

**FINANCIAL MANAGEMENT PROFESSIONALS, INC.**  
**DBA FMP Wealth Advisers**  
(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of FMP Wealth Advisers. If you have any questions about the contents of this brochure, please contact us at: 512-329-5174, or by email at: [MAIL@FMPWA.COM](mailto:MAIL@FMPWA.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 FMP Wealth Advisers is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

03/13/2020

Financial Management Professionals, Inc.

## Item 2 - Material Changes

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### Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure. Certain other changes that have been made to this Firm Brochure in between the annual updating amendment are also described below.

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### Material Changes since the Last Update

The most recent Annual Amendment was filed on 03/25/2019, and since that filing, this Brochure has been materially amended as follows:

#### June 28, 2019

- Item 5. Fees and Compensation - FMP Wealth Advisers enhanced its disclosures to reflect that its fees may be higher than other investment advisers. In addition, FMP Wealth Advisers provided additional information surrounding when it will “household” a group or family of accounts in calculating its advisory fees. In addition, FMP Wealth Advisers enhanced disclosure about how it calculates client fees.
- Item 8. Investment Strategies - FMP Wealth Advisers provided additional disclosure surrounding its manager selection and monitoring process as well as its share class selection process. It now makes clear that FMP Wealth Advisers may select, where it deems appropriate, securities that do not charge transaction fees. These share classes have higher internal expense ratios but avoid the incurrence of transaction fees in client accounts. FMP Wealth Advisers has also disclosed that it manages certain client accounts according to model portfolios and that the decision to select securities that avoid the incurrence of transaction fees might not benefit an individual client, but will be made with the intention of benefiting the majority of clients invested in the model.

#### March 13, 2020

- Item 12. Brokerage Practices – Selecting Brokerage Firms – For our clients’ accounts, it maintains, Schwab generally does not charge you separately for custody services but (i) is compensated by you for executing certain trades (i.e., mutual fund and fixed income trades), (ii) requires that you pay for other service fees (i.e., wire fees and exchange process fees), and (iii) receives additional fees and revenue from the products that we use or that Schwab requires us to use. For example, Schwab received remuneration from fund companies participating in the Mutual Fund OneSource service. In addition, Schwab only makes available to us certain money market mutual funds and bank sweeps for our client’s cash, which may not provide the most competitive rate.
- Item 12. Brokerage Practices – FMP Wealth Advisers on November 11, 2019, entered into a benefit agreement with Schwab Advisor Services™ for a partial credit for one attendee’s fee waiver for the SCHWAB IMPACT® 2019 Conference in San Diego, CA held November 4-7, 2019.  
FMP Wealth Advisers has found Schwab Impact Conferences to be of substantial value to its advisors as we seek to continually improve the services offered to our clients.
- Item 15. Custody – Third Party Authorizations – FMP is deemed to have custody of certain client’s cash or securities in their accounts for some of the Standing Letters of Authorizations it maintains for third party transfers.

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### Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 512-329-5174 or by EMAIL at: [MAIL@FMPWA.COM](mailto:MAIL@FMPWA.COM).

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## Item 4 - Advisory Business

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### Firm Description

FINANCIAL MANAGEMENT PROFESSIONALS, INC. DBA FMP Wealth Advisers was founded in 1987.

We provide personalized confidential financial planning and investment management to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and small businesses. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

FMP Wealth Advisers is strictly a fee-only financial planning and investment management firm. We do not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other products for a commission. No commissions in any form are accepted. No finder's fees are accepted.

Investment advice is an integral part of financial planning. In addition, at times we advise clients regarding cash flow, college planning, retirement planning, tax planning and estate planning.

An evaluation of each client's initial situation is provided to the client. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, which may be by telephone at 512-329-5174, is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the client.

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### Principal Owners

Harry Milton Hixson is a 25% but less than 50% Stockholder

John Carroll Hixson is a 10% but less than 25% Stockholder

Kevin Edmond Hixson is a 10% but less than 25% Stockholder

Adam Palmer Todd is a 5% but less than 10% Stockholder

Marc Lester Hixson is a 5% but less than 10% Stockholder

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### Types of Advisory Services

FMP Wealth Advisers provides investment supervisory services and manages investment advisory accounts. On more than an occasional basis, FMP Wealth Advisers also furnishes advice to clients on matters not involving securities, such as financial planning matters, taxation issues, and trust services that often include estate planning.

As of 12-31-2019, FMP Wealth Advisers manages approximately \$726,673,000.00 in assets for approximately 662 clients. Approximately \$670,870,000.00 is managed on a discretionary basis, and \$55,803,000.00 is managed on a non-discretionary basis.

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### **Tailored Relationships**

The goals and objectives for each client are documented in our database. We provide a tailored relationship to a client by recommending a combination of investment profiles or portfolios that reflect the stated goals and objectives. Each profile or portfolio is a combination of an investment style and risk level. Clients may impose restrictions on investing in certain securities or types of securities. However, it is important to note a client's account will be managed according to the selected model portfolio, and adjustments to the model portfolio will be made from time to time, based on changes in market conditions and aggregate client needs. In certain instances, including with regards to our share class selection practices, we may select a security for purchase or sale that we perceive to be appropriate for the model portfolio, which might not be the optimal decision for your specific account and financial situation. However, in the aggregate, we believe that our decisions are appropriate for all of our clients invested in the model portfolio. Additional information about our share class selection practices is described below in Item 8.

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### **Types of Agreements**

The following agreements define the typical client relationships.

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#### **Financial Planning Agreement**

A financial plan is designed to help the client with specific areas of financial planning requested by the client.

The financial plan may include, but is not limited to: a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations.

Detailed investment advice and specific recommendations are not provided as part of a financial plan.

The fee for a financial plan is predicated upon the facts known at the start of the engagement. Since financial planning is a discovery process, situations occur wherein the client is unaware of certain financial exposures or predicaments. In the event the client's situation is substantially different than disclosed at the initial meeting, a revised fee may be provided for mutual agreement. The client must approve the change of scope in advance of the additional work being performed when a fee increase is necessary.

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## **Investment Supervisory Services**

FMP Wealth Advisers serves as investment manager to FMP Real Estate One, L.P., a Delaware limited partnership formed in 2009 (hereinafter “the REO Fund”). FMP Real Estate GP, L.L.C., a Delaware limited liability company and an entity wholly-owned by FMP Wealth Advisers, is the General Partner to the REO Fund.

FMP Wealth Advisers serves as investment manager to FMP Real Estate Two, L.P., a Delaware limited partnership formed in 2013 (hereinafter “the RET Fund”). FMP Real Estate Two GP, L.L.C., a Delaware limited liability company and an entity wholly-owned by FMP Wealth Advisers, is the General Partner to the RET Fund.

Interests in these REO Fund and RET Fund are offered in reliance upon various exemptions available under the securities laws for transactions in securities not involving a public offering. FMP Wealth Advisers manages the Funds on a discretionary basis in accordance with the terms and conditions of the Funds’ Private Placement Memorandum and organizational documents.

REO Fund and RET Fund are each a closed-end fund, formed to pursue investments in the real estate sector through a commitment to invest capital into one or more investment vehicles (hereinafter, “Venture Fund Partnerships”). Any capital not invested in Venture Fund Partnerships may be invested in all types of securities and other financial instruments, including, but not limited to, United States government and agency obligations, commercial paper, interest-bearing bank deposits and certificates of deposit, money market funds, mutual funds, exchange traded funds, and other fixed income securities.

The REO Fund requires an initial minimum investment of \$50,000 from investors who are clients of FMP Wealth Advisers and \$100,000 from all other investors. The RET Fund requires an initial minimum investment of \$150,000 from investors.

These minimum investment requirements may be lowered in the sole discretion of the General Partner.

Prospective investors in each of the REO Fund and RET Fund should be aware of additional risks, restrictions on withdrawals and redemptions and other important information associated with investment in the REO Fund and RET Funds. This information is outlined in the funds’ Private Placement Memorandum and subscription documents. Prospective investors should refer to the Private Placement Memorandum and subscription documents for information regarding these important additional considerations.

FMP Wealth Advisers serves as investment manager to FMP Select Assets Diversified Fund, L.P., a Delaware limited partnership formed in 2016. FMP Select Assets Diversified Fund GP, LLC, a Delaware limited liability company

and an entity wholly-owned by FMP Wealth Advisers, is the General Partner to the fund.

Interests in FMP Select Assets Diversified Fund, L.P. are offered in reliance upon various exemptions available under the securities laws for transactions in securities not involving a public offering. FMP Wealth Advisers manages the FMP Select Assets Diversified Fund, L.P. on a discretionary basis in accordance with the terms and conditions of the Private Placement Memorandum and organizational documents.

The FMP Select Assets Diversified Fund, L.P. is a closed-end fund, formed to pursue investments flexibly in a broad range of fixed income, equity, and alternative asset classes in the U.S. and other countries throughout the world, both developing and emerging.

The FMP Select Assets Diversified Fund, L.P. requires an initial minimum investment of \$250,000. FMP Wealth Advisers as the investment manager may in its sole discretion waive, reduce, or calculate differently all or a portion of the management fees associated with a capital fund.

Prospective investors in the FMP Select Assets Diversified Fund, L.P. should refer to the Private Placement Memorandum for additional information regarding fees and restrictions.

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### **Manages Investment Advisory Accounts**

FMP Wealth Advisers provides investment advisory management services to clients using model asset allocation portfolios and separately managed accounts. Each model portfolio is designed to meet a particular investment goal. We offer this service to individuals, pension and profit sharing plans, trusts, estates or charitable organizations and corporations or other business entities. Most advisory accounts are managed on a discretionary basis only. Pension and profit sharing plans may be managed on a discretionary basis or non-discretionary basis depending on the level of service desired.

Through personal discussions with the client in which the client's goals and objectives are established, we will determine which model portfolio is suitable to the client's circumstances. Once the appropriate portfolio has been determined, the portfolio will be managed based on the portfolio's goal, rather than on each client's individual needs. Clients, nevertheless, will have the opportunity to place reasonable restrictions on the types of investments to be held in the client's account and account supervision will be guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, or growth and income). Clients will retain individual ownership of all securities.

Assets are invested primarily in no-load mutual funds and exchange-traded funds, usually through discount brokers or fund companies. Fund companies

charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Discount brokerages may charge a transaction fee for the purchase of some funds or a custody fee for holding custody of a fund.

Stocks and bonds may be purchased or sold through a brokerage account when requested by the client. The brokerage firm charges a fee for stock and bond trades. FMP Wealth Advisers does not receive any compensation, in any form, from fund companies.

Investments may also include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, and mutual funds shares), U. S. government securities, options contracts, futures contracts, and interests in partnerships.

To ensure that our initial determination of an appropriate portfolio continues to be suitable and that the client's account continues to be managed in a manner suitable to the client's financial circumstances, we will maintain client suitability information in the client's file. On a quarterly basis, we will contact clients in writing to determine whether there have been any changes in the client's financial situation and investment objectives and whether the client wishes to impose or modify existing investment restrictions.

Initial public offerings (IPOs) are not available through FMP Wealth Advisers.

Investment Advisory Management Services to Separately Managed Accounts (hereinafter referred to as "SMA" in the remainder of this document)

FMP Wealth Advisers provides continuous advice regarding investment of client's funds based on the individual needs of the account holder.

Once the particular goals and objectives of an account holder are established, FMP Wealth Advisers develops a personal investment policy and manages the portfolio based on that policy. FMP Wealth Advisers will manage advisory accounts on a discretionary basis. Account supervision is guided by account holder specific factors such as prior investment experience, current investments, income needs, risk tolerance, income objectives, and other relevant data as obtained directly from the client in the Engagement Agreement.

Through personal discussions and a comprehensive information gathering process, each client's investment goals and objectives are established. From this information, FMP Wealth Advisers will work with the client to determine which portfolio is suitable to their particular circumstances. FMP Wealth Advisers may, if appropriate, suggest modifications to the model or an allocation among two or more of the models to more adequately address the client's individual needs. FMP Wealth Advisers provides clients the opportunity to place reasonable restrictions on the types of investments to be held in the client's account.



However, FMP Wealth Advisers reserves the right to refuse or decline the request. Clients will retain individual ownership of all portfolio securities. In addition to the client specific factors mentioned in the preceding paragraph, account supervision is also guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, or growth and income).

FMP Wealth Advisers offers SMA account management services through portfolios invested in a variety of fixed income instruments and equity securities. Periodically, FMP Wealth Advisers may recommend purchases and sales in the account based on shifts in the market, fluctuations in interest rates, updates in customer suitability, goals, or financial objectives, and other related changes.

FMP Wealth Advisers develops and manages investment portfolios based on the investment policies of our clients, and these portfolios may consist of one of the following, as appropriate: mutual funds, individual equities, warrants, corporate debt securities, commercial paper, exchange traded funds (ETFs), bonds, municipal debt securities, structured products, notes and/or other investment products. FMP Wealth Advisers will allocate the client's assets among various investments taking into consideration the overall investment policy of the client.

In order to ensure that FMP Wealth Advisers initial determination of an appropriate portfolio continues to be suitable and that the client's account continues to be managed in a manner fitting the client's financial circumstances, FMP Wealth Advisers will maintain client suitability information in the client's file. On a quarterly basis, FMP Wealth Advisers will notify Investment Advisory Management Services clients in writing to request updated information regarding the client's financial situation and investment objectives and whether the client wishes to impose or modify existing investment restrictions.

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### **ERISA Retirement Plan Advice**

FMP and its Advisors provide investment advice to sponsors of ERISA retirement plans, as well as education and enrollment services to eligible participants of the plans. At the plan level, FMP assists the responsible plan fiduciary in analysis, selection, and monitoring of investment options made available to plan participants. FMP may recommend appropriate mutual fund Model Portfolios, which are managed on a discretionary basis. FMP may also assist the responsible plan fiduciary in the selection of a list of specific mutual funds.

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### **Termination of Agreement**

Clients or FMP Wealth Advisers may terminate any of the aforementioned agreements at any time and a refund will be made for the value of services

paid but not yet rendered.

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**Limitation on Financial Planning Services**

FMP does not assist in the implementation of any elements of a financial plan, unless it agrees to do so in writing, and even then its services are typically limited to investing a client's assets using its model asset allocation portfolios and SMAs.

With the exception of a client's investments managed by FMP, it does not monitor its financial planning recommendations, and clients are responsible for reviewing any financial plan or planning recommendations with FMP.

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

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**Description**

Fees for investment advisory management services (non-SMA) are negotiated in advance, and the fees are stated in the contract as the sum of a percentage of assets and a flat fee. The flat fee amount ranges from \$0 - to - \$2,500.00 depending upon frequency of meetings, the level of the adviser's review responsibilities, and other factors. The percentage of asset range is between 1.0% to 0.15%. The percentage fee varies depending on the amount of assets managed, type of account (pooled, daily valued, 403-b, etc.) the level of the adviser's review responsibilities, and the asset mix desired. In our opinion, the total fee resulting from the combination of our fixed fee and our percentage fee is appropriate and competitive for most potential clients. However, at smaller asset bases (for example less than \$100,000) the total fee could be higher than that charged by other advisers who provide the same of similar services.

At times, group or family fee schedules providing reduced fees can be used for clients. FMP Wealth Advisers, in its sole discretion, will determine when a group or family fee schedule should be applied based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.). Fees are usually paid quarterly in advance. The client or the adviser may terminate at any time and a refund will be made for the value of services paid but not yet rendered.

Fees for the SMA investment advisory management services will generally be charged as a percentage of assets under management. Annual fees for the fixed income strategies will range from 1.30% to 0.60%. Annual fees for our equity strategies range from 1.50% to 0.60%. The fees stated here are the sum of FMP Wealth Advisers' fee and the sub-adviser's management fee. The sub-adviser's management fee may be bundled with FMP Wealth Advisers' fee or it may be charged separately. Which way the sub-adviser's

fee is handled depends on the agreement FMP Wealth Advisers has with the sub-adviser.

All fees referenced above reflect our standard ranges. Some accounts may exist with fees that fall outside our standard range. FMP Wealth Advisers, in its sole discretion, may charge a lesser investment advisory management fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

Financial plans are priced according to the degree of complexity associated with the client's situation.

Management fees for REO Fund and RET Fund and the FMP Select Assets Diversified Fund, L.P are disclosed in the private placement memorandum for each fund.

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## **Fee Billing**

Investment management fees are billed quarterly, in advance, meaning that we invoice you or charge your fees on or before the beginning of the three-month billing period. Payment in full is expected upon invoice presentation.

The annual flat fee or percentage fee for each fee tier is prorated each quarterly billing period. For example, the annual percentage fee for a full quarter is divided by four. When a fee is billed for a portion of a quarter, the actual number of days will be used to determine the portion of the quarter's fee due.

All accounts, depending on the particular arrangement with each client, will be charged either by invoicing clients or directly debiting their custodial accounts. Clients should contact their custodian for more information related to the deduction of fees from client accounts. The client must consent in advance to direct debiting of their investment account.

In valuing a client's assets for an initial billing period, we reference the later date of the client's agreement or the date assets are available for management. After the initial billing period, we value a client's assets on or before the beginning of the billing period. At times, asset values billed may be different than a client's custodial account statements. Some of the reasons this can occur is if a client has non-managed securities that are not billed or if the custodian records a dividend or price correction as of the end of the quarter, but these are shown by the custodian on the next statement.

For qualified plan clients, the adviser has no responsibility to provide any services related to the following types of assets: employer securities; real estate (except for real estate funds and publicly traded REITs); life insurance; stock brokerage accounts; participant loans; non-publicly traded partnership interests; other non-publicly traded securities or property (other than collective trusts and similar vehicles); or other hard-to-value or illiquid securities or property (collectively, "Excluded Assets"). The Excluded Assets (other than participant loans) shall be disregarded in determining the fees payable to the adviser, and the Fees shall be calculated only on the remaining assets (the "Included Assets").

For brokerage accounts with a margin balance or negative cash arising from over drafting, the value billed nets the margin balance against the assets to determine the total billable value for the account. In all other instances, the total value of the client's securities portfolio is used in determining the value of the account. For example, if a \$100,000 account has a margin balance of \$10,000 then the billable value is \$90,000. At times brokerage or custodial accounts the adviser is linked to may contain securities that the client either purchases or directs the adviser to purchase for them. Depending on the facts and circumstances of each case the adviser and the client will agree if these assets are to be included as managed and billable assets.

Fees for financial plans are billed 50% in advance, with the balance due upon delivery of the financial plan.

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### **Other Fees**

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security.

FMP Wealth Advisers, in its sole discretion, may charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

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### **Expense Ratios**

Mutual funds and exchange-traded funds generally charge a management fee for their services as investment managers. The management fee is one of the fees and expenses that are part of the fund's expense ratio. In addition, many mutual funds charge distribution or 12b-1 fees and have other routine expenses. Collectively, these are the expenses of the fund.

For example, an expense ratio of 0.50 means that a shareholder of the mutual fund would indirectly bear a 0.5% annual expense for its investment in the fund. These fees are in addition to the fees paid by you to FMP Wealth Advisers.

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**Past Due Accounts and Termination of Agreement**

FMP Wealth Advisers reserves the right to stop work on any account that is more than 180 days overdue. In addition, we reserve the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information which in our judgment is important to providing proper financial advice. Any unused portion of fees collected in advance will be refunded.

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**ERISA**

Fees for advice and services provided to ERISA retirement plans fees are negotiable between FMP and the plan sponsor. For plans governed by ERISA, compensation arrangements will involve the offset or refunding of any indirect compensation relating to the assets in the plan, such as 12b-1 fees, to the plan and/or plan participants to ensure level compensation to FMP. All direct and indirect compensation will be described in the 408(b)(2) disclosure provided when your ERISA account is established.

Any 12b-1 fees derived from the assets in a qualified employer retirement plan governed under ERISA, will be refunded to the plan/plan participants based upon agreements between FMP and the plan's sponsor.

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

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Not applicable.

FMP Wealth Advisers does not charge the Limited Partners in the REO Fund and RET Fund and the FMP Select Assets Diversified Fund, L.P. performance compensation on net capital appreciation. See Item 5. Fees and Compensation for information regarding potential performance-based fees relating to investments of assets with Portfolio Funds of the FMP Select Assets Diversified Fund, L.P.

## Item 7 - Types of Clients

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### Description

FMP Wealth Advisers generally provides advisory or management services to individuals, investment companies, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations or business entities.

We serve as the investment manager to both REO Fund and RET Fund and the FMP Select Assets Diversified Fund, L.P. Client relationships vary in scope and length of service.

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### Account Minimums

FMP Wealth Advisers does not require a minimum account size for investment advisory accounts. Each of the private investment funds that FMP sponsors and manages has minimum investment requirements, which are described in greater detail in each fund's offering documents.

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

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### Methods of Analysis

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

Other sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

The main sources of information we may use include Ned Davis Research, Morningstar Research, Charles Schwab & Company's "SchwabLink" service, and the World Wide Web.

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### Investment Strategies

The adviser's investment strategies are designed to evaluate most areas of investment risk by combining its advisory services with those of other fund managers. The majority of investment products the adviser recommends are no-load mutual funds or exchange-traded funds that do not require the payment of commissions upon purchase or sale. No investment strategy can guarantee a client will outperform the market or make money but it is important to evaluate risk. Our service is intended to evaluate the client's exposure to market risk, business cycle risk, interest rate risk, and financial risk. By using mutual funds and exchange-traded funds the client receives the following additional services:

1. Professional investment management directed to reduce the business and financial risk associated with specific stock or bond securities.
2. Diversification of securities.

Our investment strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing (including covered options, uncovered options or spreading strategies).

FMP Wealth Adviser uses its own proprietary “Manager Selection & Monitoring Process” when it selects mutual funds or exchange traded funds and monitors them on an ongoing basis. Our selection process begins with quantitative screens to identify funds that may be worthy of further research. This process is designed to filter through a large number of managers for each category and produce a select group of managers to be analyzed through additional methods. Then, FMP Wealth Adviser examines qualitative criteria of each investment to analyze their potential outperformance versus peers, consistency, risk-adjusted performance, experience and expenses. Lastly, FMP analyzes the remaining managers to assess their ability to produce similar results to their existing track record. This process consists of a thorough analysis of the investment process, management team, fund stewardship practices, sustainability of their performance and fit for the desired category.

The primary custodian that FMP Wealth Adviser’s clients use (*i.e.*, Charles Schwab & Co., Inc. or “Schwab”) offers multiple share classes of certain mutual funds. In addition, the custodian offers both non-transaction fee funds (“NTF Funds”) and transaction fee funds. NTF Funds are available without a transaction fee, but typically have a higher internal expense ratio. Transaction fee funds generally have lower internal expense ratios but require that the client pay a transaction fee to purchase and sell these funds. Certain transaction fee funds and NTF Funds have minimum investment amounts.

As a general practice, FMP Wealth Adviser’s investment philosophy involves selecting securities that it perceives will be beneficial for its model portfolios and investment strategies. However, FMP Wealth Adviser is not simply a “buy and hold” investment manager. It conducts analysis and makes strategic and tactical decisions to change and rebalance its model portfolio holdings on a regular basis. Given the dynamics of FMP Wealth Adviser’s strategies, its clients, and their trading needs, FMP Wealth Adviser generally selects NTF Funds.

However, it is important to note a client’s account will be managed according to the selected model portfolio, and adjustments to the model portfolio will be made from time to time, based on changes in market conditions and aggregate client needs. In certain instances, including with regards to our share class selection practices, we may select a security for purchase or sale that we perceive to be appropriate for the model portfolio, which might not be the optimal decision for your specific

account and financial situation. However, in the aggregate, we believe that our decisions are appropriate for all of our clients invested in the model portfolio.

By its nature financial planning looks at the long term. After making sure that a client's short-term needs, emergency funds, and insurance needs are covered, we design investment strategies to help achieve his or her financial goals.

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## **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are



highly liquid, while real estate properties are not.

- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## **Item 9 - Disciplinary Information**

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### **Legal and Disciplinary**

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

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

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### **Affiliations**

FMP Wealth Advisers has arrangements that are material to its advisory services or its clients with a related entity that creates or sponsors limited partnerships.

As disclosed under Investment Supervisory Services we serve as the investment manager to various private investment funds.

As appropriate, clients may be solicited to invest in the funds. The General Partner, for separate and typical compensation or in lieu of compensation, may engage in customary activities of a General Partner such as seeking qualified and desirable investors to participate in the funds.

The General Partner and/or related persons of Adviser may have invested or may invest a portion of their personal net worth in the funds.

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

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### **Code of Ethics**

FMP Wealth Advisers representatives and all employees maintain a strict Code of Ethics based upon the principal of our fiduciary duty to our clients to conduct affairs, including personal securities transactions, in such a manner as to avoid (i) serving our own personal interests ahead of our clients, (ii) taking inappropriate advantage of our position with the firm and (iii) any actual or potential conflicts of interest or any abuse of our position of trust and responsibility. FMP Wealth Advisers has an affirmative duty of utmost good faith to act solely in the best interests of our clients.

FMP Wealth Advisers is committed to our Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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**Participation or Interest in Client Transactions**

FMP Wealth Advisers and its employees may buy or sell securities that are also held by clients. Employees may not knowingly trade their own securities ahead of client trades to the disadvantage of clients.

Employees comply with the provisions of the FMP Wealth Advisers Compliance Manual.

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**Personal Trading**

The Chief Compliance Officer of FMP Wealth Advisers is Milton Hixson. FMP Wealth Advisers conducts periodic personal trading reviews to ensure that the personal trading of employees does not affect the markets, and that clients of the firm are not materially and intentionally being harmed. Since most employee trades are relatively low dollar value mutual fund or exchange-traded fund purchases and sales, FMP Wealth Advisers does not believe that these trades harm clients, even if an employee unknowingly receives a more favorable price.

## **Item 12 - Brokerage Practices**

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**Selecting Brokerage Firms**

Clients are responsible for determining which qualified custodian will hold their account, subject to FMP Wealth Advisers' approval and ability to work with that qualified custodian. In most instances FMP Wealth Advisers will execute transaction through the account's custodian due to the pricing arrangements with those custodians, although FMP Wealth Advisers maintains the discretion to trade through any broker-dealer for accounts held at Schwab and Co., Inc. ("Schwab"), which is described in greater detail below.

For clients in need of brokerage or custodial services, and depending on client circumstances and needs, we may recommend the use of one of several custodians and/or broker dealers including, but not limited to Schwab, Jefferson National Securities Corporation ("Jefferson National"), LT Trust Company, and Aspire. Our clients must evaluate these custodians or brokers before opening an account. The factors we consider recommending a custodian or broker's ability to provide professional services include, among others, the following:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for your account)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)

- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider
- their prior service to us and our other clients

At times, we recommend that our clients use Schwab, a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to do so. While we recommend that you use Schwab as a custodian/broker, you will decide whether to do so and open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account.

FMP Wealth Advisers is independently owned and operated and not affiliated with the custodians and/or brokers it recommends. Which custodian and/or broker is recommended also depends on if the client's accounts are an individual account, an annuity account or an institutional retirement plan account. Lincoln Trust, Schwab, Aspire and Jefferson National charge their fees directly to the individual client account, the plan sponsor and or to the institutional retirement plan.

These custodians provide services which include trading, custody, research (Schwab only) and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our clients' accounts, it maintains, Schwab generally does not charge you separately for custody services but (i) is compensated by you for executing certain trades (i.e., mutual fund and fixed income trades), (ii) requires that you pay for other service fees (i.e., wire fees and exchange process fees), and (iii) receives additional fees and revenue from the products that we use or that Schwab requires us to use. For example, Schwab received remuneration from fund companies participating in the Mutual Fund OneSource service. In addition, Schwab only makes available to us certain money market mutual funds and bank sweeps for our client's cash, which may not provide the most competitive rate.

Schwab's commission rates and fees applicable to our client accounts were negotiated based on our commitment to maintain \$10 million of our clients' assets statement equity in accounts at Schwab. This commitment may benefit you because the overall commission rates or asset based fees you pay may be lower than they would be if we had not made the commitment. In addition to commissions or asset-based fees Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, to minimize your trading costs, we have Schwab execute most trades for your account.

Schwab Advisor Services is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage-trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Here is a more detailed description of Schwab's support services:

Services that Benefit You. Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

Services that May Not Directly Benefit You. Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements);
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- Provide pricing and other market data;
- Facilitate payment of our fees from our clients' accounts; and

- Assist with back-office functions, recordkeeping and client reporting.

Services that Generally Benefit Only Us. Schwab also offers other services intended to help us manage and further develop our business enterprise.

These services include:

- Educational conferences and events
- Technology, compliance, legal, and business consulting;
- Publications and conferences on practice management and business succession; and
- Access to employee benefits providers, human capital consultants, marketing consultants and support, and insurance providers. Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees.
- Schwab may also provide us with other benefits such as occasional business entertainment of our personnel or reimburse us for other cost such as training or technology cost we incur.

Our Interest in Schwab's Services. The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services.

This creates an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business and Schwab's payment for services for which you would otherwise have to pay rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only us.

LT Trust, Aspire and Jefferson National also make available to FMP other products and services that benefit us but may not benefit our client's accounts. Some of these other products or services assist us in managing and administering client's accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); pricing information and other market data; facilitate payment of our fees from our client's accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at either of these custodians.

Due to the nature of FMP Real Estate One, L.P., and FMP Real Estate Two,

L.P., we may not recommend the use of retail broker dealers to invest in Venture Fund Partnerships or other private placement vehicles. Depending on the specific circumstances surrounding an investment opportunity, we may either subscribe to a private placement fund through direct solicitation of its general partner or by responding to a solicitation by a finder. Typically, due to the limited nature of the investment opportunities sought, multiple subscription sources or multiple finders will not be available, and we may not be able to negotiate finder fees, if any.

FMP Wealth Advisers may have limited brokerage discretion in rare situations where it purchases a large amount of Exchange Traded Funds on a trade-away basis or directly from the issuer of such a security in order to obtain a better price for the client. Schwab may charge client accounts trade-away fees in such situations. In cases where we have such limited brokerage discretion, we will endeavor to select those brokers or dealers which will provide the best services at the lowest price and commission rates possible (if commissions are applicable). The reasonableness of commissions is based on the broker's ability to provide professional services, competitive commission rates, research and other services which will help us in providing investment management services to clients.

FMP Wealth Advisers will not have brokerage discretion in SMAs. The sub-advisor shall have full investment and brokerage discretion in the selection of a broker or dealer for transactions. The sub-advisors to FMP Wealth Advisers have been delegated certain responsibilities related to portfolio management and may have soft dollar arrangements and may receive soft-dollar benefits. The sub-advisor may aggregate purchase or sale orders with other accounts as permitted by the Investment Advisers Act and will seek to allocate such investment opportunities fairly and equitable over time. However, the sub-advisor is under no obligation to aggregate orders.

FMP Wealth Advisers on November 11, 2019, entered into a benefit agreement with Schwab Advisor Services™ for a partial credit for one attendee's fee waiver for the SCHWAB IMPACT® 2019 Conference in San Diego, CA held November 4-7, 2019. FMP Wealth Advisers has found Schwab Impact Conferences to be of substantial value to its advisors as we seek to continually improve the services offered to our clients.

This creates an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business and Schwab's payment for services for which you would otherwise have to pay rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by

the scope, quality, and price of Schwab's services and not Schwab's services that benefit only us.

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### **Soft Dollars**

FMP Wealth Advisers has no Soft Dollar arrangements.

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### **Order Aggregation**

Transactions for each client account generally will be effected independently, unless FMP Wealth Advisers decides to purchase or sell the same securities for several clients at approximately the same time. When beneficial to clients, FMP Wealth Advisers may (but is not obligated to) combine or "bunch" 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 have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price at each qualified custodian. FMP Wealth Advisers does not receive any additional compensation or remuneration as a result of its aggregation practices.

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

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### **Periodic Reviews**

While the underlying securities within investment advisory accounts and investment supervisory services accounts are continuously monitored, accounts are also formally reviewed semi-annually or annually, based on the agreement with each client. Accounts are reviewed in the context of the investment objectives and guidelines of each model portfolio as well as any investment restrictions provided by the client. REO Fund and RET Funds, and FMP Select Assets Diversified Fund, L.P. positions are reviewed in the overall context of the investment objectives and guidelines as set forth in the Private Placement Memorandum.

FMP Wealth Advisers will continuously monitor the underlying securities in SMA client accounts and perform at least annual reviews of account holdings for all clients. Accounts are reviewed for consistency with client investment strategy, asset allocation, risk tolerance and performance relative to the appropriate benchmark.

For ERISA plan services, FMP will review the client's Investment Policy Statement (IPS) whenever the client advises us of a change in circumstances regarding the needs of the plan. FMP will also review the investment options of the plan according to the agreed upon time intervals established in the IPS. Such reviews will generally occur

quarterly.

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### **Review Triggers**

More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. Reviews of past performance are done by either Harry Milton Hixson, Owner; Kevin Edmond Hixson, Owner; John Carroll Hixson Jr., Owner; Adam Palmer Todd, Owner; Marc Lester Hixson, Owner; Michael Lloyd Carr, Representative; Daniel W. Frick, Representative; or Timothy Lynn Nabers, Representative. The review is focused on the performance of the account and does not involve a comprehensive review of a client's financial condition or plan.

If a client wants to consider changing the style of management or risk level of his account, the client may be provided a risk assessment questionnaire and is told to consider completing it at a later time. If the client returns the questionnaire to the Adviser, then the Adviser reviews the questionnaire and determines if a change should be made in the handling of the account.

More frequent reviews of SMA accounts may be triggered by changes in an account holder's personal, tax or financial status. Economic and macroeconomic specific events may also trigger reviews.

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### **Regular Reports**

Clients are provided reports on a quarterly frequency. The reports provided are (1) a Current Value Report showing the value of each security held in the account, (2) a Change in the Value of the Account during the current calendar year, and (3) an internal rate of return report.

REO Fund and RET Funds, and FMP Select Assets Diversified Fund GP, LLC furnishes to its limited partners, as soon as practicable after the end of each taxable year (or as otherwise required by law), annual reports containing financial statements audited by the funds' independent auditors as well as such tax information as is necessary for each Partner to complete federal and state income tax or information returns, along with any other tax information required by law. Each fund may also furnish unaudited quarterly reports reviewing the fund's performance. The General Partner also selects an independent auditor in its sole discretion.

In addition to the monthly statements and confirmations of transactions that SMA clients receive from their broker dealer, FMP Wealth Advisers will provide quarterly performance reports.



## Item 14 - Client Referrals and Other Compensation

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### Incoming Referrals

FMP Wealth Advisers has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

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### Referrals Out

FMP Wealth Advisers does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

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### Other Compensation

We receive an economic benefit from Schwab in the form of support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Mutual fund management companies may provide us with other benefits such as occasional business entertainment of our personnel or pay for or reimburse us for other costs. Examples of other costs are: partial reimbursement or payment of invoices for client events we provide; provision of employee training sessions and the associated travel, lodging, meals or other expenses connected with a training or consultation session. Such arrangements create a conflict between us and our clients, to compromise our fiduciary responsibility by inducing us to direct client assets to mutual funds managed by companies that provide such benefits, instead of direct the assets to mutual funds that are better suited to our client's needs. The availability to us of these benefits or services is not based on us giving particular investment advice, such as buying particular securities for our clients. Additionally, FMP Wealth Advisers representatives and all employees maintain a strict Code of Ethics based upon the principal of our fiduciary duty to our clients to conduct affairs, including personal securities transactions, in such a manner as to avoid (i) serving our own personal interests ahead of our clients, (ii) taking inappropriate advantage of our position with the firm and (iii) any actual or potential conflicts of interest or any abuse of our position of trust and responsibility. FMP Wealth Advisers has an affirmative duty of utmost good faith to act solely in the best interests of our clients.

## Item 15 – Custody

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### Account Statements

All assets are held at qualified custodians other than those invested in FMP Real Estate GP, L.L.C., FMP Real Estate Two GP, L.L.C, and FMP Select Assets Diversified Fund GP, LLC, which means the custodians provide account statements directly to clients at their address of record at least quarterly.

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### Performance Reports

Under government regulations, we are deemed to have custody of your assets if you authorize us to instruct Schwab or another custodian to deduct our advisor fees directly from your account. Schwab or the other custodian maintains actual custody of your assets. You will receive account statements directly from them at least quarterly. They will be sent to the email or postal mailing address you provided. You should carefully review those statements promptly when you receive them. We also urge you to compare the custodian's account statements to the periodic account statements/portfolio reports you will receive from us.

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### The REO Fund and RET Funds and FMP Select Assets Diversified Fund

Because we act as investment manager to the REO Fund and RET Fund and the FMP Select Assets Diversified Fund, L.P. and our affiliate is its general partner, we are deemed to have custody of client assets under current applicable regulatory interpretations. As an adviser with custody, we seek to have the funds audited on an annual basis by an independent public accountant that is both registered with and subject to regular inspection by the Public Company Accounting Oversight Board (PCAOB). For the funds, we seek to send the audited financials to each investor within 120 days of the fund's fiscal year end or longer if the fund is considered a "fund of funds".

Upon the final liquidation of any fund, FMP Wealth Advisers will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such fund to all investors promptly after completion of the audit.

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### Third Party Authorizations

FMP is deemed to have custody of certain client's cash or securities in their accounts for some of the Standing Letters of Authorizations it maintains for third party transfers.

## Item 16 - Investment Discretion

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### Discretionary Authority for Trading

FMP Wealth Advisers accepts discretionary authority to manage securities accounts on behalf of clients. FMP Wealth Advisers has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

FMP Wealth Advisers requires its SMA clients to grant discretionary authority to determine the sub-investment adviser to retain on behalf of the client. FMP Wealth Advisers will engage certain investment management service providers to provide the management services and the service provider will have investment and brokerage discretion and the right to make all decisions with respect to the investment and reinvestment of the cash, securities, and other assets in client's accounts and may hold, trade, purchase, sell, invest, divest, reinvest, or exchange such investments for an account as deemed appropriate without prior consultation with FMP Wealth Advisers subject to investment objectives and guidelines.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

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### Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades.

## Item 17 - Voting Client Securities

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### Proxy Votes

FMP Wealth Advisers does not vote proxies on securities. Clients will receive proxies directly from custodians and are expected to vote their own proxies.

When assistance on voting proxies is requested, FMP Wealth Advisers will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

## Item 18 - Financial Information

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### **Financial Condition**

FMP Wealth Advisers does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because FMP Wealth Advisers does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.