



**Form ADV Part 2A**

**Brochure Cover Page**

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**This brochure provides information about the qualifications and business practices of Franklin Street Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at the address and phone number listed above.**

**The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.**

**Franklin Street Advisors, Inc. is a registered investment adviser. Registration does not imply any level of skill or training. Additional information about Franklin Street Advisors, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

### **Item 2 Summary of Material Changes**

This section describes important updates to this document made since the annual updating amendment filed with the SEC on March 28, 2019, including the interim amendment filed on November 18, 2019. The information below represents what Franklin Street Advisors, Inc., views as the material changes to our disclosures.

**Item 4 Advisory Business:** This section and throughout the document was updated to reflect the name change of Fifth Third Bank to Fifth Third Bank, National Association, effective November 14, 2019.

**Item 5 Fees and Compensation:** This section was updated to clarify determination of account asset values used in calculating client fees and to add a separate fee schedule for accounts that hold only fixed income securities and cash.

**Item 10 Other Financial Industry Activities and Affiliations and Item 12 Brokerage Practices:** These sections were updated to expand on the sharing of resources—personnel, research, etc.—between the various affiliated entities. Item 12 Brokerage Practices was also updated to discuss trade aggregation and allocation procedures.

ClearArc Capital, Inc. was deleted as it was merged into MainStreet Investment Advisors, LLC as of yearend.

A complete copy of this Brochure is available at any time by contacting [compliance@franklin-street.com](mailto:compliance@franklin-street.com).

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**Franklin Street Advisors, Inc. (SEC No. 801-39635)**

### **Item 4 Advisory Business**

Franklin Street Advisors, Inc. (FSA) was formed in 1991 by Robert C. Eubanks, Jr., to provide independent strategic investment advice. Effective November 1, 2018, FSA was acquired by Fifth Third Acquisition Holdings, LLC, ultimately a wholly-owned, indirect subsidiary of Fifth Third Bank, National Association, and Fifth Third Bancorp.

FSA specializes in delivering high touch investment management services to high net worth individuals and institutional investors with unique needs. We combine strong asset allocation skills and experience managing a wide network of clients to construct and deliver customized investment solutions formulated to address clients' unique goals and constraints.

FSA employs an open architecture platform to execute asset allocation solutions and provide clients access to a wide range of investment opportunities including global equity, opportunistic fixed income, commodities, real assets and alternative asset classes. FSA also provides managed separate accounts with in-house equity management and taxable and tax-exempt fixed income management. By combining our in-house resources with open architecture solutions, we seek to optimize our portfolio management services for our clients.

FSA is the investment adviser for Franklin Street Trust Company (FST), an affiliated North Carolina chartered trust company, also acquired on November 1, 2018, by Fifth Third Acquisition Holdings, LLC. The combined assets of FSA and FST under management were \$2.6 billion as of December 31, 2019.

### **Item 5 Fees and Compensation**

FSA charges an annual management fee (the Annual Fee) based on a fixed percentage of assets under management. The Annual Fee is calculated under an incremental approach, with reduced fees applicable only to those account assets in excess of the relevant breakpoint. The Annual Fee is assessed quarterly in arrears, based on the market value of account assets as of the last business day of the previous calendar quarter, prorated for asset flows. For accounts that begin at any time other than the beginning of a calendar quarter, the first management fee shall be prorated based on the number of days in the quarter. If an account terminates during a calendar quarter, a pro rata fee will be assessed based on the number of days in the quarter the account was under management.

Where applicable, account asset values will be determined based on the trade date and the security valuations provided by the custodians or fund managers. The account asset value(s) used to calculate the Annual Fee can differ from that shown on the client's account statement(s) due to

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settlement date accounting, treatment of accrued income, distributions and/or necessary adjustments.

FSA usually deducts fees from clients' assets, but a client can select to receive a bill for fees incurred.

### FSA Current Fee Schedules:

#### Fee Schedule—Accounts Holding Equity, Cash and/or Mixed\* Accounts

Assets \$5 million or less	1.00% annual fee
Assets over \$5 million	0.75% annual fee
Minimum Annual Fee	\$7,500

\*Includes accounts holding assets other than only fixed income securities and/or cash.

Accounts below \$750,000 that are charged the minimum fee would experience a fee greater than the published fee schedule.

#### Fee Schedule--Accounts Holding Fixed Income and Cash Assets Only

All assets \$5 million or less	0.50% annual fee
All assets over \$5 million	0.375% annual fee
Minimum Annual Fee	\$7,500

Accounts below \$1,500,000 that are charged the minimum fee would experience a fee greater than the published fee schedule.

Fees are negotiable based on factors such as the size of the account and related accounts and the relative expense of servicing the account. FSA, in its sole discretion, may waive the minimum account size and/or minimum annual fee. Current clients' fees will vary, higher or lower, from the fee schedules shown above depending on the fee schedule in effect and/or negotiated at the time of account opening. FSA charges a fixed fee for certain advisory services or security recommendations. Clients or FSA can terminate the relationship at any time, subject to written notification.

In addition to the Annual Fee for asset management services, Clients will incur brokerage fees, mutual fund expenses and other transaction fees, depending on the makeup of account assets. See the section on Brokerage Practices for a full explanation.

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

FSA does not currently charge performance-based management fees for any of its advisory services.

For a select number of clients, FSA is hired to provide due diligence on client-directed investments. For a consulting relationship, FSA will be paid a flat fee or other negotiated fee. FSA also manages assets on a discretionary basis for the same clients that pay a fee for consulting services.

### **Item 7 Types of Clients**

FSA provides investment management services for: individuals, including high net worth individuals, pooled investment vehicles, corporations, pension plans, non-profit entities, insurance companies, governmental entities, trusts and endowments. FSA also provides investment advisory services for select model-based separately managed account programs of affiliated and unaffiliated financial advisors. In these programs, we typically provide a model portfolio to the program manager, who is then responsible for executing transactions and coordinating account guidelines and restrictions with the underlying separate account client. In exchange for these services, we receive a fee from the affiliated or unaffiliated financial advisor.

Minimum relationship size is \$1 million.

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

The Investment Policy Committee meets at least quarterly to assess the current global investment environment and to formulate asset allocation strategies for equities, fixed income investments and alternative investments.

FSA employs a dedicated team of analysts and portfolio managers that is responsible for sourcing and managing the firm's investment products. The investment team's members collectively offer extensive experience and knowledge. The firm employs a disciplined manager-research process, aimed at ensuring that its portfolio construction strictly follows each strategy's objectives.

We have three recommended Strategic Asset Allocation models available for clients: Growth, Moderate and Conservative. Each model has strategic and tactical allocations among Global Equities (Domestic Large Cap, Domestic Mid Cap, Domestic Small Cap, Non-US Developed and Non-US Emerging), Global Fixed Income (US Treasuries/Agencies, Agency and Non-Agency Mortgage-Back Securities, Investment Grade, High Yield, Global Sovereigns, Non-US Developed, Non-US Emerging and Preferred Securities), Real Return Assets (Natural Resources/Commodities, Inflation Protected Securities and Real Estate) and Diversifying Assets.

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In addition to our Strategic Asset Allocation models, FSA also constructs portfolios for clients with specific investment mandates. Examples of specific investment portfolios are: Equity Income, Tax-Exempt Bond and Unconstrained Fixed Income portfolios.

The strategies presented above pose risks, and many factors affect individual account performance. Strategies that pursue investments in equities will be subject to stock market volatility, and strategies that pursue fixed income investments will see values fluctuate in response to changes in interest rates. All strategies are ultimately affected by impacts to the individual issuers, such as changes in issuer's credit quality, or changes in tax, regulatory, market or economic developments.

All investments in securities include a risk of loss of the principal invested amount and any profits that have not been realized. There is a risk that clients could lose all or a portion of their investments in any of the strategies. Financial markets fluctuate substantially over time. Although we do our best to manage and mitigate the risks, there will be some risks that we cannot control. We cannot guarantee any level of performance or that clients will not experience a loss in their account assets. FSA uses optimization tools to assist in the magnitude of our strategic and tactical positioning weights to minimize risk. We strive to achieve superior risk-adjusted returns, primarily through decreased portfolio volatility. Specific details of each Asset Allocation model are available upon request.

### **Item 9 Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of FSA or the integrity of its management. FSA has no information applicable to this item.

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

#### **Franklin Street Trust Company**

Franklin Street Trust Company (FST), an affiliate of FSA and wholly-owned, indirect subsidiary of Fifth Third Bank, National Association, and Fifth Third Bancorp, is a non-depository trust bank chartered by the State of North Carolina and fully regulated by the State of North Carolina Banking Commission. FSA is hired by FST to provide investment management services for clients of FST.

FST is the Managing Member of FSP Manager of Managers LLC I and FSP Manager of Managers LLC II. A select group of clients that are accredited investors and qualified investors have become limited partners.

The President and certain other Directors of FSA also serve on the Board of Directors for FST.

#### **Fifth Third Bank, National Association**

Fifth Third Bank, National Association ("the Bank"), is a diversified financial services company with four main businesses: Commercial Banking, Branch Banking, Consumer Lending and Wealth

and Asset Management. FSA's affiliates, including Franklin Street Trust Company, Fifth Third Securities, Inc., MainStreet Investment Advisors, LLC, and The Retirement Corporation of America, Fifth Third Insurance Agency, Inc., R.G. McGraw Insurance Agency, Inc., Epic Insurance Solutions Agency, LLC, and Cedar Hill Associates, LLC, provide an array of financial products and services to clients. Although FSA attempts to operate independently from the Bank and its affiliates, these affiliations, particularly within the Wealth and Asset Management division of the Bank, create potential conflicts of interest. At the client's discretion, the Bank may act as the trustee or custodian for certain FSA client accounts and may receive fees or other compensation for providing custody, investment management and related services.

FSA employees may also be dual employees of the Bank and other affiliated entities. Certain employees may be involved in the investment decision making, trading processes and/or administration for accounts managed by affiliates. Similarly, personnel of affiliates may provide similar services to accounts managed by FSA. If applicable, FSA has implemented controls to address the supervision of its dual employees and to reasonably ensure compliance with client investment guidelines and applicable regulatory requirements. Generally, FSA's employees focus their attention on FSA's investment management activities.

FSA has common management, officers and/or directors with some of its affiliates that may directly or indirectly benefit from our client relationships or advisory activities. In these circumstances, the potential for a conflict of interest exists between the obligations to our clients and the incentive to make recommendations, or take actions, that benefit one or more of our other affiliates as well as conflicts among the affiliated entities with respect to the allocation of resources and the officer or director's time. We believe these potential conflicts are mitigated because our employees are subject to a Code of Ethics and various policies that require these employees to act in the best interests of our clients and to put the needs of our clients first at all times.

FSA relies on the Bank for administrative support, including information technology, human resources, business continuity, legal, finance, compliance, enterprise risk management and internal audit. FSA shares some of the same technology, which involves the sharing of client information across the organization.

### **Fifth Third Securities, Inc.**

Fifth Third Securities, Inc. (FTS) is a registered broker-dealer, FINRA member and a direct, wholly-owned subsidiary of the Bank. FTS is also an investment adviser registered with the U.S. Securities and Exchange Commission under the Investment Advisers Act of 1940. Registration as an investment adviser does not imply any level of skill or training. FSA operates independently from FTS, although the two entities share certain resources, such as technology applications and support services. FSA generally does not trade with FTS for its client accounts but can do so if instructed by a client. Certain members of the Board of Directors for FSA also serve on the Board of Directors for FTS.



### **The Retirement Corporation of America**

The Retirement Corporation of America (RCA) is also a direct, wholly-owned subsidiary of the Bank and an investment adviser registered with the U.S. Securities and Exchange Commission under the Investment Advisers Act of 1940. FSA operates independently from RCA, although the two entities share certain resources, such as technology applications and compliance and other support services provided through the Bank. Certain members of the Board of Directors for FSA also serve on the Board of Directors for RCA. The Chief Compliance Officer for FSA also serves as the Chief Compliance Officer for RCA.

### **Fifth Third Insurance Agency, Inc.**

Fifth Third Insurance Agency, Inc. (FTIA) is a wholly-owned, non-bank subsidiary of the Bank. Banking and insurance decisions are made independently and do not influence each other. FSA operates independently from FTIA, although the two entities share certain resources, such as technology applications and other support services provided through the Bank. Clients are under no obligation to engage FTIA or its insurance agents for separate services and products. Certain members of the Board of Directors for FSA also serve on the Board of Directors for FTIA.

### **R.G. McGraw Insurance Agency, Inc.**

R.G. McGraw Insurance Agency, Inc. (also known as McGraw Insurance Agency), is a licensed insurance agency that is a subsidiary of Fifth Third Insurance Agency, Inc. Fifth Third Insurance Agency, Inc. is a wholly-owned subsidiary of the Bank. FSA operates independently from McGraw Insurance Agency, although the two entities share certain resources, such as technology applications and other support services provided through the Bank. Clients are under no obligation to engage McGraw Insurance Agency or its insurance agents for separate services and products. Certain members of the Board of Directors for FSA also serve on the Board of Directors for McGraw Insurance Agency.

### **Epic Insurance Solutions Agency, LLC**

Epic Insurance Solutions Agency, LLC (Epic) is a licensed insurance agency that is a subsidiary of Fifth Third Insurance Agency, Inc. Fifth Third Insurance Agency, Inc. is a wholly-owned subsidiary of the Bank. FSA operates independently from Epic, although the two entities share certain resources, such as technology applications and other support services provided through the Bank. Clients are under no obligation to engage Epic or its insurance agents for separate services and products. Certain members of the Board of Directors for FSA also serve on the Board of Directors for Epic.

### **MainStreet Investment Advisors, LLC**

MainStreet Investment Advisors, LLC (MainStreet) is a wholly-owned, indirect subsidiary of the Bank, and an adviser registered with the U.S. Securities and Exchange Commission under the Investment Advisers Act of 1940. FSA operates independently from MainStreet, although the two entities share certain resources, such as technology applications and other support services provided through the Bank. Certain members of the Board of Directors for FSA also serve on the Board of Directors for MainStreet. The Chief Compliance Officer for FSA also serves as the Chief Compliance

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Officer for MSA.

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

FSA has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items and personal securities trading procedures, among other things. All supervised persons at FSA must acknowledge the terms of the Code of Ethics annually or as amended.

FSA, will, in appropriate circumstances, consistent with clients' investment objectives, recommend to investment advisory clients, the purchase or sale of securities or private funds in which FSA or its affiliates have a position or interest. FSA's employees and persons associated with FSA are required to follow FSA's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of FSA and its affiliates can trade for their own accounts in securities which are recommended to and/or purchased for FSA's clients. FSA does not participate in principal or agency cross transactions.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of FSA will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of FSA's clients. In addition, the Code requires preclearance of many transactions and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between FSA and its clients.

Certain affiliated accounts trade in the same securities with client accounts when consistent with FSA's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. FSA will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the trade order.

FSA's clients or prospective clients can request a copy of the firm's Code of Ethics by contacting [compliance@franklin-street.com](mailto:compliance@franklin-street.com).

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### **Item 12 Brokerage Practices**

Clients authorize FSA, among other things, to select brokers for execution of transactions.

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

FSA has a fiduciary obligation to seek and obtain the best execution for clients under the circumstances of the particular transaction. FSA must execute securities transactions for clients in such a manner that the clients' total cost or proceeds in each transaction is the most favorable under the circumstances.

FSA considers a number of factors, including the execution capabilities required by the transactions, the importance to the account of speed efficiency and confidentiality, the broker-dealer's apparent familiarity with sources from or to whom particular securities might be purchased or sold, the reputation and perceived soundness of the broker-dealer, as well as other matters relevant to the selection of a broker-dealer for portfolio transactions.

FSA has centralized its investment decision making and order placement practices in a manner designed to obtain consistent treatment across client accounts and best execution of client orders. The practice of "blocking" or block client orders is also practiced and is another means in which best execution is obtained.

Commissions will vary based on account minimum balance, share quantity traded and executing brokers. FSA has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular portfolio transaction. FSA generally seeks competitive commission rates; it will not necessarily pay the lowest commission. Transactions may involve specialized service on the part of the broker or dealer involved and thereby entail higher commissions than would be the case with other transactions requiring more routine services.

FSA obtains certain research services from broker-dealers in connection with the execution of security transactions. This practice is commonly known as soft dollar benefits. In the selection of broker-dealers for trade execution, we take into consideration not only the available prices of securities and rate of brokerage commissions, but also other relevant factors such as execution capabilities, research and other services provided by such broker-dealers that are expected to enhance our general portfolio management capabilities. If research services are a factor in selecting a broker-dealer, we must determine that the amount of commission paid is reasonable in relation to the value of the brokerage and research services provided by the broker-dealer.

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Brokerage and research services obtained with soft dollars are not necessarily utilized for the specific account that generated the soft dollars and may be shared across multiple accounts. Some clients, including, but not limited to directed brokerage clients, and clients who restrict the use of soft dollars, benefit from the research and brokerage products obtained from soft dollars despite the fact that their trade commissions may not be used to pay for these services. FSA does not attempt to allocate the relative costs or benefits of brokerage and research services among client accounts because it believes that, in the aggregate, the brokerage and research services it receives benefit all clients and assists FSA in fulfilling its overall investment responsibilities.

Certain research and the benefits of investment ideas from that research are shared with our affiliated companies. One client's commissions may not be generated in the same proportion as its usage of a shared service. Client commission services are not used exclusively in connection with the accounts that pay the commissions to the broker-dealer providing the services. Also, analysts and portfolio managers across FSA and its affiliated companies may share investment ideas and strategies of their respective firms, some of which may be informed by research paid for with commissions generated only by equity accounts. We believe that, in the aggregate and over time, the research and brokerage products and services we receive benefit clients and assist us in fulfilling our overall duty to our clients.

We can use soft dollar credits to pay for research products and services provided by or paid for by such broker-dealers. This creates an incentive for us to allocate more commission business to broker-dealers who provide research products and services than to broker-dealers who only effect securities transactions. These services include security research material, portfolio analysis software, security market technical data, similar services and other items that are permissible under Section 28(e) of the Securities Exchange Act. Clients who grant complete discretion over broker selection will, on occasion, be paying for research services used for servicing accounts other than themselves.

Section 28(e) of the Securities Exchange Act of 1934 permits FSA, under certain circumstances, to cause a client's account(s) to pay a commission to a broker in excess of the amount that would have been paid to another adequately qualified broker. In this circumstance, FSA would have determined in good faith that such commission is reasonable in relation to the value of brokerage and research services received. Brokerage and research services that are provided under Section 28(e) include: advice as to the value of securities; the advisability of investing, purchasing or selling securities; and analyses and reports concerning issuers, industries, securities, economic factors and trends.

The following are a selection of investment-related services for which we compensate companies with soft dollars:

Equity and Fixed Income Research and Opinion:

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Bank Credit Analyst  
CreditSights  
ISI - Daily Economic Report  
Strategas

### System-Based Investment Analytical Tools:

Bloomberg  
Factset Economic and Technical Analytical Services  
PitchBook, a Morningstar Company

### Exchange Quote Market Data:

Reuters  
New York Stock Exchange  
Telemet

FSA manages accounts with both similar and different investment strategies, all of which can trade in the same securities. Although not required to do so, the firm's practice is to combine different client orders for identical securities to be executed as an aggregated (blocked) order. This practice enables the firm to seek more favorable executions and net prices. Each client participating in a blocked order will receive an average share price and will share in commissions and/or other transaction costs on a pro-rata basis. Generally, orders are executed and then allocated to each account as requested by the portfolio manager. Trades are allocated by custodian and/or block trade. Where the order is partially filled, the partial fill will be allocated pro rata among the participating client accounts based on the size of each account's original order, subject to rounding. It is the firm's policy to allocate investment opportunities, to the extent practical, to similarly situated client accounts over time, in a manner that FSA believes is fair and equitable to each client's account.

Fixed income portfolio managers generally allocate securities based upon the following methods: target durations, portfolio characteristics, sector weightings, cash flows, and/or investment policy. Due to a limited supply of certain securities and differing portfolio characteristics among accounts, fixed income portfolio managers also use any other method as long as it is fair and reasonable, no client is unduly favored over another, and all clients are treated fairly over time. Some fixed income accounts have certain restrictions or requirements that prevent them from participating in an aggregated trade. As a result, trading and execution costs can be different (higher or lower) from those accounts participating in the aggregated transaction.

### **Item 13 Review of Accounts**

Accounts are under a continual review via a portfolio management system that values each portfolio. Each account is reviewed regularly by the Client Portfolio Strategist (CPS) responsible for the relationship to determine that investment objectives are being met. The CPS receives monthly evaluations of accounts and quarterly statistical performance comparisons with market indices.

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All clients will receive at most monthly and at least quarterly account statements directly from a qualified custodian. On a quarterly basis, clients will receive a market outlook letter and a report detailing the performance of their account(s). Clients can also review account activity and holdings via a secure internet connection.

Client meetings will be held with a supervised relationship manager quarterly, semi-annually or annually, based on the client's preference, and will be devoted to reviewing performance, strategy and any changes in goals and objectives. Additionally, special reports such as gain and loss, cash flows, capital appreciation, etc., will be available occasionally or regularly to any client with an expressed need for such reporting.

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

FSA sometimes compensates third party investment advisors, who are unrelated to FSA, for client referrals. Under this circumstance, the fee paid to the investment advisor making the referral is between 0.10% and 0.25% of the client's assets under management.

In cases where clients are referred by supervised individuals related to brokerage firms, FSA agrees to use the brokerage firm for transactions, if directed to do so by the client. If a client directs FSA to place securities transactions through a broker, the client should consider the following factors: (1) the client may compromise FSA's ability to seek best execution; (2) FSA may not attempt to negotiate commissions on the client's behalf, which can result in higher commissions, greater spreads or less favorable net prices than would be the case if the firm alone selected the brokers; (3) the client's trades may not be aggregated (blocked) with similar trades for other client accounts and, thus, the client will not receive any benefits that accrue from such blocked orders; (4) the client may pay more in commissions than if it had not directed FSA to use a particular brokerage firm; (5) the broker selected may not have appropriate capabilities or operational expertise; (6) the client-directed broker may not satisfy FSA's broker selection criteria; and (7) the client account may not generate returns equal to those of the firm's clients who do not direct brokerage. A percentage of the annual advisory fees are remitted by FSA as compensation to the broker referring the client.

FSA participates in the Fidelity Wealth Advisor Solutions® Program (the WAS Program), through which FSA receives referrals from Fidelity Personal and Workplace Advisors LLC (FPWA), a registered investment adviser and Fidelity Investments company. FSA is independent from and in no way affiliated with FPWA or Fidelity Investments. The WAS Program is designed to help investors find an independent investment advisor, and any referral from FPWA to FSA does not constitute a recommendation or endorsement of FSA's investment management services or strategies. FPWA does not supervise or control FSA, and FPWA has no responsibility or oversight for FSA's provision of investment management or other advisory services.

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Under the WAS Program, FPWA acts as a solicitor for FSA. FSA will pay an annual referral fee to FPWA of .10% of all “fixed income” assets and .25% of all other assets in the referred account. These referral fees are paid by FSA and not the client. Based on the fee structure that FSA pays to FPWA, FSA has a conflict of interest with respect to its decision to use certain asset classes in the client’s portfolio.

To receive referrals from the WAS Program, FSA must meet certain minimum participation criteria. Under an agreement with FPWA, FSA has agreed that FSA will not charge clients more than the standard range of advisory fees disclosed in its Form ADV Part 2A Brochure to cover solicitation fees paid to FPWA as part of the Service. FSA has agreed to pay FPWA a one-time fee of .75% if FSA transfers custody of referred clients to a custodian not affiliated with FPWA. Pursuant to these arrangements, FSA has agreed not to solicit clients to transfer their brokerage accounts from affiliates of FPWA or establish brokerage accounts at other custodians for referred clients other than when FSA’s fiduciary duties would so require; therefore, FSA may have an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of FPWA. However, participation in the WAS Program does not limit FSA’s duty to select brokers on the basis of best execution.

These arrangements are fully disclosed to all parties involved and comply with Investment Advisers Act Rule 206(4)-3. Clients will not pay additional advisory fees as a result of a referral payment arrangement. No differential exists between the advisory fees payable to FSA for a referred client and the advisory fees payable by other clients.

FSA does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to an outside investment firm.

### **Item 15 Custody**

FSA clients deposit the assets we manage on their behalf in accounts maintained by an unaffiliated third party custodian. Although we do not maintain direct custody, we act as investment advisor to certain private investment vehicles and, therefore, are deemed by the SEC to have custody of those assets. In order to avoid any potential conflict of interest that indirect custody of client assets may cause, private vehicles as described above are maintained with a “qualified custodian” and audited annually by an independent auditor who is a member of and subject to inspection by the Public Company Accounting Oversight Board (PCOAB), with such audits delivered to investors in compliance with the SEC’s custody rule. FSA has established internal controls designed to help safeguard client assets. We separate portfolio management, operations and client service responsibilities. FSA Operations Group reconciles cash and holdings on a daily basis with the client’s custodian. Clients receive at most monthly and at least quarterly account statements from a qualified custodian that provides account information detailing all activity in related account(s). At least quarterly, FSA sends portfolio investment reports using a different presentation. FSA reminds clients to carefully review any statements or reports that they receive from FSA and compare them to the client reports provided by their custodian.



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Some FSA clients have Standing Letters of Authorizations (SLOA) in place with their custodians. SLOA arrangements are put in place whereby the client instructs the qualified custodian maintaining the client's account to transfer assets to a designated third party pursuant to future requests by the client's adviser in accordance with the limited authority the client grants to the adviser. FSA follows conditions required by the SEC to avoid the requirement of a surprise custody exam.

### **Item 16 Investment Discretion**

FSA generally accepts investment advisory accounts with full investment discretion. Therefore, FSA will make all decisions with respect to the selection and amount of securities bought and sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, FSA observes the investment policies, limitations and restrictions of the clients for which it advises. Each investment solution is formulated to address the individual client's goals and constraints.

Clients must provide any investment guidelines and restrictions in writing to FSA.

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

As a part of the Investment Management Agreement, through their custodial agreement, Clients normally delegate authority to FSA, in writing, to vote proxies for client securities. Except where prohibited by law, FSA, in its reasoned discretion, delegates some or all of the authority to third parties, including the authority to vote upon corporate events such as a merger, consolidation or tender offer. To avoid conflicts of interest, FSA currently contracts with an independent third party, Broadridge proxy service, which uses Glass Lewis & Co. (GLC), a leading institutional proxy analysis and recommendation firm. FSA votes in accordance with the recommendations of GLC unless the firm or Client expressly directs otherwise. If GLC does not provide a recommendation, FSA's policy is to vote with management unless otherwise directed.

Clients can obtain a copy of FSA's complete proxy voting policies and procedures upon request. Clients also can obtain information about how FSA voted any proxies on behalf of their account(s) by contacting our Compliance Department.

### **Item 18 Financial Information**

Registered investment advisers are required in this section to provide certain financial information and disclosures about FSA's financial condition should certain conditions exist.



## Form ADV – Part 2A

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FSA has no financial commitments that are likely to impair its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding. FSA does not require or solicit prepayment of client fees.