

# Financial Choice Inc.

## Wrap Fee Program Brochure

*This wrap fee program brochure provides information about the qualifications and business practices of Financial Choice Inc. If you have any questions about the contents of this brochure, please contact us at (206) 321-7869 or by email at: [konstantin@financialchoice.com](mailto:konstantin@financialchoice.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.*

*Additional information about Financial Choice Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Financial Choice Inc.'s CRD number is: 317450. You are encouraged to review this Brochure for more information on the qualifications of our firm, our associates who advise you and our employees.*

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*Registration as an investment adviser does not imply a certain level of skill or training.*

Version Date: 12/16/2021

## **Item 2: Material Changes**

Financial Choice Inc. is a newly registered investment adviser with the Securities and Exchange Commission. As such, no material changes are noted here. Our prospective clients are strongly encouraged to read this Brochure in its entirety prior to engaging the firm for any advisory services.

Pursuant to federal regulation, Financial Choice Inc. will ensure that clients receive a summary of any materials changes to this Brochure within 120 days of the close of the firm's fiscal year-end. Additionally, as the firm experiences material changes in the future, we will send you a summary of our "Material Changes" under separate cover. For more information about the firm, please contact us at (206) 321-7869.

Additional information about the firm and its investment adviser representatives is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

#### **Investment Advisory Services**

Financial Choice Inc. (hereinafter “FC”) provides discretionary portfolio management to separately managed account clients under a wrap fee program (“Wrap Program”) as sponsor and portfolio manager. FC provides robo-advisory portfolio management to clients under this Wrap Program as sponsor and portfolio manager exclusively via an online interface. This entails the use of algorithm-based portfolio management advice, rather than in-person investment advice.

All clients receiving Investment Advisory Services from FC are required to use FC’s Cash Management services (see description below).

FC provides investment advisory services on a continuous basis and in accordance with the investment objectives and risk tolerance provided by the client. FC typically provides investment management services for portfolios assembled by FC. These portfolios will typically be comprised of stocks, bonds, exchange traded funds (“ETF’s”), and money market funds. The ETFs are typically invested in stocks, and bonds.

Client managed account assets are invested in FC’s investment strategies based on investments that appear to be most suitable to the client’s investment objectives determined for those account assets. Factoring in individual client characteristics, such as the client’s age, risk tolerance, income, and current assets, among others. Several clients will be invested in the same or similar investment strategy at any given time. Further details on FC’s investment strategies, including the risks pertaining to the securities comprising such strategies is found in Item 6.

FC provides robo-advisory, discretionary portfolio management services via an online interface. Under this Wrap Program, the client receives advisory and brokerage execution services plus account reporting and custodial services, for one all-inclusive fee. Once the appropriate portfolio has been determined, FC monitors the investments regularly, conducts account reviews periodically, and will consider an appropriate rebalance of a portfolio as necessary, based upon the client’s stated goals and objectives.

Client assets in the Wrap Program managed by FC are held in accounts at a registered broker/dealer and qualified custodian, who will provide clearing, custody and other brokerage services for client accounts. Each client is ultimately responsible for providing

all of the necessary information to establish their own account. Clients will retain all rights of ownership in such accounts, including vote proxies, and receive transaction confirmations.

### **Cash Management Services**

FC offers its clients Cash Management Services, which are separate from its advisory services. However, all Clients receiving investment advisory services are required to use FC's Cash Management services.

Clients utilizing FC's Cash Management Services will open a demand deposit account ("DDA") at a banking institution identified by FC ("Bank"). The DDA will be connected to a client's investment account ("Investment Account") managed by FC. FC has the ability to determine when to transfer monies deposited into the DDA through aggregating accounts at the Bank and at the Custodian (defined below) to the client's Investment Account. Once in the client's investment account, those monies will be invested by FC according to the client's investment strategy.

When a client needs to withdraw funds from the DDA, FC will generally seek to initiate a sale of securities in the client's Investment Account and transfer (via aggregating accounts) the proceeds from those sales to the client's DDA account in accordance with the terms and conditions set forth in the Cash Management Agreement between FC and the. If a client seeks to withdraw money FC will attempt to meet the withdrawal request with cash held in the Investment Account. If necessary, FC will have the option to utilize margin to advance funds to the client and, when financial markets are open, initiate sale transactions in the client's Investment Account to cover the withdrawal amount and to unwind any related margin balance. Due to limitations relating to banking and financial market operations, clients may not be able to withdraw funds from the DDA in real time.

FC's Cash Management Services are provided by its professionals under a separate written engagement and in their separate capacities. Clients have to be investment advisory clients of FC in order to receive Cash Management Services. FC's fees may be higher or lower than those available from other professional providers for similar Cash Management Services. Clients are required to use FC's Cash Management Services in order to receive investment advisory services from FC.

### **Fees and Compensation:**

#### **Investment Advisory Services**

FC charges a flat \$10/month fee ("Advisory Fee") for its advisory services and execution of transactions within its Wrap Program. Clients do not pay brokerage commissions, markups or transaction charges for execution of transactions in addition to the Advisory Fee.

The Advisory Fee is withdrawn directly from the client's accounts with client's written authorization on a monthly basis.

The Advisory Fee is paid monthly in advance. A monthly Advisory Fee paid in advance but not yet earned will not be refunded if a client terminates on a day other than the last day of a calendar month. FC expects to lower or waive the Advisory Fee for certain clients, friends of family members, in FC's sole discretion. FC's Advisory Fee is not negotiable. Although FC believes its Advisory Fee is competitive, clients should be aware that lower fees for comparable services may be available from other sources.

Clients may terminate their agreement without penalty, for full refund of FC's fees, within five business days of signing the Investment Advisory Agreement. Thereafter, clients may terminate the Investment Advisory Agreement in accordance with the provisions of thereof.

### **Cash Management Services**

FC does not charge a separate service fee for its Cash Management Services.

Please note that, in connection with a client's use of the debit card associated with the DDA linked to the client's investment advisory account, FC will earn an industry standard interchange fee (which can generally range from 0.5% to 1.5%, depending on factors, which include, among other things, the merchant category, user location, and applicable bank rates). Additionally, FC will earn industry standard interest on balances in a client's DDA (which has been between 0% and 1% in recent years, depending on the applicable bank rate).

### **B. Contribution Cost Factors**

Participating in the Wrap Program may cost the client more or less than purchasing such services separately. There are several factors that bear upon the relative cost of the Wrap Program, including the trading activity in the client's account, the adviser's ability to aggregate trades, and the cost of the services if provided separately (which in turn depends on the prices and specific services offered by different providers).

A Wrap Program allows our clients to pay a specified fee for investment advisory services and the execution of transactions. The advisory services can include portfolio management and the fee is not based directly upon transactions in your account. Your fee is bundled with FC's costs for executing transactions in your account(s). This generally results in a higher advisory fee to you. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we could have an incentive to limit our trading activities in your account(s) when FC is charged for executed trades. By participating in a Wrap Program, you could end up paying more or less than you would through a non-wrap fee program where, generally, a lower advisory fee is charged, and trade execution costs are passed directly through to you by the executing broker.

### **C. Additional Fees and Costs**

FC will wrap some third-party fees (i.e., custodian fees, brokerage fees, and transaction fees) for wrap fee portfolio management accounts. FC will charge clients one fee, and pay all transaction fees (if any) using the fee collected from the client. Accounts participating in the Wrap Program are not charged higher advisory fees based on trading activity.

Certain other fees are not included in the wrap fee and are paid for separately by the client. These include, but are not limited to, margin costs, charges imposed directly by a mutual fund or exchange traded fund ("ETF"), fees associated with "step out" transactions if the account uses different custodians or broker-dealers, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Further information regarding fees assessed by a mutual fund or ETF is available in the appropriate prospectus, which is available upon request from us or from the product sponsor directly.

#### **D. Compensation of Client Participation**

Neither FC nor any representatives of FC receive any additional compensation beyond advisory fees for the participation of clients in the Wrap Program. However, compensation received may be more than what would have been received if client paid separately for investment advice, brokerage, and other services. Therefore, FC has a financial incentive to recommend the Wrap Program to clients.

### **Item 5: Types of Clients**

FC provides online investment advisory services on a continuous basis to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals

There is no account minimum.

Prospective clients evaluating FC's advisory service should be aware that FC's relationship with clients is likely to be different from the "traditional" investment adviser relationship in several aspects: (i) FC is a software-based financial adviser, which means each client acknowledges its ability and willingness to conduct a relationship with FC on an electronic basis and to receive all documentation related to the advisory services on an electronic basis; (ii) FC does not make

individual representatives available to discuss servicing matters with clients or to provide advice; (iii) FC will remind clients via email on at least a yearly basis that they are able to update their stated risk preferences and may request that clients answer questionnaires seeking additional information on those clients' investment profiles from time to time; (iv) neither FC nor any of its employees or representatives meet with clients face-to-face; (v) clients may not place orders to purchase or sell securities on a self-directed basis via the FC electronic platform.

## **Item 6: Portfolio Manager Selection and Evaluation**

### **A. Selecting/Reviewing Portfolio Managers**

FC will be the sole portfolio manager for this Wrap Program. FC will not select or recommend third-party investment advisors or portfolio managers to provide services under this Wrap Program.

### **B. Related Persons**

FC and its personnel serve as the portfolio managers for all Wrap Program accounts. This is a conflict of interest in that no outside adviser assesses FC's management of the Wrap Program. However, FC addresses this conflict by disclosing it in this Brochure and by seeking to act in its clients' best interest consistent with its fiduciary duty as sponsor and portfolio manager of the Wrap Program.

### **C. Advisory Business**

FC provides "robo-advisory" portfolio management services via an online interface. This entails the use of algorithm-based portfolio management advice, rather than in-person investment advice.

FC will obtain discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction.

Risk tolerance levels are documented in a Client Profile and questionnaire the Investment Policy Statement, which is given to each client.



Portfolio management accounts participating in the Wrap Program will not have to pay separately for transaction or trading fees. FC will charge clients one Advisory Fee, and pay any applicable transaction fees using the Advisory Fee collected from the client. Certain other fees (described above) are not included in the Advisory Fee and are paid for separately by the client. These include, but are not limited to, margin costs, charges imposed directly by a mutual fund or exchange traded fund, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Accounts participating in the Wrap Program are not charged higher advisory fees based on trading activity.

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

FC generally limits its investment advice to equities and fixed income securities. FC may use other securities as well to help diversify a portfolio when applicable.

### ***Client Tailored Services and Client Imposed Restrictions***

FC offers the same suite of services and investment strategy options to all of its clients. However, specific client investment strategies recommended by FC are dependent upon the client's current situation (income, tax levels, and risk tolerance levels, among other factors). Clients are not permitted to impose restrictions on investing in certain securities or types of securities in accordance with their values or beliefs.

### ***Wrap Fee Programs***

As discussed herein, FC sponsors and acts as portfolio manager for this Wrap Program. FC manages the investments in the Wrap Program in exchange for the Advisory Fee described in Section 4 above.

### ***Amounts Under Management***

FC has the following assets under management:

Discretionary Amounts:	Non-Discretionary Amounts:	Date Calculated:
\$0	\$0	December 2021

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

FC does not charge performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## *Methods of Analysis and Investment Strategies*

### Methods of Analysis

FC's methods of analysis include Fundamental analysis and Modern portfolio theory.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various assets.

### *Investment Options*

FC offers its clients a set of investment options to choose from. Initially, FC will provide the following ETF investment options through its platform (this list will be updated to include more ETF options, or blends of ETF options, if they become available):

- US stock market ETF, offering exposure to a wide number of public stocks traded on the United States exchanges.
- World stock market ETF, offering exposure to a wide number of public stocks of non-US companies .
- US bond market ETF, offering exposure to a wide number of public bonds traded in the United States bond markets.
- World bond market ETF, offering exposure to a wide number of non-US public bonds.
- Money market ETF, offering exposure to highly liquid, risk mitigated, short-term US debt securities.

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

### *Material Risks Involved*

#### Methods of Analysis

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Modern portfolio theory** assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected

returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

### ***Investment Strategies***

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Short term trading** risks include liquidity, economic stability, and inflation, in addition to the long-term trading risks listed above. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

### ***Risk of Loss***

Investing in securities involves a significant risk of loss which clients should be prepared to bear. FC portfolios are subject to various market, currency, economic, political and business risks, and such investments will not always be profitable. Clients should be aware that there may be a loss or depreciation to the value of the client's account. There can be no assurance that the client's investment objectives will be obtained and no inference to the contrary should be made.

Past performance is not indicative of future results. Therefore, clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk.

Because of the inherent risk of loss associated with investing, FC is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

### ***Risks of Specific Securities Utilized***

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below are not guaranteed or insured by the FDIC or any other government agency.

There are certain additional risks associated with the securities recommended and strategies utilized by FC including, among others:

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of Client investments. This is also referred to as systemic risk.
- Sector risk – The chance that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the overall market.
- Non-diversification risk – The risk of focusing investments in a small number of issuers, industries, or foreign currencies, including being more susceptible to risks associated with a single economic, political, or regulatory occurrence than a more diversified portfolio might be.
- Equity (stock) Market Risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Fixed Income Risk – When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Interest rate risk – The chance that prices of fixed income securities will decline because of rising interest rates. Similarly, the income from fixed income securities may decline because of falling interest rates.
- Reinvestment Risk – The risk that interest and principal payments from a bond will be reinvested at a lower yield than that received on the original bond. During periods of declining interest rates, bond payments may be invested at lower rates; during periods of rising rates, bond payments may be invested at higher rates.
- ETF and Mutual Fund Risk – When investing in an ETF or mutual fund (or a close ended mutual fund), you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- Debt Securities Risk - Debt Securities (corporate or municipal bonds) (aka fixed income securities) are promissory notes that pay interest and the return of principal at the end of a specified term. Credit risk is the chance the issuer will fail to pay the interest payments on the security or to pay the principal at maturity. Interest rate risk is that the market value of the bonds will go down when interest rates go up. Prepayment risk is the chance that a bond will be paid off early. For example, if interest rates fall, a bond issuer may decide to pay off its debt. When this happens, the investor may not be able to reinvest the proceeds in an investment with as high a return or yield.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis, and determination of portfolio

securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

- Opportunity Cost Risk –The risk that an investor may forego profits or returns from other investments.
- Real Estate - Real estate funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.
- Commodities - commodities are tangible assets used to manufacture and produce goods or services. Commodity prices are affected by different risk factors, such as disease, storage capacity, supply, demand, delivery constraints and weather. Because of those risk factors, even a well-diversified investment in commodities can be uncertain.

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

### ***Voting Client Securities (Proxy Voting)***

FC will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Consequently, the client retains the responsibility for receiving and voting all proxies for securities held within the client's account. FC shall not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client. Clients should direct all proxy questions to the issuer of the security.

FC does not advise or act for clients with respect to any legal matters, including bankruptcies and class actions, for the securities held in clients' accounts.

## **Item 7: Client Information Provided to Portfolio Managers**

FC, through its advisors, is responsible for account management; there is no separate portfolio manager involved. FC obtains the necessary financial data from the client and assists the client in setting an appropriate investment objective for the account. This information is obtained by having the client complete a written investment advisory agreement and other provide other information and documentation through FC's interactive website. Clients are encouraged to

contact FC if there have been any changes in their financial situation or investment objectives. Clients should be aware that the investment objective selected for the account is an overall objective for the entire account and may be inconsistent with a particular holding and the account's performance at any time. Clients should be aware that achievement of the stated investment objective is a long-term goal for the account.

## **Item 8: Client Contact with Portfolio Managers**

FC does not restrict clients from contacting portfolio managers. FC's representatives can be contacted during regular business hours with questions about client accounts.

## **Item 9: Additional Information**

### **A. Disciplinary Action and Other Financial Industry Activities**

#### ***Criminal or Civil Actions***

There are no criminal or civil actions to report.

#### ***Administrative Proceedings***

There are no administrative proceedings to report.

#### ***Self-Regulatory Organization (SRO) Proceedings***

There are no self-regulatory organization proceedings to report.

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

As noted above, FC offers Cash Management Services in connection with its investment advisory services. The Cash Management Services will be offered for a fee, which is separate and distinct from any Advisory Fee FC charges relating to its investment advisory services. The fees charged for Cash Management Services and the scope of services to be provided by FC will be set forth in the written Cash Management Services agreement between FC and the client.

FC's fees for Cash Management Services ("CM Fees") are listed in the written agreement for Cash Management Services. Cash Management Fees are assessed monthly in advance.

CM Fees are not negotiable. Although FC believes its CM Fees are competitive, clients should be aware that lower fees for comparable services may be available from other sources.

Neither FC nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

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

### ***Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections***

FC does not select third-party investment advisers.

## **B. Code of Ethics, Client Referrals, and Financial Information**

### ***Code of Ethics***

FC recognizes that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, FC believes that if investment goals are similar for clients and for employees and directors of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, FC has in place a set of procedures with respect to transactions effected by our officers, directors and employees for their personal accounts.

Furthermore, FC has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients, which is considered the core underlying principle for our Code of Ethics (which also includes Insider Trading and Personal Securities Transactions Policies and Procedures). We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to

comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

### ***Recommendations Involving Material Financial Interests***

FC does not recommend that clients buy or sell any security in which FC or a related person has a material financial interest.

### ***Investing Personal Money in the Same Securities as Clients***

From time to time, representatives of FC may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of FC to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest, which will be mitigated in accordance with fiduciary principles and handled under the Code of Ethics described above.

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

From time to time, representatives of FC may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of FC to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions create a potential conflict of interest; however, FC will not engage in trading that operates to the client's disadvantage if representatives of FC buy or sell securities at or around the same time as clients.

### ***Frequency and Nature of Periodic Reviews***

FC provides its clients with access to their investment account information via the internet. Robo-advisory portfolio management accounts are not manually reviewed by FC. FC performs automatic reviews of customer accounts, as required to provide FC's services. These reviews can happen several times per day. On at least an annual basis, FC will contact each client to request that the profile information previously provided be updated, if appropriate due to changes in circumstance. To accomplish this, annually, clients will be asked the same risk tolerance questions again to see if the portfolio they have selected is still in line with their goals. Any deviations or changes will be suggested in a similar fashion, with similar disclosures, to the account opening process. FC will retain the client account profile data.

Clients are encouraged to update FC of any change in their objectives, risk tolerance, or



other pertinent information.

### ***Factors That Will Trigger a Non-Periodic Review of Client Accounts***

Generally, robo-advisory portfolio management accounts do not undergo non-periodic review by FC, and allocations will change in accordance with the portfolio management software utilized by FC and changes to the client's profile.

### ***Content and Frequency of Regular Reports Provided to Clients***

Robo-advisory portfolio management clients will receive at least monthly a written report that details the client's account including assets held and asset value, which report will come from the custodian monthly. Such statements and reports will be delivered electronically as explained in the written client agreement. Clients may also receive periodic e-mail communications regarding their accounts.

### ***Client Referrals and Other Compensation***

FC requires that clients establish brokerage accounts with a registered broker-dealer/qualified custodian of FC's choosing ("Custodian"), which will be a Member FINRA/SIPC, to maintain custody of clients' assets and to effect trades for their accounts. FC is independently owned and operated and not affiliated with the Custodian.

While FC does not have a soft-dollar contract in place with the Custodian, some of the products, services and other benefits provided by the Custodian benefit FC and may not benefit our FC's client accounts. Our requirement that clients place assets in the Custodian's custody may be based in part on benefits the Custodian provides to us, and not solely on the nature, cost or quality of custody and execution services provided by the Custodian.

The Custodian also makes available to FC other products and services that benefit us but may not benefit clients' accounts. These benefits include software, educational events, and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), educational events, facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of our firm's accounts. While, as a fiduciary, FC endeavors to act in its clients' best interests, our requirement that clients maintain their assets in accounts at the Custodian is based in part on the benefit to FC of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by the Custodian, which creates a potential conflict of interest.

We generally seek “best execution” in light of the circumstances involved in transactions. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the overall best qualitative execution, taking into consideration the full range of a broker-dealer’s services, including among others, net price, reputation, financial strength and stability, efficiency of execution and error resolution, the size of the transaction and the market for the security. We will not obligate ourselves to obtain the lowest commission or best net price for an account on any particular transaction. Consistent with the foregoing, while we will seek competitive rates, we may not necessarily obtain the lowest possible commission rates for client transactions.

FC does not receive any economic benefit, directly or indirectly from any third party for advice rendered to FC clients.

FC does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

### ***Custody***

FC is deemed to have custody of client funds or securities by reason of the fact that FC has authority to debit its Advisory Fee directly from the client’s account. To mitigate any potential conflicts of interests, all FC client account assets will be maintained with an independent qualified custodian.

All clients receive at least quarterly account statements directly from their custodian. If FC sends account statements directly to clients, the account statements include a legend that urges the client compare the account statements received from the qualified custodian with those received from FC. FC encourages its clients to raise any questions with about the custody, safety or security of their assets. The account custodian will send clients independent account statements listing account balance(s), transaction history and any fees debited from accounts. Any fee deductions will be done pursuant to client’s written authorization provided to the custodian.

### ***Financial Information***

FC neither requires nor solicits prepayment of more than \$1,200 in fees from a client, six or more months in advance. Therefore, FC has not included a balance sheet for its most recent fiscal year.

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

FC does not have any financial condition that would impair its ability to meet contractual commitments to clients.

***Bankruptcy Petitions in Previous Ten Years***

FC has not been the subject of a bankruptcy petition.