

DISCLOSURE BROCHURE

## Financial Soundings

This Brochure provides information about some qualifications and business practices of Financial Soundings Investment Advisor, LLC, which also uses “Financial Soundings” as a business name. If you have questions about the contents of this Brochure, please call us at 678-393-8222.

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 us also is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Registration as an investment adviser doesn’t imply any level of skill or training.

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**For more information:** To get our Disclosure Brochure, Code of Ethics, Privacy Notice, or another document, visit our website at [www.FinancialSoundings.com](http://www.FinancialSoundings.com), email us at [info@FinancialSoundings.com](mailto:info@FinancialSoundings.com), telephone us at 678-393-8222, or send your request to us at the address shown above.

Date of this Brochure: July 9, 2021

## **2. Material Changes**

This Brochure shows a change in our business address.

There is no material change from our preceding Brochure dated March 29, 2021.

### 3. Table of Contents

Our Brochure follows the order and numbering of items and subitems in Form ADV's Part 2A. Each item heading's text is as required by law. As further aids to readers, our Brochure includes many cross-references in its text, and a set of "Definitions and specially-used words", which begins at page 19.

2.	Material Changes.....	2
3.	Table of Contents .....	3
4.	Advisory Business.....	5
4.A	About Financial Soundings.....	5
	Who owns Financial Soundings? .....	6
4.B	Services we offer.....	6
	Retirement Readiness .....	6
	Retiree Planning .....	7
4.C	How we tailor our services.....	7
	About a Plan's investment restrictions and scope for our services .....	7
	About a Participant's investment restrictions.....	8
4.D	Not a wrap-free program.....	8
4.E	Assets under our advice .....	8
5.	Fees and Compensation.....	8
5.A	We're a fee-only adviser.....	8
5.B	Ways to pay our fee.....	8
	Employer pays.....	8
	Plan pays .....	9
	Another Plan service provider pays.....	9
	We're a subadviser or subcontractor .....	9
	Your responsibility to check payments of our fees.....	9
5.C	Others' fees and expenses .....	9
5.D	When you pay us.....	9
5.E	No commissions or sales compensation.....	10
6.	Performance-Based Fees and Side-by-Side Management.....	10
7.	Types of Clients.....	10
8.	Methods of Analysis, Investment Strategies and Risk of Loss .....	10
8.A	Our analysis and investment strategy.....	10
	How we form our investment advice .....	11
	Our advice is based on assumptions.....	11
	Managed Account.....	12
	Asset-allocation recommendation .....	12
	Target-date Fund recommendation.....	12
	Fund recommendations .....	12
	How we form our asset-allocation recommendations regarding a Stable-Value Fund.....	13
	We give advice; each Participant decides.....	13
	Who's responsible .....	13
	Computer model.....	13
	Independent investment adviser.....	14
8.B	Risks of our investment strategy.....	14
8.C	Only Funds.....	14
8.D	Temporary investment.....	15
9.	Disciplinary Information .....	15
10.	Other Financial Industry Activities and Affiliations .....	15

10.A	No broker-dealer registration .....	15
10.B	No commodities registration .....	15
10.C	No related person to disclose .....	15
10.D	No recommendation of another investment adviser.....	15
11.	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	16
11.A	Code of Ethics.....	16
	Political contributions policy .....	16
11.B	No conflict from recommending a security we have a stake in .....	16
11.C	No conflict from investing in the same securities we recommend .....	16
11.D	No conflict from trading securities around the time of our recommendation .....	16
12.	Brokerage Practices .....	16
13.	Review of Accounts .....	17
	Participants' Plan Account statements.....	17
14.	Client Referrals and Other Compensation .....	17
14.A	Ways to pay our fee.....	17
14.B	Solicitors .....	17
15.	Custody .....	17
16.	Investment Discretion .....	17
17.	Voting Client Securities .....	18
17.A	We don't vote your investments.....	18
17.B	How you get proxies .....	18
18.	Financial information.....	18
18.A	No prepayment.....	18
18.B	Our financial condition .....	18
18.C	No bankruptcy.....	18
19.	Requirements for State-Registered Advisers .....	18
20.	How we meet ERISA's reasonable-contract rule .....	18
21.	Definitions and specially-used words .....	19
22.	Brochure Supplement.....	25
22.A	Education and business experience.....	25
22.B	No disciplinary information .....	25
22.C	No other business activities.....	26
22.D	Additional compensation .....	26
22.E	Supervision .....	26
22.F	Requirements for State-registered Advisers.....	26

## 4. Advisory Business

We offer retirement-planning information, education, and asset-allocation investment advice. We offer this in three different formats:

- 1) **Investment Education.** We provide information, which might include information about a Retirement Plan, general financial and investment information, information about a Retirement Plan's investment alternatives, and asset-allocation models.
- 2) **Investment Advice.** We provide non-discretionary advice about how a Participant should invest his or her Plan Account. This advice includes an asset-allocation recommendation. Further, our advice might recommend a Fund for each asset class we recommend.
- 3) **Managed Account.** We accept responsibility to decide investments for a Participant's Plan Account.

With Investment Advice, we may offer related implementation services. For example, our AutoAdvice feature lets a Participant give us or another investment or service provider a standing instruction to render his or her Plan investment directions that follow our advice, including updates of it, until the Participant changes or ends his or her instruction.

Our service regarding a Plan is governed by our Agreement with the Plan, or with a service provider to the Plan. An Agreement may impose restrictions and conditions beyond those described in our Brochure. Only a Plan's Independent Plan Fiduciary may approve our Agreement.

For a Managed Account or Investment Advice, we're a Fiduciary to the Retirement Plan. For Investment Education, even if we're not a Fiduciary (as ERISA defines it) to the Retirement Plan, we have fiduciary duties under the Investment Advisers Act.

### 4.A About Financial Soundings

Many people never get around to retirement planning because of the time, effort, and costs involved. We make unbiased retirement-planning services accessible and affordable. What makes us unique is not only the ease-of-use of our services, but also their level of customization. Regardless of age, income, or marital status, we're here to help a Plan's Participants find easy-to-understand solutions to some of today's most pressing financial concerns.

We developed our *Retirement Readiness* services to improve a Retirement Plan's communications to Participants, including employees who don't yet have a Plan Account. We give a Participant Investment Education about how much to contribute to a Retirement Plan. We give a Participant Investment Education or Investment Advice about how to improve a Plan Account's asset allocation. Both kinds of information should help a Participant improve the probability that his or her Plan Account will accumulate enough retirement savings to help him or her enjoy more financial security for retirement.

Our parent, Financial Soundings, LLC, has been in business since 2006. We were formed in January 2007, and registered with the SEC in September 2008. Our leaders have experience with other investment-related businesses, mostly about retirement planning. Lee Tupper, our chief information officer, before he joined us had considerable experience with software businesses.

For information on the education and business experience of our people involved in forming the investment-advice models we use for our services, see page 25.

***Who owns Financial Soundings?***

Financial Soundings, LLC owns all of our member interests. Although several persons are indirect Owners, Robert C. Dughi is the only principal (25% or more) indirect Owner.

**4.B Services we offer**

We offer our services only to (or about) Retirement Plans, which may include IRAs. We offer services that people who work with Retirement Plans call Investment Education. Also, we offer asset-allocation Investment Advice.

***Retirement Readiness***

Our key services are about retirement readiness, showing a Participant (including an eligible employee who does not yet make contributions) how likely it is that he or she would have enough retirement savings to produce a retirement income (from a combination of sources) that meets a specified ratio in replacing the Participant's working year's income.

Our *Retirement Readiness Analysis* provides a Participant with a personalized Retirement Plan review, including this information specific to his or her personal situation:

- a personalized retirement wealth target;
- an analysis of his or her chances to meet that target;
- a shortfall he or she likely would have at retirement;
- specific changes the Participant can make in his or her investment allocation and Retirement Plan contributions that can help reduce or eliminate his or her projected retirement shortfall.

Our reports to a Retirement Plan's Fiduciary can include:

- Your Average Participant;
- Retirement Readiness Probability Analysis;
- Contribution Rate Analysis;
- Plan Match Utilization Analysis;
- Employee Shortfall/Surplus Analysis;
- Projected Income Analysis;
- Projected Income Shortfall Analysis;
- Projected Wealth Analysis;
- Investment Risk Analysis.

These reports are sorted by Participants' ages, salaries, and other factors.

Our asset-allocation education or advice (if provided) is limited to asset classes for which a Plan Account would invest in a Fund (or a Stable-Value Fund). If so provided by our Agreement, our asset-allocation education or advice is limited to a specified subset of the Plan's Designated Investment Alternatives. Our advice about which Fund a Participant should invest in (if more than one Designated Investment Alternative is available for the asset class) is limited to Funds that report information in a form used by our software and service providers.

Our *Retirement Readiness*<sup>TM</sup> can work with any individual-account (defined-contribution) Retirement Plan and any recordkeeper or third-party administrator. Our program uses a data feed to generate personalized

reports for every eligible employee, without requiring a Participant to go online or to input extensive personal information. A Participant (including eligible employees who have not yet made a contribution) receive the individualized advice with simple implementation instructions. Making it easy for Participants improves their use of their Retirement Plan to increase retirement savings.

### ***Retiree Planning***

We offer services to give a retired Participant essential guidance to use his or her Plan Account throughout retirement.

This service begins with a baseline Retiree Analysis proactively delivered to each Participant identified to us as retired. This analysis includes a personalized investment strategy recommendation with monthly spend-down guidance. The Retiree Analysis urges a retiree to visit our FS Retiree Portal to tailor the analysis for his or her specific situation.

To complete the analysis, we urge a retiree to add “outside” assets and retirement income sources, including:

- Social Security,
- defined-benefit pensions,
- other retirement plans’ accounts,
- Individual Retirement Accounts,
- investments beyond retirement plans;

and for all of these a spouse’s benefits, pensions, accounts, and other investments.

A retiree may customize his or her spend-down calculation by adjusting an assumed life expectancy, and by setting a percentage for an intended legacy.

A change to the facts or assumptions described above triggers updated calculations on a personalized dashboard. This includes the spend-down matrix, organized by income source, and a new investment strategy recommendation.

### **4.C How we tailor our services**

As long as we can work within the information, software, and data-processing constraints that result from our use of suppliers, we’re willing to tailor our services to meet the preferences that an Independent Plan Fiduciary finds appropriate for its Retirement Plan.

We furnish reports to, and advise, a Plan’s Fiduciary about Participants’ retirement readiness, about how changes to a Plan’s contributions would affect Participants’ retirement savings, and about setting a Plan’s Designated Investment Alternatives to make feasible the service we’re engaged for.

### ***About a Plan’s investment restrictions and scope for our services***

We limit our asset-allocation advice or suggestions to Funds that are the Plan’s Designated Investment Alternatives. If we manage a Managed Account, we direct investment only in Funds that are the Plan’s Designated Investment Alternatives.

To the extent we suggest particular Investment Alternatives, a Fiduciary may instruct us to:

- consider all Designated Investment Alternatives that are Funds;
- consider only a specified subset of DIA Funds; or
- suggest only specified managed accounts.

A Plan's Fiduciary may direct us to limit our advice to a specified subset of the Plan's Designated Investment Alternatives. A Plan's Fiduciary may direct us not to advise or direct investment in a particular Fund, or in a kind of Fund that the Fiduciary specifies clearly enough so we can apply its restriction. However, if we believe that Relevant Law includes Co-Fiduciary Responsibility, we may ignore a direction as we consider appropriate for us not to be liable concerning the other Fiduciary's breach of the other Fiduciary's responsibility.

***About a Participant's investment restrictions***

If we give advice, a Participant decides whether to follow our advice.

If we manage a Managed Account, a Participant may direct us not to invest his or her Plan Account in a particular Fund or in a kind of Fund that he or she specifies clearly enough so we can apply his or her restriction. However, if we believe that obeying the Participant's direction would not excuse us from responsibility, we may ignore a direction as we consider appropriate.

**4.D Not a wrap-free program**

None of our services involves a wrap-free program.

**4.E Assets under our advice**

As of the end of 2020, we provide our Investment Advice and Investment Education services for 58,909 individuals with about \$3.8 billion. None of this is regulatory assets under management because our non-discretionary Investment Advice is not "continuous and regular supervisory or management services" as the SEC's instructions define that phrase.

## **5. Fees and Compensation**

**5.A We're a fee-only adviser.**

We're compensated for our advice solely by fees.

We have no set fee schedule; we negotiate our fee for each Plan.

Our fee might be measured by the number of Participants (including eligible employees) regarding whom we furnish a Portfolio Review or advice report. Our fee might be a percentage of assets under management or advice. Our fee might be a combination of these and other measures.

**5.B Ways to pay our fee**

We never have authority to "deduct" our fee from a Plan's or any person's assets. Only you can pay our fee, direct your Plan to pay our fee, or permit another person to pay our fee.

There are a few ways a Plan might pay our fee.

***Employer pays***

An Employer may pay our fee, paying it from the Employer's money without using the Plan's assets. We may refuse to accept payment from a Governmental Employer if we believe that the Employer lacks authority to pay our fee.



***Plan pays***

A Plan may pay our fee. To do so, the Plan's Independent Plan Fiduciary must have and use a power to pay us, or to instruct a trustee or insurer to pay us. If the Plan pays our fee, the Independent Plan Fiduciary decides how to allocate that expense among the Plan's accounts, which may include Participants' Plan Accounts.

***Another Plan service provider pays***

Another person, if it is an investment or service provider to the same Plan that engages us (or regarding which we provide our services), may pay our fee. We allow this only when we believe that the arrangement for indirect payment complies with Applicable Law, otherwise is reasonable, and is approved by an Independent Plan Fiduciary that is independent of both us and the other service provider.

***We're a subadviser or subcontractor***

If we're a subadviser, supplier, or subcontractor, the Registered Investment Adviser, Financial Institution, or other service provider we work for pays our fee, except as otherwise agreed with the Plan or the Account Holder.

***Your responsibility to check payments of our fees***

Whichever of those ways you choose or permit, a Plan's Independent Plan Fiduciary must check that payments of our fee are proper and correct. Among other duties, you should check, especially if you permit the Employer or an investment or service provider to pay our fee, that we're paid no more than we're due. Also, if another provider's payment of our fee meets its obligation under a Plan-Expenses Arrangement, check that the provider gets no more satisfaction of its obligation than it is entitled to.

If you permit an investment or service provider to pay our fee under a Plan-Expenses Arrangement, make sure you understand the arrangement. A Plan-Expenses Arrangement could involve contract or property rights that make an account the Plan's assets. Or a Plan-Expenses Arrangement could be no more than the service provider's unsecured promise to pay some Plan expenses. Such a promise might be limited to certain kinds of Plan expenses. Arrangements differ considerably, especially about how much or how little control you have concerning which Plan expenses to pay, and exactly how and when to pay. For more information, read the Employee Benefits Security Administration's ERISA Advisory Opinion 2013-03A (July 3, 2013), and get your lawyers' and accountants' advice.

For a Plan that has more than one Participant, an Independent Plan Fiduciary—usually, the Plan's administrator (such as, the Employer)—decides how to allocate our fee among Participants.

**5.C Others' fees and expenses**

Investing your Plan's assets will incur fees and expenses of persons unrelated to us. Those fees and expenses are not our fees, and are in addition to our fee. If a Plan invests in a Fund, it will bear a share of the Fund's expenses. If a Plan uses a broker-dealer, it might incur or bear transaction fees, commissions, or other brokerage costs. A Plan's trust or insurance contract might involve fees and expenses.

**5.D When you pay us**

We don't require a Plan to pay our fee in advance.

However, our Agreement might obligate the Plan to pay promptly for work we've done.

If a Plan pays our fee (or a portion of our fee) that's based on the number of Portfolio Reviews we furnish, we usually compile our fee statement promptly after we've confirmed that we received in acceptable format and good order the data we need to form our advice and present the Portfolio Reviews. This could result in you receiving our fee statement after we've begun work but before we've delivered all of the Portfolio

Reviews shown by our fee statement. A client's such prepayment never is as long as six months, and usually is much shorter.

If you permit an investment or service provider to pay our fee from its personal resources or from a Plan-Expense Arrangement's bookkeeping or notional account that is not your Plan's assets, we and the other provider might have payment arrangements that relate to an aggregate of clients, allow tolerances for differences between anticipated and actual services, and involve reconciling differences over time and in the aggregate. But these arrangements do not allow an investment or service provider to use your Plan's assets to prepay us as long as six months or to pay us more than we're due.

For a fee (or portion of a fee) that's based on assets under management or advice, we're usually willing to measure our fee, and get payment of it, in ways that relate to the Plan's accounting and reporting periods.

#### **5.E No commissions or sales compensation**

We don't accept compensation for the sale of Fund shares (or any other securities or investment products). So we don't face the conflicts of interest posed by allowing compensation that could influence what investments we advise or direct.

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

We don't accept any performance fee—that is, a fee based on a share of capital gains on, or capital appreciation of, the assets under our advice or management. So we don't face the conflicts of interest posed by such a fee.

## **7. Types of Clients**

We accept as clients only Retirement Plans. (As explained in this Brochure, we sometimes serve a Retirement Plan as a subcontractor of the Plan's service provider.)

Our service for a Plan usually involves information or advice furnished to the Plan's Participants.

We choose whether we want to accept a client. Usually, we'll accept a client if the Plan's circumstances allow us to provide a useful service for a reasonable fee.

Because we don't open or maintain accounts, we have no minimum account size. However, a Plan's size or other circumstances could make a service unreasonable.

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

### **8.A Our analysis and investment strategy**

Our *Retirement Readiness* can help a Participant decide how much to save for retirement, and how to invest his or her Plan Account.

***How we form our investment advice***

Our *Retirement Readiness* service uses portfolio-optimization and “Monte Carlo” stochastic simulation methods to illustrate the contributions rates and investment mix that could help a Participant increase the likelihood he or she would meet his or her retirement-planning goal.

***Our advice is based on assumptions***

Our math takes as given what a Participant (or the Employer) tells us about:

- the Participant’s age,
- when he or she would like to retire (or, if he or she didn’t tell us, an assumed retirement age),
- the Participant’s employment income,
- the Employer’s matching or nonelective contribution (if any),
- the Participant’s current rate of Plan contributions,
- the Participant’s current Plan or retirement-savings balance,
- the current asset allocation of the Participant’s Plan Account,
- the Participant’s spouse’s age,
- the Participant’s spouse’s employment income,
- the Participant’s spouse’s current rate of retirement-savings contributions,
- the Participant’s spouse’s current retirement-savings balance,
- the current asset allocation of the Participant’s spouse’s retirement savings.

Also, a Participant may tell us about his or her attitudes about the relationships of risks and opportunities for investment returns. We use that information to set a risk tolerance.

We use an assumption about how long a person might live.

We estimate a Participant’s Social Security retirement benefit.

If the Employer has a pension or Retirement Plan beyond the Plan that engaged us (and furnished useful information), we estimate a Participant’s benefit under that other Retirement Plan.

Those facts and assumptions, contributions and a Participant’s willingness to take investment risk are the key “drivers” of how likely it is that his or her contributions and Plan Account investments will help him or her achieve his or her retirement-planning goal. (If a Participant doesn’t tell us about his or her tolerance for investment risk, we assume a “medium” tolerance for whatever we don’t estimate based on how many years there are until the Participant’s desired or assumed retirement age.) We “put a number on” this probability by making assumptions about several different future investment scenarios, simulating what would happen under each, and expressing all this as a kind of weighted average. Of course, no one can predict the future. Our assumptions and simulations about future investment returns might not include all expenses charged against a Participant’s Plan account.

We offer several kinds of services; which service we provide regarding a particular Plan or Participant turns on what is provided by our Agreement (which might be an agreement with the Plan, or with another Registered Investment Adviser or other service provider regarding the Plan). Further, the scope or form of our advice might be limited by another Fiduciary’s directions or instructions.

For example, if we suggest a Participant invest in a Target-date Fund or a balanced Fund (rather than a mix of Funds, each of which invests for a particular asset category), that suggestion follows an Independent Plan Fiduciary’s direction that we present investment recommendations in that form. Likewise, if we

suggest a Participant invest all or a substantial portion of his or her Plan account in one Fund or portfolio, that suggestion follows an Independent Plan Fiduciary's direction that we present investment recommendations in that form.

Beyond these considerations, an Independent Plan Fiduciary may instruct us to limit our advice to a subset of the Plan's Designated Investment Alternatives, or even to specified Funds.

### ***Managed Account***

A Plan, acting by an Independent Plan Fiduciary, may select our managed-account service. This means that, if a Participant so chooses, we decide how to invest the Participant's Plan Account. (This also applies if our Managed Account is a Plan's default investment and a Participant didn't direct investment.) If ever a Participant doesn't want us to decide his or her Plan Account's investment, he or she may take control by giving his or her investment instructions by the means allowed by the client's Plan.

We never can decide any contribution. A Participant may use our advice in considering whether he or she wants to start or increase a contribution that the Plan permits him or her to decide.

### ***Asset-allocation recommendation***

For our asset-allocation recommendation, we do the math to find the mix of asset classes—using only those available with at least one Fund as a Designated Investment Alternative—that, based on expected-return assumptions and simulations, might achieve a desired long-term investment return without taking more risk than the Participant is willing to accept, or at the probability of “success” that he or she asked us to illustrate. Our recommendations are only for the Participant's Plan Account.

### ***Target-date Fund recommendation***

An Independent Plan Fiduciary may select a service under which our advice is limited to which Target-date Fund (of those that are the Plan's Designated Investment Alternatives) is suitable for the Participant.

Instead of an asset-allocation recommendation or illustration that suggests using several Funds, we can select which target year of a set of target-year Funds or portfolios is the Participant's nearest fit following his or her date of birth and an assumed retirement age. Further, if the Plan's set of target-year Funds or portfolios includes more than one Fund or portfolio for the Participant's illustrated target year, we can illustrate which of those Funds or portfolios is the Participant's nearest fit based on the Participant's time horizon and individual retirement readiness derived from the information furnished to us.

### ***Fund recommendations***

Because our asset-allocation recommendations are about how much of his or her Plan Account a Participant should allocate to each asset class, we recommend that the Participant “fill” the amount he or she invests in an asset class by choosing one or more diversified Funds for each asset class.

For our recommendations about particular Funds (rather than asset classes), we look only to those on the Plan's investment menu as Designated Investment Alternatives. Further, we may restrict our analysis to Funds registered with the SEC, and among those, only to Funds that are open-end Funds. We may consider a bank's or trust company's collective investment trust fund if we readily can obtain sufficient data about it in a format that's usable by our software for our computer-based models. Beyond these considerations, an Independent Plan Fiduciary may instruct us to limit our advice to a subset of the Plan's Designated Investment Alternatives, or even to specified Funds.

To learn about a Fund, including an explanation of its investment policies and methods, each Plan Fiduciary and each Participant should read the Fund's prospectus (including its profile or fact sheet). While we're responsible for our mathematical evaluation (using the weighting of factors a Plan and its Participant asked

for), of a Fund's past performance, we're not responsible for any information furnished by, on behalf of, or about a Fund. A Fund's past performance doesn't predict its future performance.

If our Agreement with a Plan so states, we may provide an asset-allocation model that treats what retirement-plans practitioners call a "stable-value fund" or insurance contract as though it were an asset class, and with some restrictions on our advice as directed by the Plan's Independent Plan Fiduciary.

***How we form our asset-allocation recommendations regarding a Stable-Value Fund***

If a Plan's Investment Alternatives include a Stable-Value Fund (a contract or arrangement that involves credited interest or a guarantee against loss), we adjust our asset-allocation recommendations (or similar decisions for a Managed Account) to provide that some of what our model would allocate to bond or fixed-income Funds is allocated to the Plan's Stable-Value Fund, even if it is not a Fund. If the Plan's Investment Alternatives include a Stable-Value Fund and no bond or fixed-income Fund, we suggest, recommend, or allocate 100% what would be allocated to bond and fixed-income Funds to the Plan's Stable-Value Fund. If the Plan's Investment Alternatives include a bond or fixed-income Fund and a Stable-Value Fund, we suggest, recommend, or allocate up to 10%, 15%, or 38% of a Participant's Plan Account—turning on the Participant's risk tolerance, including his or her time until his or her specified or assumed retirement age—as the allocation to a Stable-Value Fund. We may use further rules as directed by the Plan's Independent Plan Fiduciary.

***We give advice; each Participant decides***

Decisions remain with a Participant. Although we try to make it easy for a Participant, he or she decides and gives instructions. A Participant may accept our recommendations, or may ignore our advice. A Participant decides his or her contributions and investment directions.

***Who's responsible***

A Participant is responsible (and a Plan's Fiduciaries are *not* responsible) for anything that results from a Participant's decision, choice, or direction. That includes a Participant's decision to use our managed-account service (if a Plan makes it available). We're responsible for our investment advice or, for a Managed Account, our investment decisions.

Investing in securities involves risks of loss that an investor should be prepared to bear.

***Computer model***

To form and present our advice, we use a computer model. Our computer model:

- (i) applies generally accepted investment theories that take into account the past returns of different asset classes over defined past periods;
- (ii) uses information about the Participant, which might include age, life expectancy, retirement age, risk tolerance, other assets, other sources of income, and preferences about particular kinds of investments;
- (iii) uses prescribed objective criteria to provide asset-allocation portfolios comprises of the Plan's Investment Alternatives;
- (iv) operates in a way that's not biased in favor of (or against) any Fund;
- (v) takes into account all Investment Alternatives under the Plan in recommending or deciding how a Participant's Plan Account should be invested; and is not inappropriately weighted in favor of, or against, any Fund.

### ***Independent investment adviser***

We use an independent investment adviser—Mesirow Financial Investment Management, Inc., an SEC-registered investment adviser—to help us design and maintain our asset-allocation models and our analysis of Funds.

The investment adviser is unaffiliated with us. Our investment adviser's fee cannot be affected by any asset-allocation recommendation, Fund recommendation, or mode of analysis the investment adviser suggests (or declines to suggest). Our asset-allocation recommendations are those generated from our models reviewed by the independent investment adviser. Likewise, our Fund recommendations are grounded on factual information obtained through the investment adviser. Although we don't accept compensation from any Fund, Stable-Value Fund, or other Investment Alternative, nonetheless we use the independent investment adviser's work as a further means to see to it that our recommendations do not inappropriately favor Investment Alternatives that could generate greater income for us or a person concerning which we have an interest that could affect our exercise of our best judgment as a Fiduciary or Registered Investment Adviser.

### **8.B Risks of our investment strategy**

Many people are familiar with a warning that an investment's past doesn't predict its future. Likewise, although there's some evidence to support the idea that, in the past, asset allocation was effective in diversifying risks, no one can predict the future.

Another risk is that we form our advice using facts, data, formulas, and software we license, or an independent investment adviser [see page 14] licenses, from unaffiliated information and service providers. There is a risk that a provider's service could become poor, or that a provider could end its license. However, there are many providers of the kinds of data and software we use, and we believe we'd be able to make other arrangements that meet our needs.

Our assumptions could be wrong. We use an independent investment adviser [see page 14] to form our capital-markets assumptions. But no one can predict the future. And no matter how smart and informed an adviser is, they can be wrong.

Some of our assumptions come from you or your Employer. On our *Retirement Readiness Analysis*, look for the part captioned "Your Profile". It shows an Independent Plan Fiduciary's (or your) assumptions for your age, salary, and retirement age; and for inflation rate, salary growth, and desired income-replacement ratio. To change the assumed salary, retirement age, or desired income-replacement ratio, go to [portal.FinancialSoundings.com](http://portal.FinancialSoundings.com) to enter the facts and assumptions you want and rerun the analysis. If your age is wrong, ask your Employer to correct your date of birth in the Plan's records.

The projections or other information generated by our *Retirement Readiness* about the likelihood of various investment outcomes are hypothetical, do not reflect actual investment results, and are not guarantees of future results.

A forecast is based on hypothetical assumptions, including forward-looking models about the economy and securities markets. No one can predict the future. Any forecast is hypothetical, does not reflect actual investment results, and is not a guarantee or indication of future results.

### **8.C Only Funds**

As explained throughout this Brochure, we suggest filling an asset allocation using only Funds. Here are some risks of that means of investing:

- Using these Funds could be an ineffective way to meet a desired asset allocation.

- Information we receive about a Fund could be wrong.
- A Fund's future investments could differ from what we assumed when we suggested the Fund.

#### **8.D Temporary investment**

A Plan's Independent Plan Fiduciary (not we) might invest a Plan Account under a temporary investment. For example, to invest a Plan Account of a Participant who hasn't given his or her investment direction, a Plan might use a temporary investment during a time before our management of the Plan Account begins.

## **9. Disciplinary Information**

There is no legal or disciplinary event that is material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

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

#### **10.A No broker-dealer registration**

We are not a broker-dealer, and none of our management persons is a broker-dealer or a registered representative of a broker-dealer.

#### **10.B No commodities registration**

Neither Financial Soundings Investment Advisor, LLC nor any management person of it is registered (or has applied to register) as a futures commissions merchant, commodity pool operator, or commodity trading advisor, or as an associated person of such a business.

#### **10.C No related person to disclose**

We have no advisory Affiliate or other person under common control with us who or that is an accountant or lawyer, or is in a banking, insurance, securities, commodities, real estate, or other investment-related business this subitem calls us to disclose.

#### **10.D No recommendation of another investment adviser**

We don't select or recommend another investment adviser.

We might provide pension-consulting advice to a Plan's Independent Plan Fiduciary about how to arrange the Plan's investment "menu" to include enough Funds to fill all asset classes contemplated by our asset-allocation model. This advice might involve suggesting a Fund; and a suggestion of a Fund might indirectly suggest that Fund's investment adviser. If we provide this incidental pension-consulting advice and the Plan has chosen (or might consider) allowing an investment or service provider to pay our fee [see page 9], we won't suggest a Fund that uses an adviser or subadviser that is the provider or its affiliate, unless it's the only Fund available for an asset class. Whenever our advice isn't the result of unbiased computer models, we manage our advice to avoid a conflicting interest that otherwise could compromise our best judgment for the Plan.

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

### **11.A Code of Ethics**

We have a CODE OF ETHICS. It includes standards of conduct we require of our Supervised Persons. It requires them to comply with Federal securities laws that apply to us. It prevents access to confidential information about our clients' securities holdings and transactions by those who don't need the information to do their work for us. It requires our management and those (if any) who have access to clients' confidential information about securities to seek approval of, report, and handle their personal securities transactions according to our compliance procedures.

We furnish our Code of Ethics to each of our Supervised Persons, and we require each to give us a written confirmation that he or she received it. We require each of our Supervised Persons to report any violation of our Code of Ethics to our chief compliance officer. But if a person believes that a violation involves our chief compliance officer, we permit a report to any Owner.

On request, we furnish our Code of Ethics to any client or prospective client.

### ***Political contributions policy***

Because we might consider a Governmental Plan as a potential client, we require each of our active Owners, an employee who solicits a government entity, or another covered associate to get our approval before he or she makes a political contribution. We don't want unnecessarily to restrain our people from free speech and participation in America's elections and democratic governments, but we may restrain a political contribution that could disqualify us from accepting a Governmental Plan as a client.

### **11.B No conflict from recommending a security we have a stake in**

We don't recommend a security in which we have, or a related person of us has, a material financial interest.

### **11.C No conflict from investing in the same securities we recommend**

We don't recommend securities other than Fund shares. We don't invest in Fund shares, but our Owners and employees might invest in Fund shares. Because we limit our asset-allocation advice to open-end SEC-registered Fund shares with a share price based primarily on the Fund's net asset value rather than its shareholders' trading (or collective investment Fund units with a unit price similarly not affected by trading), a transaction (or the absence of a transaction) that results from our recommendation could not meaningfully affect the value of any investor's shares or units in a Fund.

### **11.D No conflict from trading securities around the time of our recommendation**

We don't recommend securities other than Fund shares. We don't invest in Fund shares, but our Owners and employees might invest in Fund shares. Because we limit our asset-allocation advice to Fund shares with a share price based primarily on the Fund's net asset value rather than its shareholders' trading (or collective investment Fund units with a unit price similarly not affected by trading), a transaction (or the absence of a transaction) that results from our recommendation could not meaningfully affect the value of any investor's shares or units in a Fund.

## **12. Brokerage Practices**

We don't execute, and we don't select or recommend a broker-dealer for, a client's transactions.



## 13. Review of Accounts

For Investment Education, we provide updated guidance, which may be in the form of a Portfolio Review, on the schedule agreed on with the Plan's Independent Plan Fiduciary.

For non-discretionary Investment Advice, we provide updated advice, which may be in the form of a Portfolio Review, on the schedule agreed on with the Plan's Independent Plan Fiduciary. Usually, we won't make an Investment-Advisory Agreement that calls for Portfolio Reviews less often than once a year.

For a Managed Account, we rebalance each Plan Account at least once a quarter-year.

### ***Participants' Plan Account statements***

A Participant monitors his or her use (if any) of our advice, and monitors his or her Plan Account's investments. We don't keep or render accounts to any client or Participant. We assume that a Plan provides Plan Account statements to each Participant at least quarterly. But we have no responsibility or authority to supervise a Plan's administration.

## 14. Client Referrals and Other Compensation

### **14.A Ways to pay our fee**

As explained under "Ways to pay our fee" at page 8 (including "Employer pays" at page 8 and "Another Plan service provider pays" at page 9), we may allow an Employer to pay our fee, or allow a Plan indirectly to pay our fee. We allow this only when we believe that the arrangement complies with Applicable Law, otherwise is reasonable, and the Independent Plan Fiduciary approves the arrangement.

### **14.B Solicitors**

We may pay a person that isn't our employee for referring a client to us. If we do this, we follow the Investment Advisers Act's rule for doing this. Read carefully the solicitor's disclosure. We pay a solicitor from our fee.

## 15. Custody

We don't have custody of a client's securities or money.

## 16. Investment Discretion

We may accept discretionary authority to manage a Plan Account for a Participant.

To do this, we require that the Plan's Independent Plan Fiduciary approve an Agreement.

## **17. Voting Client Securities**

### **17.A We don't vote your investments**

We don't have, and don't accept, authority to vote a client's securities. We don't give advice about how a Plan should vote its securities.

### **17.B How you get proxies**

An Independent Plan Fiduciary should ask the Plan's trustee or insurer and other service providers how the Plan receives proxies and other solicitations.

## **18. Financial information**

### **18.A No prepayment**

We don't require or solicit prepayment of fees as long as six months. We don't permit a client's prepayment of fees as long as six months. For information about when the Employer, you, or your service provider pays us, see "When you pay us" at page 9.

### **18.B Our financial condition**

We have no financial condition reasonably likely to impair our ability to meet our contract commitments to clients.

### **18.C No bankruptcy**

We have not been the subject of a bankruptcy petition.

## **19. Requirements for State-Registered Advisers**

We're registered with the SEC; so this item doesn't apply to us.

## **20. How we meet ERISA's reasonable-contract rule**

This part is for a Retirement Plan that's governed by ERISA (or that has transactions that could be subject to an excise tax or other provision under Internal Revenue Code § 4975). It also could be relevant to an individual who pays a portion of our fee from his or her Plan Account under such a Retirement Plan. And it could be relevant to an IRA's Account Holder. Another kind of client need not read this part. However, the information in this part can be useful concerning a Church Plan or a Governmental Plan, even if it's not governed by ERISA.

ERISA tries to help make sure that a Retirement Plan gets a fair deal when it buys services. ERISA prohibits a Plan from buying a service unless:

- 1) the services are appropriate for the Plan,
- 2) the services are provided under a contract or arrangement that's reasonable,
- 3) the Plan pays no more than reasonable compensation for the service, and
- 4) nothing else about the situation involves self-dealing or something else that's prohibited.

A Labor department rule describes some conditions that a contract should meet for it to be a reasonable contract. Our Brochure and our Agreement include the information that's required by the rule. (That we make these statements isn't tax or legal advice, or any tax or legal opinion.)

**ERISA services and compensation disclosure:** A Plan's Fiduciary responsible for deciding whether and on what terms to engage us must consider the disclosures described below (including the other documents mentioned below or in our Agreement).

**Services:** Our services to be provided to a Plan are as stated by our Agreement.

**Status:** We provide our services directly to the Plan as a Registered Investment Adviser. For our Investment Education, we have fiduciary duties under the Investment Advisers Act, but we're not an ERISA Fiduciary (unless our Agreement so provides). For our Investment Advice or a Managed Account, we're a Fiduciary (within the meaning of ERISA, the Internal Revenue Code, or other Applicable Law) to the extent of our services provided by the Agreement.

Under some arrangements, we provide our services as a subcontractor of a service provider. We do so only with proper disclosure to, and independent approval by, the Responsible Plan Fiduciary that is independent of both us and the service provider.

**Direct compensation:** Our direct compensation is as stated by our Agreement.

**Indirect compensation:** We don't get indirect compensation.

**Compensation paid among related persons:** We won't pay to an affiliate or a subcontractor compensation set on a transaction basis or charged directly against the Plan's investment and reflected in the net value of the investment.

**Manner of receipt:** Following the arrangement that the Independent Plan Fiduciary approved, our direct compensation will be billed and collected from the Plan's assets, from a service provider, or from the Employer.

**Compensation for termination of contract or arrangement:** Our Agreement doesn't provide us compensation that results because of either party's termination of the Agreement. We remain entitled to compensation that accrued before the effective time of our Agreement's termination.

**Other documents:** The Plan's responsible Independent Plan Fiduciary receives at least our DISCLOSURE BROCHURE and PRIVACY NOTICE. Make sure you receive every document our Agreement states that the Retirement Plan received.

## 21. Definitions and specially-used words

### **Account Holder**

Means a person who or that is the Financial Institution's counterparty under an IRA. This person often is referred to as the IRA's "owner" (or, after an initial owner's death, a successor owner or beneficiary).

### **Affiliate**

Means a person that is our affiliate under ERISA or the Investment Advisers Act (as applied in the context).

Our Affiliate includes a person that directly or indirectly controls us, that we control, or that is under common control with us. Our Affiliates include Financial Soundings, LLC, Financial Soundings Benefit Services, LLC, and those of our indirect Owners who are principal Owners.

**Agreement**

Means a Plan's agreement with us, under which a Plan uses and pays for our investment-advisory service.

**Applicable Law**

Means only law that applies to us in offering or performing our service.

**Brochure**

Refers to a document we use to meet an Investment Advisers Act rule that we furnish a written disclosure statement that contains the information required by SEC Form ADV Part 2A&B.

**Co-Fiduciary Responsibility**

Means a responsibility described in ERISA § 405(a), or a responsibility that other Applicable Law imposes on a fiduciary to act (or refrain from acting) with care to help detect, reveal, prevent, mitigate, or remedy another fiduciary's breach of the other fiduciary's duty or obligation.

**Designated Investment Alternative**

Means a specific Investment Alternative that a Plan's Independent Plan Fiduciary or Employer identified as an investment alternative available for Participant-directed investment and intends as a "designated investment alternative" within the meaning of 29 Code of Federal Regulations § 2550.404c-1(e)(4) or, for a Plan that's not governed by ERISA, similarly intends as a choice for Participant-directed investment.

**Employer**

Refers to the employer that sponsors, maintains, or makes available a Plan with which we have an Agreement, and includes its parents and affiliates, and the fiduciaries of the Plan. In context, an Employer also may refer to the employer a Participant works for (or left work from). Concerning a beneficiary or an alternate payee, the Employer refers to the employer or former employer of the participant regarding whom a beneficiary's or an alternate payee's account or right is provided.

Because a typical Retirement Plan's Fiduciary (if any) is the Employer, a parent, subsidiary, or affiliate of the Employer, or a committee of persons appointed by the Employer or its governing board or executives, our Brochure sometimes also uses the word "Employer" to refer to a Plan's Fiduciaries.

Whenever a decision is about whether to contract our service or about approving our fee, we require that the deciding or approving Fiduciary be independent of us.

**ERISA**

Refers to the *Employee Retirement Income Security Act of 1974*, except its title II (which affected the Internal Revenue Code). This law is unofficially compiled as 29 United States Code §§ 1001 to 1461. ERISA is a Federal law that governs many employee-benefit plans, including many Retirement Plans.

**Fiduciary**

Means a person who or that is a fiduciary of a Retirement Plan under ERISA, the Internal Revenue Code, or other Relevant Law.

**Financial Institution**

Refers to a bank, broker-dealer, insurance company, or Registered Investment Adviser.

**Fund**

Refers, most often, to a fund that is an SEC-registered investment company. Many people call this a “mutual fund”.

Except as explained under “How we form our asset-allocation recommendations regarding a Stable-Value Fund” at page 13, our recommendations about what Fund to use to “fill” an asset class might be limited to open-end investment companies registered with the SEC. We might exclude (even if registered with the SEC) other diversified investment funds, such as insurance company separate accounts, unit investment trusts, and bank collective investment trust funds if we lack computer-ready data and analysis about such a fund or account. However, in our service regarding a particular Retirement Plan, a Fund also might refer to an insurance company separate account, a unit investment trust, or a bank collective investment trust fund if we have sufficient computer-ready data and analysis about such a fund or account.

**Governmental Plan**

Means a plan described in ERISA § 3(32), IRC § 414(d), or that otherwise is established or maintained by an Employer that is part of, or is an agency or instrumentality of, a Federal, State, or local government.

**Independent Plan Fiduciary**

Means a Plan’s Fiduciary who or that is unaffiliated with, and independent of, us.

**Internal Revenue Code**

Means the *Internal Revenue Code of 1986*. This law is unofficially compiled as title 26 of the United States Code. This is Federal law that states rules for the Federal income tax and some other United States taxes, including some excise taxes.

**Investment Advice**

Refers to non-discretionary advice about how a Participant should invest his or her Plan Account. This advice includes an asset-allocation recommendation. Our advice might recommend a Fund for each asset class we recommend.

**Investment Advisers Act**

Means the *Investment Advisers Act of 1940*. This law is unofficially compiled at 15 United States Code §§ 80b-1 to 80b-21. This is a Federal law that governs how a person that renders investment advice for a fee may solicit and make agreements to give investment advice.

**Investment Alternative**

Although it’s not defined in ERISA’s general definitions section, the U.S. Labor department in rules to interpret ERISA § 404 has used the coined term “investment alternative” to describe whatever form of investment a Retirement Plan provides as a choice on the “menu” for a participant, beneficiary, or alternate payee to direct investment of his or her plan account. Increasingly, practitioners and plan administrators (including those who serve a Church Plan or a Governmental Plan) have adopted these and related uses of *investment alternative* as the term for a choice that a Retirement Plan’s investment “menu” provides for participant-directed investment.

Some rules that use the term investment alternative this way are in volume 29 of the Code of Federal Regulations at § 2550.404a-5(h)(4), § 2550.404c-1, § 2550.404c-5, and § 2550.408g-1(c)(1).

**Investment Education**

Refers to information—which might include information about a Retirement Plan, general financial and investment information, information about a Retirement Plan’s investment alternatives, and asset-allocation

models—that (under an interpretation of the U.S. Labor department’s Employee Benefits Security Administration) is not investment advice within ERISA’s meaning of investment advice.

**IRA**

Refers to an Individual Retirement Account or Individual Retirement Annuity described in IRC § 408.

**Managed Account**

Means a service under which—instead of providing Investment Education or non-discretionary investment advice—we are responsible to decide investments for a Participant’s Plan Account.

**Managed-Account QDIA**

Means a service that is a QDIA not as a Fund but because it is an investment-management service under which an investment manager uses generally accepted investment theories, and allocates the assets of a Participant’s Plan Account to achieve varying degrees of long-term appreciation and capital preservation through a mix of equity and fixed-income exposures, offered through Investment Alternatives available under the Plan, based on the Participant’s age, target retirement date (which may be assumed as normal retirement age under the Plan), or life expectancy.

**Owner**

Our parent company—Financial Soundings, LLC—owns 100% of our member interests. But for reading convenience, this Brochure refers to our parent company’s members (and beneficial owners of those members) as though they were our owners.

**Participant**

Includes a Plan’s participant, beneficiary, or alternate payee (as ERISA or the Internal Revenue Code defines those words). Further, a Participant includes an eligible employee who doesn’t yet have a Plan Account.

**Plan**

Refers to a Retirement Plan, as explained below.

**Plan Account**

Refers to an individual account kept for a Participant under a Plan.

**Plan-Expenses Arrangement**

Refers to an account or arrangement—whether actual, bookkeeping, or notional—between you and a service provider other than us to facilitate payment of your Plan’s expenses, which may include our fee.

A Plan-Expenses Arrangement could involve contract or property rights that make an account the Plan’s assets. Or a Plan-Expenses Arrangement could be no more than the service provider’s unsecured promise to pay some Plan expenses. Such a promise might be limited to certain kinds of Plan expenses. Arrangements differ considerably, especially about how much or how little control you have concerning which Plan expenses to pay, and exactly how and when to pay. For more information, read the Employee Benefits Security Administration’s ERISA Advisory Opinion 2013-03A (July 3, 2013), and get your lawyers’ and accountants’ advice.

**Portfolio Review**

Means a written report that usually includes our asset-allocation recommendation and may include other investment advice about a Participant’s Plan Account.

**Qualified Default Investment Alternative or QDIA**

Means an investment alternative (and a use of it) that meets the conditions provided by 29 Code of Federal Regulations § 2550.404c-5 so that under ERISA § 404(c)(5) the Participant is treated as exercising control over the assets in his or her Plan Account for purposes of ERISA § 404(c).

**Recordkeeper**

Means the person that, whether as a Plan's administrator or as an investment or service provider, maintains records of Participants' Plan Accounts, or of an IRA.

**Registered Investment Adviser**

Means a person (including a company, such as Financial Soundings Investment Advisor, LLC) when it is registered with the SEC (or with a State Securities Authority) under the Investment Advisers Act (or under a State's law regulating Investment Advisers).

**Relevant Law**

Includes Applicable Law and law that, even if it doesn't apply to us, is relevant for us to consider in offering or performing our services.

**Responsible Plan Fiduciary**

Has the meaning given by the rule in volume 29 of the Code of Federal Regulations at § 2550.408b-2.

**Retirement Plan**

Refers to a retirement plan (including a money-purchase, profit-sharing, 401(k), 403(b), or 457(b) plan), deferred compensation plan, an IRA (explained above), or another arrangement for retirement savings (even if it's not legally a plan).

Usually, we offer our services only to a Plan that allows a Participant to direct the investment of his or her Plan Account or allows a Participant to decide the amount of his or her elective contributions (or other payroll-deduction contributions, or participant contributions).

**SEC**

Refers to the Securities and Exchange Commission, an authority of the United States government.

**Stable-Value Fund**

Means, even if it isn't a Fund, a bank's or insurance company's guaranteed interest contract; an insurance company's fixed annuity contract, or a credited-interest account of a variable annuity contract; another contract or arrangement that involves credited interest or a bank's or insurer's guarantee against loss; or a collective investment trust fund that invests in those or similar contracts or arrangements.

**State Securities Authority**

Refers to a State government's official that regulates some Investment Advisers not registered with the SEC. We have filed a notice with some States; but we're registered with the SEC.

**Supervised Person**

Means our Owner or employee.

**Supplement**

Refers to a part of our Brochure that describes some educational background and business experience of the people who manage us.

**Target-date Fund**

Means an Investment Alternative of the kind the U.S. Labor department describes as “[a]n investment fund product or model portfolio that applies generally accepted investment theories, is diversified so as to minimize the risk of large losses[,] and that is designed to provide varying degrees of long-term appreciation and capital preservation through a mix of equity and fixed-income exposures based on the participant’s age, target retirement date (such as normal retirement age under the plan) or life expectancy.” 29 Code of Federal Regulations § 2550.404c-5.

**We and our and us**

Refer to Financial Soundings Investment Advisor, LLC.

**You and your**

If we are engaged by or for a Retirement Plan, “you” and “your” refer to an Employer, including in its roles as a Retirement Plan’s sponsor or as a Plan’s Fiduciary.

If we are engaged by or for a multiple-employer Retirement Plan (which could include a pooled employer plan), “you” and “your” refer to the Plan’s Administrator or named Fiduciary.

“You” and “your” also refer, in some contexts, to a Participant who can decide the amount of his or her contribution, or how to direct investment.

If we are engaged by a Registered Investment Adviser or other Financial Institution to act as its subadviser or by a service provider as its subcontractor, “you” and “your” refer, in some contexts, to the business we work for.

If we are engaged concerning an IRA, “you” and “your” refer to the Account Holder.

The cover page’s use of “you” includes any reader of our Brochure.



## 22. Brochure Supplement

This Supplement provides information about some of our people. It supplements the rest of our Brochure. Please email or telephone us if you have questions about the contents of this Supplement.

Although the SEC's instructions don't require us to furnish information on a person who doesn't meet with clients, we furnish information on our people involved in forming the investment-advice models we use for our services.

Each person described in this Supplement has his business address with us at our principal office. Its address and telephone number are shown on the first page.

Additional information about us also is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Date of this Supplement: July 9, 2021

**For more information:** To get our DISCLOSURE BROCHURE (including this Supplement), PRIVACY NOTICE, or another document, visit our website at [www.FinancialSoundings.com](http://www.FinancialSoundings.com), email or telephone us, or send your request to us at our address shown on the first page.

Our Supplement follows the order of items in Form ADV's Part 2B. The information above on this page follows Part 2B's item 1, and the subitems below follow Part 2B's items 2 through 7.

### 22.A Education and business experience

We show each person's name, year of birth, formal education after high school, and business background for the past five years.

#### **Bobby Dughi**

Financial Soundings, LLC and its subsidiaries	Chief Executive Officer	2019-
Financial Soundings, LLC and its subsidiaries	Vice-president and preceding positions	2006-2019
Ithaca College (MS)		2009
Ithaca College (BS)		2005
Year of birth		1981

#### **Stephen Earl (Steve) Maschino**

Financial Soundings, LLC and its subsidiaries	President	2006-
Ohio State University (attended)		1975-1979
Year of birth		1957

#### **Tullius Cicero (Lee) Tupper**

Financial Soundings, LLC and its subsidiaries	Chief Technology Officer	2008-
University of Georgia (BS)		1998
Year of birth		1975

### 22.B No disciplinary information

There is no legal or disciplinary event that is material to a client's or prospective client's evaluation of any individual named in this Supplement.

**22.C No other business activities**

Each individual named in this Supplement is not engaged in any other investment-related business, and is not engaged in any a business that calls for disclosure under this item.

**22.D Additional compensation**

We don't allow a Supervised Person to accept an economic benefit for providing our advice from a person other than us. An indirect Owner of us may, as a member of our parent company, receive a distribution from it. Each of our Supervised Persons doesn't get compensation, based even in part, on an amount or number of sales or referrals.

**22.E Supervision**

We supervise our Supervised Persons according to our Compliance Procedures.

None of our people communicates advice to Participants. Because all our advice is derived using facts, data, formulas, and software we get from unaffiliated suppliers, none of our people as an individual forms the advice we provide. Rather, our active Owners approve our arrangements with suppliers and form the computer models that provide our advice. Because we present all our advice as reports from computer models, we monitor the advice (if any) we provide only to seek reasonable assurance that no Supervised Persons made any written or oral statement other than as stated by a computer-generated report.

Bobby Dughi, our chief compliance officer, supervises himself, every individual named in this Supplement, and every Supervised Person. Bobby's telephone number is 678-393-8222.

**22.F Requirements for State-registered Advisers**

Because we're registered with the SEC, this item doesn't apply to us.