



# f3 Investment Management, LLC Firm Brochure | SEC Form ADV Part 2A

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*This brochure provides information about the qualifications and business practices of f3 Investment Management, LLC. If you have any questions about the contents of this brochure, please contact us at (651) 300-7677 or by email at: [jon.desmidt@f3logicllc.com](mailto:jon.desmidt@f3logicllc.com). 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 f3 Investment Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). f3 Investment Management, LLC's CRD number is: 294021.*

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*Registration does not imply a certain level of skill or training.*

## Item 2: Material Changes

f3 Investment Management, LLC has updated its ownership structure and assets under management

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

f3 Investment Management, LLC (hereinafter “f3 IM”) is a Limited Liability Company organized in the State of Ohio. The firm was formed in February 2018, and the principal owners are RichAnneD Management Co., LLC, Diesel Asset Management, LLC, MakoF3, Inc., Kusske Financial Asset Management, Inc., and MTF3, Inc. These entities are owned in whole or part by individuals who are affiliated with f3 Logic, LLC, (“f3 Logic”) an affiliate of f3 IM.

### B. Types of Advisory Services

#### *Portfolio Management Services*

f3 IM is a “business to business” firm that specializes in providing investment advisory strategies via model portfolios to registered investment advisory firms (including f3 Logic). As such, we do not provide investment advice directly to retail investors, but rather assist other investment advisers in providing services.

We have entered into an agreement with WealthShield, LLC, an SEC registered investment advisor, to provide investment advisory services and act as an outsourced chief investment officer to our Firm. Their services include the provision of economic viewpoints and insight on the capital markets, investment manager and strategy due diligence, risk-based portfolio models with appropriate asset allocations, ongoing model reallocations and rebalancing, customized client strategies and to participate in our investment committee.

f3 IM’s models are primarily accessed through Sponsor Firms that offer various asset allocation strategies to Sponsor Firms (who are registered investment advisors) and their clients. As the model portfolio provider, f3 IM designs, monitors, and updates the portfolios. Representatives of registered investment advisory firms (“Financial Advisors”) access these models through the Sponsor Firms and will assist their clients with the selection of the appropriate models. They may also have discretion to select the models for their client’s portfolios. The Sponsor Firm will monitor and evaluate f3 IM’s performance, arrange for custodial and execution services for the client’s assets. In addition, since our models are recommendations, an individual client’s account may be modified by the Sponsor Firm or their Financial Advisor for certain client-imposed restrictions. Fees charged by f3 IM are charged to the Sponsor Firm, who will either assess the fee as a separate item to the end client or deduct from their management fee. Clients should consult with their Financial Advisor or Sponsor Firm for more information on the practices of the Sponsoring Firm and their Financial Advisor.

Because f3 IM provides business to business services, we will not have direct agreements with the end clients. We also do not receive specific and detailed information on the end clients who may utilize an f3 IM model. As such, f3 IM does not provide investment advisory services directly to the retail investors, nor does the Firm provide investment advisory services tailored to the individual needs and objectives of the retail investors. Instead, we work with the Sponsor Firms and their Financial Advisors to provide models and other services. While we select investments for the models provided to the Sponsor Firms and their Financial Advisors, we do not provide discretionary services for the end clients. We do not have discretionary authority to effect trades in any retail investor accounts. f3 IM acts as a strategist and model provider, to Sponsor Firms and Financial Advisors. The Sponsor Firms and Financial Advisors have ultimate responsibility to determine whether an f3 IM model meets the needs of their clients, both at the initial investment and on an ongoing basis.

#### *Services Limited to Specific Types of Investments*

f3 IM generally limits its investment advice and models to mutual funds, fixed income securities, real estate funds, equities, ETFs (including ETFs in the gold and precious metal sectors) and treasury inflation protected/inflation linked bonds. However, we may use other securities as well to help diversify a portfolio when applicable.

## C. Assets Under Management

f3 IM has the following assets under management in models we provide:

| Discretionary Amounts: | Non-discretionary Amounts: | Date Calculated: |
|------------------------|----------------------------|------------------|
| \$0                    | \$628,228,080              | 12/31/2019       |

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Portfolio Management Fees*

Our annual fees for investment advisory services, using model portfolios, are based upon a percentage of assets under management and generally range from 0.22% to 0.60%.

f3 IM provides advisory services to Sponsor Firms that offer an “open-architecture” investment platform (“Program”) to their Financial Advisors. Under the Program, f3 IM provides model portfolios and ancillary services that are designed to assist the Sponsor Firm in providing investment platforms that are competitive within the industry and meet the needs of their Financial Advisors and end clients. Under the Program, the Financial Advisor or Sponsor Firm may recommend the f3 IM model portfolios be used for their clients’ accounts. When an f3 IM model portfolio is utilized, the Sponsor Firm or Financial Advisor will pay f3 IM’s model portfolio management fee on behalf of the client or authorize payment of fees directly from the client’s account.

F3IM’s fees are invoiced to the Sponsor Firms on a periodic basis. Some Sponsor Firms are invoiced in arrears at the end of each calendar month or quarter based upon the market value of the Sponsor Firm’s account at the end of the previous month or quarter or the average balance of the client accounts using the models during the month or quarter. Other Sponsor Firms are invoiced in advance at the beginning of each calendar month or quarter based upon the value of the client accounts using the models at the end of the previous month or quarter. End-clients should consult their Financial Advisor or Sponsor Firm for information about any fees applicable to their accounts.

Although f3 IM has established the aforementioned fee schedule(s), we may negotiate alternative fees on a contract-by-contract basis. Factors considered in negotiating fees include the complexity of the Program, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, reports, and other factors. The specific fee schedule will be identified in the contract negotiated between f3 IM and the Sponsor Firm.

If the advisory relationship is terminated, any prepaid, unearned fees will be promptly refunded to the Sponsor Firm. In calculating the reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period. The Sponsor Firm is responsible for crediting this amount back to the end client.

## B. Client Responsibility For Third Party Fees

This brochure describes f3 IM’s non-wrap fee advisory services provided to the Sponsor Firms. As mentioned above, f3 IM does not have an agreement with any end client. Therefore, investors should refer to the brochure of the Sponsor Firm relative to any third party fees. Generally, investors are responsible for the payment of all third party fees (i.e., custodian fees, commissions, brokerage fees, mutual fund/ETF fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by f3 IM. Please see Item 12 of this brochure regarding broker/custodian.

Investors accessing f3 IM's models should review all fees charged by f3 IM, Sponsor Firms, custodians, brokers, Financial Advisors, and others to fully understand the total amount of fees incurred.

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

f3 IM does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7: Types of Clients

f3 IM provides advisory services via model portfolios to Sponsor Firms.

The account minimums for f3 IM's services generally range from \$10,000 to \$500,000, depending on program selected. It is the responsibility of the Sponsor Firms to ensure that these minimums are met. Minimum investment amounts may be waived in certain circumstances.

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

f3 IM's methods of analysis include Charting analysis, Cyclical analysis, Fundamental analysis, Modern portfolio theory, Quantitative analysis and Technical analysis, as described in more detail below.

- Charting analysis involves the use of patterns in performance charts. f3 IM uses this technique to search for patterns used to help predict favorable conditions for buying or selling a security.
- Cyclical analysis involves the analysis of business cycles to find favorable conditions for buying or selling a security.



- Fundamental analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.
- Modern portfolio theory is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.
- Quantitative analysis deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and other factors.
- Technical analysis involves the analysis of past market data; primarily price and volume.

### *Investment Strategies*

f3 IM uses long term trading and short term trading.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

## B. Material Risks Involved

### *Methods of Analysis*

Each Method of Analysis has certain material risks, which are summarized below. Please note these are high level summaries, and do not contemplate all risks that may be involved in any particular investment.

- Charting analysis strategy involves using and comparing various charts to predict long and short term performance or market trends. One risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.
- Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The primary risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

- Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The primary risk assumed is that the market will fail to reach expectations of perceived value.
- Modern portfolio theory assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.
- Quantitative analysis Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.
- Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The primary risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

### *Investment Strategies*

Each Investment Strategy has certain material risks, which are summarized below. Please note these are high level summaries, and do not contemplate all risks that may be involved in any particular investment.

- Long term trading is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.
- Short term trading risks include liquidity, economic stability, and inflation, in addition to the long term trading risks listed above. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

## C. Risks of Specific Securities Utilized

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency. Please note that these are high level summaries of the investment risks, and you should discuss specific investments with your Financial Advisor.

- **Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature.
- **Equity investment** generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.
- **Fixed income investments** generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.
- **Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

- Real estate funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.
- Options Trading - a securities transaction that involves buying or selling (writing) an option. If you write an option, and the buyer exercises the option, you are obligated to purchase or deliver a specified number of shares at a specified price at the expiration of the option regardless of the market value of the security at expiration of the option. Buying an option gives you the right to purchase or sell a specified number of shares at a specified price until the date of expiration of the option regardless of the market value of the security at expiration of the option. Risk: The trading of options may be highly speculative and may entail more risk than those present when investing in other types of securities. Prices of options are generally more volatile than prices of other types of securities. When trading in options, you may run the risk of losing the entire investment in a relatively short period of time. In more risky options strategies, an investor could theoretically have an unlimited risk of loss.

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

## Item 9: Disciplinary Information

### A. Criminal or Civil Actions

There are no criminal or civil actions to report.

### B. Administrative Proceedings

There are no administrative proceedings to report.

### C. Self-regulatory Organization (SRO) Proceedings

There are no self-regulatory organization proceedings to report.

## Item 10: Other Financial Industry Activities and Affiliations

### A. Registration as a Broker/Dealer or Broker/Dealer Representative

Various individuals associated with f3 IM and F3 Logic may also be registered in Independent Financial Group, LLC ("Independent Financial"). Independent Financial is a registered securities broker dealer and investment adviser, and may also provide insurance services directly or through affiliated entities. To the extent that any individuals affiliated with f3 IM or f3 Logic are registered with Independent Financial it poses a potential conflict of interest if they can offer services from multiple firms. Please see additional information on Conflicts of Interest outlined in this brochure.

Jon DeSmidt is the Chief Compliance Officer of f3 IM. As a registered representative of Independent Financial, Jon works in a supervisory capacity for Independent Financial and does not offer securities to clients in his role with the Broker/Dealer. He may receive compensation from Independent Financial as a supervisor.

### B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither f3 IM nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

As outlined above, certain individuals affiliated with f3 IM and f3Logic are also registered representatives of Independent Financial Group and have the ability to offer clients advice or products from those activities. This includes Jon DeSmidt. Clients should

be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. f3 IM always acts in the best interest of the client, including with respect to the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of f3 IM in such individual's capacity as a registered representative.

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

### A. Code of Ethics

f3 IM has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. f3 IM's Code of Ethics is available free upon request to any client or prospective client.

### B. Investing Personal Money in the Same Securities as Clients

From time to time, representatives of f3 IM may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of f3 IM 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 create a conflict of interest. To manage this conflict, f3 IM will document any transactions that could be construed as conflicts of interest and will not engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### C. Trading Securities At/Around the Same Time as Clients' Securities

From time to time, representatives of f3 IM may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of f3 IM

to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions create a conflict of interest. However, to manage this conflict f3 IM has procedures to avoid trading that operates to the client's disadvantage if representatives of f3 IM buy or sell securities at or around the same time as clients.

## Item 12: Brokerage Practices

f3 IM provides models to Sponsor Firms. As such, we do not trade on behalf of clients nor do we select or recommend Broker/Dealers or custodians to clients.

## Item 13: Review of Accounts

### A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

Our models are reviewed frequently. Models are rebalanced when there is a significant difference between the currently optimal portfolio and the currently held portfolio. In addition, the Investment Committee reviews the models/portfolios on an ongoing basis to ascertain their compliance with their investment objectives and guidelines as well as any client restrictions provided to us by the Sponsor Firms for specific clients.

### B. Factors That Will Trigger a Non-Periodic Review of Accounts

Reviews may be triggered by material market, economic, political, or other material events.

### C. Content and Frequency of Regular Reports Provided to Clients

The Sponsor Firm is responsible for establishing a custodial account for their clients who are managed with an f3 IM model. These custodians will provide periodic reports detailing the client's account, including assets held, asset value, and calculation of fees. The Sponsor Firm may also provide additional reporting to their clients. f3 IM does not provide any direct reporting to the end clients.

## Item 14: Client Referrals and Other Compensation

It is f3 IM's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards, or other prizes, from a non-client in conjunction with the advisory services we provide. f3 IM does not compensate any person who is not a supervised person of f3 IM for client referrals.

## Item 15: Custody

Our Firm does not have actual or constructive custody of client accounts.

## Item 16: Investment Discretion

As previously discussed, we do not have discretionary authority over any client accounts. f3 IM provides continuous and regular investment management services by sending model portfolios to Sponsor Firms, who are responsible for implementing the models through their investment programs. Those model portfolios include the determination of which securities to buy/sell and the amounts to buy/sell, which are ordinarily implemented in each Program. Trades will generally be placed by the Program Sponsors or their trading desks.

Some Sponsor Firms reserve the discretion to override f3 IM's rebalancing instructions and may implement a lag period between the model's instruction and implementation to allow them to exercise this discretion.

For all of our model portfolios, f3 IM picks the assets, chooses the allocations, monitors the portfolios, and decides when and how to rebalance without conferring with the Sponsors.

## Item 17: Voting Client Securities (Proxy Voting)

f3 IM will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## Item 18: Financial Information



## A. Balance Sheet

f3 IM neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

## B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither f3 IM nor its management has any financial condition that is likely to reasonably impair f3 IM's ability to meet contractual commitments to clients.

## C. Bankruptcy Petitions in Previous Ten Years

f3 IM has not been the subject of a bankruptcy petition in the last ten years.