



# Fiduciary Investment Advisors, LLC

SEC File Number: 801 – 66762

## **ADV Part 2A, Firm Brochure**

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This Brochure provides information about the qualifications and business practices of Fiduciary Investment Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at (860) 683-1187 or [mcooper@fiallc.com](mailto:mcooper@fiallc.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 Fiduciary Investment Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References herein to Fiduciary Investment Advisors, LLC as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

## **Item 2           Material Changes**

There have been no material changes made to Fiduciary Investment Advisors, LLC's Firm Brochure since last year's Annual Amendment on March 6, 2019. However, as we have previously notified current clients, a merger with DiMeo Schneider & Associates, L.L.C. will be complete in 2020. On April 1, 2020, Fiduciary Investment Advisors, LLC became a subsidiary of DiMeo Schneider & Associates, L.L.C. At that time FIA also become an investment adviser ultimately owned by NFP.

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#### Item 4            **Advisory Business**

- Fiduciary Investment Advisors, LLC (“FIA”) is a limited liability company formed on April 24, 2006 in the State of Delaware. FIA became registered as an investment adviser in June 2006. FIA is a subsidiary of DiMeo Schneider & Associates, L.L.C. and Mark Wetzel is FIA’s president and Robert DiMeo is its Chief Executive Officer.
- As discussed below, FIA offers to its clients (corporate retirement plans {401k, defined benefit}, not for profit retirement plans (403b), endowments & foundations, public retirement funds, healthcare organizations, and high net worth individuals) a broad array of investment advisory services, including:
  - Participant Directed Plan Services – FIA provides certain services specifically designed to meet the needs of participant directed plans. These services may include assistance in determining the type and number of investment alternatives to be offered to participants, the development of criteria to be used in selecting service providers, the evaluation of proposals received from prospective service providers, specific investment offerings, full fee disclosure, peer and plan design benchmarking, plan operations, and any other aspects of the plan that may be uniquely important to the client and participant education.
  - Investor Education Services – To the extent requested by the plan sponsor, FIA shall also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. The terms and conditions of the engagement shall generally be set forth in a *Retirement Plan Consulting Agreement* between FIA and the plan sponsor.
  - Asset Allocation Studies – assistance in the development and preparation of asset allocation studies and investment policy statements, typically using the liquidity requirements, performance goals and risk tolerance levels as described to FIA by the client to help develop solutions.
  - Investment Manager and Fund Performance Monitoring – FIA may provide performance reports on a regular basis. The performance reports provide clients with a summary of assets at the beginning and end of the period, including additions or withdrawals, and industry standard time weighted rates of return. The reports may include graphic presentations of performance (including comparisons to appropriate market indices and stated goals) as well as market cycle comparisons, performance attribution and risk/return analysis. Performance evaluation reports are based upon custodial data and information obtained and analyzed from a wide variety of sources. Although the information collected by FIA is believed to be reliable, FIA does not independently verify this information.
  - Investment Manager Searches – FIA may recommend that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent managers. Managers are selected from among those included in FIA’s various databases that appear to be suitable for the client based on the stated investment objectives of the client. Clients must enter a separate written agreement with any Independent Manager. FIA will continue to monitor and review the client’s account performance and may recommend the hiring and firing of

Independent Managers. FIA charges an annual advisory fee which may be based upon a percentage of the market value of the assets being managed by the Independent Manager or a flat fee. Factors that FIA considers in recommending Independent Managers include management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by any Independent Manager, and the designated broker-dealer/custodian of the client's assets, will generally be in addition to FIA's investment advisory fee set forth below. The Independent Manager will generally be responsible for selecting the broker-dealer for the client's assets and will retain best-execution responsibility.

- Mutual Fund Searches – FIA suggests mutual funds for clients from among those included in various databases. Mutual funds are recommended based on information provided by the client and publicly available information. FIA does not have direct financial relationships with any financial or investment organizations for recommending their products or securities. However, FIA may be engaged as a plan consultant by retirement plans sponsored by various investment company sponsors or fund families. FIA shall provide written notice to each of its clients of any conflict of interest and the client may then direct FIA not to include the funds managed by any such fund companies among those that FIA may recommend for the client's use.
- Provider Searches – FIA assists clients in evaluating and comparing vendors that provide actuarial, recordkeeping, trust and custodial searches.
- Other Services. FIA also may render investment management services to clients relative to: (1) variable life/annuity products that they may own, and/or (2) employer-sponsored retirement plan use. In so doing, FIA either directs or recommends the allocation of client assets among the various investment subdivisions that comprise the variable life/annuity product or the various mutual funds (and/or other investment options) available on the retirement plan platform. In this respect, FIA's advice is limited to the investment options available under the variable life/annuity product or retirement plan platform. The client's assets shall be maintained at either the specific insurance company that issued the variable life/annuity product which is owned by the client, or at the custodian designated by the sponsor of the client's retirement plan.
- Limited Consulting Services. FIA does not hold itself out as providing financial planning, estate planning or accounting services. However, to the extent specifically requested by the client, FIA may provide limited consulting services regarding investment related matters (such as analysis of specific securities, types of securities and markets) or non-investment related matters (such as estate, tax, or insurance, planning). Neither FIA, nor any of its representatives, serves as an attorney, accountant, or licensed insurance agent, and no portion of FIA's services should be construed as legal, accounting or insurance sales activity. To the extent requested by a client, FIA may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents). The client is under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation from FIA. If the client engages any recommended professional, and a dispute arises, the

client agrees to seek recourse exclusively from and against the engaged professional. It remains the client's responsibility to promptly notify FIA if there is ever any change in their financial situation or investment objectives so that FIA can review, and if necessary, revise its previous recommendations.

#### **Discretionary Investment Management Services**

In some instances, FIA offers discretionary investment management services on a *fee-only* basis. This service is available for both taxable and non-taxable clients who are interested in portfolios structured by FIA's Discretionary Investment Services Committee. FIA will manage the investment and reinvestment of client assets in their account (the "Account") in securities and third party managers, including but not limited to mutual funds, sub-advisers, Independent Managers, and cash or cash equivalents. FIA's annual investment management fee is generally 0.75% of the market value of the assets placed under FIA's management. The investment management fee is payable quarterly in advance.

**Limitations of Activities and Liability-** Clients that determine to engage FIA for retirement plan services must acknowledge that FIA does not generally provide personalized investment advice to any plan participant. In addition, plan participants are responsible for implementing any transactions that may be necessary or appropriate in their own individual account. FIA does not act as an agent in connection with: (a) establishing or terminating client accounts with Independent Managers, (b) providing purchase or sale instructions to custodians, (c) providing investment or withdrawal instructions to mutual fund or other investment management companies, (d) providing or relaying wire transfer instructions relating to the settlement of transactions, or (e) advising on or voting proxies. FIA will not be liable for any failure relating to the issuance, delivery, accuracy or completeness of such instructions in effecting any such securities transactions.

**RETIREMENT ROLLOVERS:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If FIA recommends that a client roll over their retirement plan assets into an account to be managed by FIA, such a recommendation creates a conflict of interest if FIA will earn an advisory fee on the rolled over assets. No client is under any obligation to roll over retirement plan assets to an account managed by FIA. FIA's Chief Compliance Officer, Maureen B. Cooper, remains available to address any questions that a client or prospective client may have regarding the conflict of interest presented by such rollover recommendation.

**ByAllAccounts and eMoney.** FIA may make available ByAllAccounts or eMoney for clients, which provide periodic comprehensive reporting services which can incorporate all of the client's investment assets, including those investment assets that are not part of the assets managed by FIA (the "Excluded Assets"). The client or their other advisors that maintain trading authority over the Excluded Assets are responsible for the management and performance of the Excluded Assets. FIA's service relative to the

Excluded Assets is limited to reporting and non-discretionary consulting services only, which does not include investment implementation. FIA does not have trading authority for the Excluded Assets. The client or their other investment professional are responsible for implementing any recommendations made by FIA for the Excluded Assets. FIA shall not be responsible for any implementation error relative to the Excluded Assets. In the event the client desires that FIA provide non-discretionary investment management services, whereby FIA would have trading authority with respect to the Excluded Assets, the client may engage FIA to do so pursuant to the terms and conditions of the *Investment Advisory Agreement* between FIA and the client. The eMoney platform also provides access to other types of information, including financial planning concepts, which should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by FIA. Finally, FIA shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the eMoney platform without FIA's assistance or oversight.

**Unaffiliated Private Investment Funds.** FIA may also provide investment advice regarding unaffiliated private investment funds. FIA, on a non-discretionary basis, may recommend that certain qualified clients consider an investment in unaffiliated private investment funds. FIA's role relative to the private investment funds is limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the funds may be included as part of "assets under management" for purposes of FIA calculating its investment advisory fee. FIA's clients are under absolutely no obligation to consider or make an investment in any private investment fund.

Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that it is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

**Valuation.** In valuing the assets of any private investment fund, FIA relies on the most recent valuations provided by the fund sponsors. When a fund sponsor or underlying investment has not provided any updated valuations, FIA will use the purchase price as the value of the investment. The current value of a private investment fund could be significantly more or less than the original purchase price or the price reflected in any client report.

- FIA shall provide customized investment advisory services specific to the needs of each client. An engagement begins with a portfolio diagnostic to identify areas of potential concern. The diagnostic serves to provide a thorough review of all aspects of the plan, including a review of investment and spending policy, risk tolerance, specific investment offerings, full fee disclosure, peer benchmarking, and any other aspects of the plan that may be uniquely important to the client. The diagnostic process concludes with specific recommendations and action steps. Rather than starting with any preconceived idea

about where this process will end up, each diagnostic is customized to the specific client. FIA makes recommendations consistent with each client's investment objectives. Clients may, at any time, impose restrictions, in writing, on FIA's services.

- FIA does not participate in any wrap fee programs.
- FIA predominantly acts as a retirement plan consultant. However, as of December 31, 2019, FIA had approximately \$2,223,395,318 in assets under management on a discretionary basis and \$2,754,430,556 on a non-discretionary basis.

## **Item 5            Fees and Compensation**

- FIA provides investment advisory services for retirement plan clients on a fee only basis. FIA's annual investment advisory fee shall either be a fixed fee (beginning at \$35,000) or based upon a percentage (%) of the market value of the assets to which FIA's services relate (between 0.10% and 0.50%), which is based upon various objective and subjective factors, including, but not limited to, the amount of the assets placed under FIA's management, the level and scope of services to be rendered, and the complexity of the engagement.

FIA generally requires an annual minimum fee of \$35,000 for investment advisory services for retirement plan clients. FIA, in its sole discretion, may reduce or waive its annual minimum fee or its fees referenced above based upon certain criteria (anticipated future additional assets, reduced meeting requirements, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). In addition, the applicable form of agreement between FIA and the client may contain a provision that increases the annual fee by a specific amount to account for inflation.

FIA's annual investment advisory fee includes the referenced investment advisory services in the contract, and, to the extent specifically requested by the client, may include limited consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of FIA), FIA may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

FIA's annual investment management fee on the Discretionary Management Accounts is 0.75% of the market value of the assets placed under FIA's management. FIA generally requires an annual minimum fee of \$15,000 for investment management services. FIA, in its sole discretion, may reduce or waive its annual minimum fee or its asset-based fee based upon certain criteria (anticipated future earning capacity, anticipated future additional assets, reduced meeting requirements, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). The services provided by FIA to any particular client could be available from other advisers at lower (or higher) fees. All clients and prospective clients should be guided accordingly.

For limited consulting services, FIA may charge a negotiable fee of between \$250 and \$1,000 per hour depending upon the scope of the services to be provided and the professionals rendering the services. Before providing limited consulting services, FIA shall reach an agreement with the client regarding the scope, cost, and terms of payment.

- Clients may elect to have FIA's advisory and/or management fees deducted from their custodial account. Both FIA's *Investment Advisory Agreement* and *Retirement Plan Consulting Agreement* on the one hand and the custodial/clearing agreement on the other can authorize the custodian to debit the account for FIA's fee and to remit that fee to FIA. Each quarter, FIA bills the client directly, and payment is due upon receipt of FIA's invoice. FIA generally bill clients quarterly in arrears, based upon the market value of the assets on the last business day of the previous quarter. FIA bills investment management clients quarterly in arrears, based upon the market value of the assets on the last business day of the previous quarter.
- The fees charged by FIA are separate and distinct from fees and expenses charged by other investment managers and securities that are recommended to clients and are exclusive of all other costs a client may incur with respect to custodians, brokers and other third party providers. In addition to FIA's fees, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund, exchange traded fund, and private investment fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). As discussed below, unless the client directs otherwise or an individual client's circumstances require, FIA shall generally recommend that Charles Schwab & Co. Inc. ("Schwab") serve as the broker-dealer/custodian for Discretionary Management Accounts.
- The *Investment Advisory Agreement* and the *Retirement Plan Consulting Agreement* between FIA and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the agreement. Upon termination, a pro-rated portion of the earned but unpaid advisory fee shall be due.
- Neither FIA, nor its representatives accept compensation from the sale of securities or other investment products.

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

Neither FIA nor any supervised person of FIA accepts performance-based fees.

## **Item 7            Types of Clients**

FIA's clients shall generally include corporate retirement plans {401k, defined benefit}, not for profit retirement plans (403b), endowments & foundations, public retirement funds, healthcare organizations, and high net worth individuals. Clients should review Item 5 above for information about FIA's minimum account requirements.



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

- FIA uses the MPI Stylus Allocator software to model potential portfolio allocations. The MPI Stylus Allocator employs Mean-Variance Optimization (MVO), a common and widely known method used to provide asset allocation decision. Based on the Nobel Prize winning work of Prof. Harry Markowitz, MVO relies on optimization of average returns and standard deviation of returns to produce an “optimal” portfolio composition. Inputs include FIA’s capital market assumptions and input from clients regarding expected cash flows and various other financial aspects of the plan. FIA provides a final report outlining several allocations with differing risk/return profiles and assists in the selection of the allocation that best meets the needs of the client.

FIA typically conducts asset allocation studies utilizing a broad array of asset classes including: domestic large and small cap equities, international equities, fixed income, real estate, hedge funds, and cash/short-term assignments. In addition to the more traditional equity and fixed income asset classes, FIA utilizes asset allocation funds, private equity, structured notes, hedge fund of funds, long/short hedge funds, absolute return strategies, emerging market equity, REITs, private real estate, portable alpha mandates, and commodity strategies.

**Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and investment strategies used by FIA) will be profitable or equal any specific performance levels.

- FIA’s methods of analysis and investment strategies do not present any significant or unusual risks. Each investment manager and investment recommended or selected by FIA also has their own risk factors. Clients should read this section in conjunction with any prospectus, offering documents or Form ADV brochures of the other manager to understand the entirety of the risks of investing with FIA.

Every method of analysis has its own inherent risks. To perform an accurate market analysis FIA must have access to current/new market information. FIA has no control over the dissemination rate of market information; therefore, unbeknownst to FIA, certain analyses may contain outdated market information, severely limiting the value of FIA’s analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

FIA’s primary investment strategy - Long Term Purchases - is a fundamental investment strategy. However, every investment strategy has its own inherent risks and limitations. For example, longer-term investment strategies require a longer investment period to allow the strategy to develop. Shorter-term investment strategies require a shorter investment period to develop but, because of more frequent trading, may incur higher transactional costs when compared to a longer-term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30)

day investment time period, involves a very short investment period but will incur higher transaction costs when compared to a short-term investment strategy and substantially higher transaction costs than a longer-term investment strategy.

- Currently, FIA primarily allocates client investment assets among various mutual funds, exchange traded funds, independent managers and private investment funds, on a non-discretionary basis as a retirement plan consultant, and on a discretionary basis for those clients that engage FIA to provide Discretionary Investment Management services. (**See** Investment Manager Searches above). FIA shall exercise its authority in accordance with the client's designated investment objective(s).

#### **Item 9            Disciplinary Information**

FIA has not been the subject of any disciplinary actions.

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

- Neither FIA, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- Neither FIA, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- Neither FIA, nor its representatives, have any other relationship or arrangement that is material to its advisory business not otherwise disclosed herein.

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

- FIA maintains a Code of Ethics Policy as well as a policy relative to personal securities transactions. These policies serve to establish a standard of business conduct for all of FIA's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request. All FIA employees are expected to adhere to the highest standards with respect to any conflicts of interest with client accounts.

In accordance with Section 204A of the Investment Advisers Act of 1940, FIA also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by FIA or any person associated with FIA.

- Neither FIA nor any related person of FIA recommends, buys, or sells for client accounts, securities in which FIA or any related person of FIA has a material financial interest.

- FIA's associates may buy or sell for their own personal accounts the same open-ended mutual funds that are recommended by FIA to clients. However, because the purchase and sale of a mutual fund cannot affect its price, or net asset value, FIA does not have any restrictions on these transactions.

FIA associates may transact in the same securities that Independent Managers bought or sold in FIA client accounts. However, associates have no information about these transactions until substantially after they occur and therefore, FIA does not have any policies restricting such transactions.

There are other securities (closed end funds and ETFs) that FIA associates may purchase or sell that are also recommended to clients. FIA associates are restricted from transactions in any publicly traded shares of any FIA client.

FIA has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of FIA's "Access Persons". FIA's securities transaction policy requires that each Access Person of FIA must provide the Chief Compliance Officer or her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date FIA selects.

- FIA and/or representatives of FIA *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where FIA and/or representatives of FIA are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above, FIA has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of FIA's Access Persons.

## **Item 12      Brokerage Practices**

- In the event that the client requests that FIA recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct FIA to use a specific broker-dealer/custodian), FIA generally recommends that investment management accounts be maintained at Schwab. Prior to engaging FIA to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with FIA setting forth the terms and conditions under which FIA shall manage the client's assets, and a separate custodial/clearing agreement with Schwab or any other broker-dealer/custodian selected by the client. FIA is independently owned and operated and is not affiliated with any broker dealer.

Factors that FIA considers in recommending Schwab for Discretionary Investment Management Services or another broker-dealer/custodian for other services include their historical relationship with FIA, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by FIA's clients shall comply with FIA's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where FIA determines, in good faith, that the

commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although FIA will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, FIA's fees. FIA's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

- Research and Additional Benefits

FIA may receive from Schwab (or another broker-dealer/custodian, investment manager, platform, and/or mutual fund sponsor) free or discounted support services and products. Certain of these products and services assist FIA to better monitor and service client accounts maintained at these institutions. The support services that FIA obtains can include investment-related research; pricing information and market data; compliance or practice management-related publications; discounted or free attendance at conferences, educational or social events; or other products used by FIA to further its investment management business operations.

Certain of the support services or products received may assist FIA in managing and administering client accounts. Others do not directly provide this assistance, but rather assist FIA to manage and further develop its business enterprise.

FIA's clients do not pay more for investment transactions effected or assets maintained at the broker-dealers and custodians because of these arrangements. There is no corresponding commitment made by FIA to any broker-dealer or custodian or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products because of the above arrangements

FIA's Chief Compliance Officer, Maureen B. Cooper, remains available to address any questions that a client or prospective client may have regarding these arrangements and the conflicts of interest they create.

- On occasion, FIA may receive referrals from independent and unaffiliated broker-dealers/custodians and recordkeepers (collectively, "Referring Entities"). The Referring Entities do not supervise FIA and have no responsibility for FIA's management of clients' portfolios or FIA's other advice or services. FIA does not pay a fee to the Referring Entities to receive client referrals. However, FIA's receipt of referrals create conflicts of interest because of FIA's incentive to refer its clients to the Referring Entities for service so that FIA may continue to receive referrals from the Referring Entities. To address this conflict of interest, FIA reminds its clients that they may receive similar services from entities that are not affiliated with the Referring Entities.

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

In the event that the client directs FIA to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through FIA. Higher transaction costs adversely impact account performance. Transactions for directed accounts will generally be executed after execution of portfolio transactions for non-directed accounts.

FIA's Chief Compliance Officer, Maureen B. Cooper, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

- To the extent that FIA provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless FIA decides to purchase or sell the same securities for several clients at approximately the same time. FIA 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 FIA'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 and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. FIA shall not receive any additional compensation or remuneration because of such aggregation.

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

- For those clients to whom FIA provides investment supervisory services, account reviews are conducted on an ongoing basis by FIA's Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise FIA of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with FIA on an annual basis.
- FIA may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

- Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. In most instances, FIA provides a written periodic report summarizing account activity and performance.

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

- As referenced in Item 12 above, FIA receives an economic benefit from various broker-dealers/custodians.
- FIA does not pay referral compensation to unaffiliated persons or entities for prospective client introductions.

#### **Item 15      Custody**

FIA shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided with a detailed invoice each quarter. In addition, clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. In most instances, FIA provides a written periodic report summarizing account activity and performance. To the extent that FIA provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by FIA with the account statements received from the account custodian. The account custodian does not verify the accuracy of FIA's advisory fee calculation.

#### **Item 16      Investment Discretion**

Prior to FIA assuming discretionary authority over a client's account, the client shall be required to execute an agreement, granting FIA full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name in the discretionary account.

Clients who engage FIA on a discretionary basis may, at any time, impose restrictions, in writing, on FIA's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe FIA's use of margin, etc.).

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

- FIA does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers,

acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

- Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact FIA to discuss any questions they may have with a particular solicitation.

#### **Item 18      Financial Information**

- FIA does not solicit fees of more than \$1,200, per client, six months or more in advance.
- FIA is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- FIA has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: FIA's Chief Compliance Officer, Maureen B. Cooper, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**