seminars, workshops, and lunch or dinner meetings which typically include Fortem employees, Fortem clients, and prospective Fortem clients. The purpose of these events is to provide a time for clients and prospective clients to get to know Fortem better and to better understand how Fortem works with clients. These sponsorship opportunities may provide an opportunity for the sponsoring firm to discuss how it works with Fortem or other investment professionals to help serve clients' investment needs. Although the sponsorship opportunity is not preconditioned on any sales or revenue target, this practice could nonetheless be deemed a conflict of interest as the sponsorship provided could cause Fortem to focus on those sponsors in the course of its duties. Fortem attempts to mitigate any such conflict by choosing asset managers, custodians, and other third-party vendors by objective criteria unrelated to sponsorships. Further, Fortem does not accept sponsorship from third-parties unless it has previously established a working relationship with them through its objective selection process. Additionally, Fortem allocates sponsorship fees only to defraying the cost of charitable events, sports events, seminars, workshops, lunch or dinner meetings, or the costs associated with the marketing and advertising of such events. A list of sponsors is available upon request.

Fortem Financial's parent company is Focus Financial Partners, LLC ("Focus"). From time to time, Focus holds partnership meetings and other industry and best-practices conferences, which typically include Fortem Financial, other Focus firms and external attendees. These meetings are first and foremost intended to provide training or education



to personnel of Focus firms, including Fortem Financial. However, the meetings do provide sponsorship opportunities for asset managers, asset custodians, vendors and other third-party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus firms, including Fortem Financial. Although the participation of Focus firm personnel in these meetings is not preconditioned on the achievement of a sales target for any conference sponsor, this practice could nonetheless be deemed a conflict as the marketing and education activities conducted, and the access granted, at such meetings and conferences could cause Fortem Financial to focus on those conference sponsors in the course of its duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the cost of the meeting or future meetings and not as revenue for itself or any affiliate, including Fortem Financial. Conference sponsorship fees are not dependent on assets placed with any specific provider or revenue generated by such asset placement.

The following entities have provided conference sponsorship to Focus in the last year:

1. Envestnet Financial Technologies, Inc.
2. eMoney Advisors, LLC
3. Fidelity Institutional Asset Management, LLC
4. Fidelity Brokerage Services, LLC
5. Orion Advisors Services, LLC
6. Charles Schwab & Co, Inc.

The following have provided marketing support for events or seminars directly to Fortem Financial:

1. Cohen and Steers
2. Principal Financial Group
3. Deutsche Bank
4. AMS Bahl & Gaynor

## **Item 15 – Custody**

The Advisory Agreement and/or the separate agreement with any Financial Institution generally authorize Fortem Financial and/or the Independent Managers to debit client accounts for payment of the Firm's fees and to directly remit that those funds to the Firm in accordance with applicable custody rules. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Fortem Financial.

Fortem Financial also regularly uses standing letters of authorization to serve its clients' interests, creating custody. An annual surprise exam is not obtained for custody in relation to Standing Instructions in reliance on the SEC No Action Letter to the Investment Advisor Association dated February 21, 2017.

Fortem may also offer services, such as forwarding deposits to the custodian on behalf of its clients, causing custody. For situations such as this, Fortem has contracted with Ashland Partners to conduct an annual surprise examination. Fortem has policies and procedures in place to monitor these transactions and protect its clients' interests.

In addition, as discussed in Item 13, Fortem Financial may also send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from Fortem Financial.

Clients will receive accounts statements from their independent qualified custodian (i.e. Charles Schwab), and we strongly encourage that you carefully review those statements. In addition to the statements that are received directly from the independent qualified custodian, Fortem also sends monthly performance reports. We urge you to compare the accounts statements you receive from the independent qualified custodian (i.e. Schwab) to the performance reports Fortem provides.

## **Item 16 – Investment Discretion**

Fortem Financial may be given the authority to exercise discretion on behalf of clients. Fortem Financial is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. Fortem Financial is given this authority through a power-of-attorney included in the agreement between Fortem Financial and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Fortem Financial takes discretion over the following activities:

- The securities to be purchased or sold;
- The Independent Managers to be hired or fired;
- The amount of securities to be purchased or sold; and
- When transactions are made.

## **Item 17 – Voting Client Securities**

Fortem Financial does not accept the authority to vote a client's proxies on their behalf. Clients receive proxies directly from the Financial Institutions where their assets are custodied and may contact the Firm at the contact information on the cover of this brochure with questions about any such issuer solicitations or to request a copy of our Proxy Voting policies and procedures. When specified on the custodial account opening documents, Fortem Financial will accept authority to vote on corporate actions pertaining to a client's securities and will vote such corporate actions in the best interests of our clients and in accordance with our established policies and procedures. We will retain all proxy voting books and records for the requisite period of time. If we determine there is a conflict of interest in voting a particular action, we will notify you of the conflict and retain an independent third-party to cast a vote.

## **Item 18 – Financial Information**

Fortem Financial is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years