



March 31, 2021

# Disclosure Brochure

## Form ADV, Part 2A

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This Brochure (Part 2A of Form ADV) provides information about the qualifications and business practices of FAS. If you have any questions about the contents of this Brochure, please contact us at 913-239-2300 or at [www.faskc.com](http://www.faskc.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.

FAS is an investment adviser registered with the United States Securities and Exchange Commission ("SEC"). Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information you may use to help you determine whether or not to hire or retain an adviser. Additional information about FAS also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number known as a CRD number. Our firm's **CRD number is 109796**.

## **Item 2 – MATERIAL CHANGES**

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Information contained in this section relates only to material changes that have occurred since our last update on February 15, 2021. FAS defines a material change as any change a client would consider important to know prior to making an investment decision. There are no material changes incorporated since our last filing of this document.

We will ensure you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year-end. We may, at any time, update this Brochure and either send you a copy or offer to send you a copy.

Currently our Brochure may be requested by contacting Carol Sloan, Chief Compliance Officer, at 913-239-2300 or by email: [sloanc@faskc.com](mailto:sloanc@faskc.com).

Additional information about FAS is also available via the SEC's website at <https://adviserinfo.sec.gov/firm/summary/109796>. The SEC's web site also provides information about any persons affiliated with FAS who are registered, or are required to be registered, as investment adviser representatives.

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#### **Item 4 – ADVISORY BUSINESS**

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FAS was founded by Max W. Greer, Jr., in 1979 and was registered with the SEC as a Registered Investment Adviser in 1983. Our principal place of business is located in the State of Kansas. FAS is an S-Corp tax entity formed under the laws of the State of Kansas. No shareholder directly or indirectly owns more than 25% of the firm. FAS is a fee-based advisory firm providing a full range of planning and investment services.

**Assets Under Our Management** - As of February 28, 2021, we manage \$1,840,377,645 of client assets on a discretionary basis and \$41,035,934 of client assets on a non-discretionary basis for a total of \$1,881,413,579 in assets under management.

#### **Types of Services We Provide**

##### **1. General Asset Management:**

FAS offers ongoing discretionary asset management services based on your individual goals, objectives, time horizon and risk tolerance. We provide these services for your individual, estate, trust, business entity, IRA and other qualified retirement plan investment accounts as you may choose.

Discretionary management is an arrangement in which we, as your investment manager, make the buy/sell decisions on your assets and assets selection without consulting with you for every transaction. You authorize discretionary asset management of your accounts on the Investment Management Services Agreement you sign with FAS and the appropriate trading authorization forms with the qualified custodian of your accounts. However, we must operate within the written goals and agreed upon limits noted in your FAS Investment Objectives Questionnaire in order to achieve your stated investment objectives.

Through personal discussions with you and/or with an online profile, we assist you in establishing your goals and objectives based upon your particular circumstances. As appropriate, we also review and discuss your present financial circumstances and prior investment history as well as family composition and background. FAS determines your personal investment strategy and then creates and manages an investment portfolio consisting of one or more FAS managed accounts ("Investment Portfolio") based on our mutually agreed upon strategy. FAS offers a menu of several types of asset allocations for the Investment Portfolio we manage for you as determined by your risk tolerance and time horizon.

We also manage, at your request and subject to our acceptance, non-discretionary portfolio management of your accounts. Non-discretionary management is an arrangement where you direct us to make the buy/sell decisions for your FAS Investment Portfolio.

The custody of your FAS managed assets are predominantly held in institutional accounts under our master agreements with qualified custodians such as Charles Schwab, Fidelity or T.D. Ameritrade. We manage some 401(k) participant assets and institutional trustee accounts by using (1) ByAllAccounts, an account aggregator, or (2) an institutional trustee (i.e. bank trustee) having custody of trust assets for which you are a grantor, account owner or beneficiary.

We do not accept physical custody of these assets. These qualified custodians provide securities trading platforms and the electronic reporting and support we need to prepare your quarterly management reports.

Management of your Investment Portfolio is guided by your written stated objectives that include:

- **Capital Preservation** – You are seeking preservation of your capital and to a lesser extent, having income available for distribution to you. Assets are allocated primarily among fixed income instruments with minimal exposure to equities for diversification.
- **Balanced Income** – You are focused more with current income than capital appreciation;
- **Balanced** – You are focused more with a moderate amount of current income and a moderate amount of capital appreciation. Assets are allocated approximately evenly between fixed income and equity securities.
- **Balanced Growth** – You are concerned more with capital appreciation; generating current income is a secondary concern. The majority of assets are allocated to equities with some fixed income exposure for diversification.
- **Growth** – You are seeking capital appreciation. Assets are invested almost exclusively in equities leading to both greater volatility and potential return. Current income is not a concern.

You may request reasonable restrictions on your Investment Portfolio investing in certain securities, types of securities, or industry sectors or ask us to retain certain securities as you direct, and we will try to accommodate those requests.

Our investment advice is not limited to any particular or specific product or service offered by any particular broker-dealer, bank, corporate trustee or insurance company and will include advice regarding the following investments, if applicable:

- Exchange-listed securities including “ETFs”
- Securities traded over-the-counter
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States governmental securities
- Municipal securities
- Options contracts on securities
- Other

Some types of investments involve additional risk. These investments are only implemented or recommended when consistent with your stated investment objectives, time horizon, and tolerance for risk, liquidity and suitability.

## **2. Schwab Institutional Intelligent Portfolios™ Asset Management: ask Keith**

We offer on a limited basis, an alternative means of portfolio management services through **Schwab Institutional Intelligent Portfolios™** (“Schwab IIP”), an automated, online investment management platform for use by independent investment advisers and sponsored by *Schwab Wealth Investment Advisory, Inc.* (“SWIA”).

Through Schwab IIP, FAS clients may select a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange traded funds (“ETFs”) exclusively, and a cash allocation. You may instruct us to exclude up to three ETFs from your selected Schwab IIP portfolio. Your Schwab IIP portfolio is held in a brokerage account opened by you electronically at SWIA’s affiliate, Charles Schwab & Co., Inc. (“CS&Co”). We will assist you in this process.

FAS is independent of and not owned by, affiliated with, sponsored or supervised by SWIA, CS&Co or their affiliates (together, “Schwab”). Schwab IIP is described in the Schwab Wealth Investment Advisory, Inc., Institutional Intelligent Portfolios™ Disclosure Brochure (“Schwab IIP Disclosure Brochure”), which is delivered to you by SWIA during the electronic enrollment process. FAS, and not Schwab, is your investment adviser and your primary point of contact with respect to Schwab IIP. We are solely responsible for (1) helping you determine the appropriateness of Schwab IIP for you, (2) suggesting a suitable investment strategy and portfolio for your investment needs and goals based upon your investment objectives and risk tolerance, and (3) managing that portfolio on an ongoing basis. SWIA’s role is limited to delivering the Schwab IIP Disclosure Brochure to you and administering Schwab IIP so it operates as described in the brochure.

FAS has contracted with SWIA to provide us with the technology platform and related trading and account management services for Schwab IIP. This platform enables us to make Schwab IIP available to you online and includes a system that automates certain key parts of our investment process (“System”). The System includes an “online” questionnaire that lets you select your investment objectives and risk tolerance for Schwab IIP enabling you to select an appropriate investment strategy and portfolio.

You should note we will suggest a portfolio via the System in response to your answers to the online questionnaire. You may then indicate an interest in a portfolio one level less or more conservative or aggressive than the suggested portfolio, but you make the final decision and select a portfolio based on all information we have about you. The System also includes an automated investment engine through which we can help manage your portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting for non-taxable qualified accounts (if you are eligible and elect to do so).

### **3. Financial Planning Services:**

We provide financial planning services through our Certified Financial Planner™ practitioners and other licensed professionals. Our financial planning process considers all of your questions, information you have provided and analyses to determine the impact upon your entire financial and life situations. Our financial planning services are presented as either a “Comprehensive Financial Plan” or a “Target Financial Plan.”

**Comprehensive Financial Plan** – This includes a comprehensive evaluation of your current and future financial situation assessed by using currently known facts used to predict future cash flows, asset values and withdrawal plans. You will receive a written individualized case study which provides you with a detailed financial plan designed to assist you in achieving your financial goals and objectives.

The Comprehensive Financial Plan will generally address all of the following areas:

- **Personal** - We review family records, budgeting, personal liability, estate information and financial goals;
- **Tax and Cash Flow** - We analyze your income tax, spending and planning for past, current and future years; then illustrate the impact of various investments on your

current income tax and future tax liability. We do not prepare tax returns for you nor do we include specific tax advice.

- **Investments** - We analyze investment alternatives and their effect on your portfolio;
- **Insurance** - We review existing policies to ensure adequate coverage for life, health, disability, long-term care, liability, home and automobile. We do not sell liability, casualty, home or automobile insurance. Our affiliated broker-dealer, FAS Corp., makes available life insurance, annuities and long-term care products to you although you are free to choose any insurance company/insurance agent you desire.
- **Retirement** - We analyze current strategies and investment plans to help you achieve your retirement goals;
- **Death and Disability** - We review your cash needs at death, income needs of surviving dependents, estate planning and disability income;
- **Estate** - We assist you in assessing and developing long-term strategies. This includes, as appropriate, living trusts, wills, powers of attorney, asset protection plans, review of prospective estate/gift tax and/or probate exposure, nursing homes, Medicaid and elder law. You will need to retain an attorney of your choice to prepare appropriate estate plan documents.

We gather necessary information through in-depth personal interviews and fact-gathering forms. Information gathered includes your current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents you supply including a questionnaire completed by you, and prepare a written report outlining a proposed financial plan. We use one or more licensed software programs to facilitate our financial planning services.

Should you choose to implement recommendations contained in the financial plan, we suggest you work closely with your own attorney, accountant, insurance agent, and/or other financial advisors. Implementation of financial plan recommendations is entirely at your discretion. We provide general non-securities related advice on topics including tax and budgetary planning, retirement planning, educational planning, estate planning and business planning. If FAS provides a recommendation for non-investment related services (e.g. tax preparation, accountants or insurance agents), you are under no obligation to engage the services of such professional.

In conjunction with all the benefits recognized through the development and implementation of a Comprehensive Financial Plan, we believe you will find the greatest benefit comes from our ongoing administration of your plan if you so desire. We waive ongoing fees for administration of your financial plan if you have assets under our management.

**Target Financial Plan** – This includes a more “targeted” review of specific areas of interest or concern regarding your financial situation. A Target Financial Plan will encompass one to three areas of your concern regarding any of the topics listed previously under Comprehensive Financial Plan rather than a comprehensive review of all areas of your financial situation.

You will receive a written individualized case study which provides you with a targeted analysis designed to assist you in achieving your financial goals and objectives for these particular areas.

You have the option of selecting from a broad array of topics which are of personal concern to your financial situation. Following is a list of topics offered for review:



- Retirement Planning
- Investment Portfolio Design
- Income Tax Planning
- Debt Management
- Business Entity Planning
  - *New Company Start-up*
  - *Acquisition and Disposition*
  - *Buy-Sell Agreements*
  - *Succession Planning*
- Estate Planning
- Divorce Planning and Mediation
- Insurance Planning
  - *Life*
  - *Disability*
  - *Health*
  - *Long-Term Care*
  - *Annuities*
- Social Security Planning

These subject areas can be addressed individually in a detailed fashion to address the trouble spots in your general financial program.

Conflict of Interest - Our financial planning recommendations are not focused toward or limited to any particular or specific product or service offered by any broker-dealer or insurance company. We do have an affiliated broker-dealer, FAS Corp., that offers life insurance and annuity products. You are free to choose an insurance company/agent of your choice. There will be a conflict of interest if you choose to purchase insurance products through FAS Corp. *Refer to Item 10 – FAS Corp. for details regarding this conflict of interest.*

#### **4. Employer-Sponsored Defined Contribution Plan and Defined Benefit Plan Investment Advice to Plan Sponsor:**

FAS provides investment advisory and consulting services to Employer-Sponsored Defined Contribution Plans and Defined Benefit Plans as an investment advisor as defined under Section 3(21) and Section 3(38) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). FAS does not custody plan assets and is not a record keeper or third-party administrator.

**ERISA Section 3(21)** - We offer non-discretionary investment consulting within the meaning of ERISA Section 3(21) to Employer Defined Contribution Plans (“Plan”) and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. FAS serves in a co-fiduciary role along with the Plan Sponsor and other professionals in regards to the Plan.

**ERISA Section 3(38)** - We offer, on a limited basis, discretionary investment management within the meaning of ERISA Section 3(38) to Employer Defined Contribution Plans (“Plan”).

#### **Your Responsibilities for All of our Services**

It is your responsibility to keep us fully and continuously updated as to your personal and current financial situation, investment objectives, personal circumstances, needs and goals, and promptly inform us of any changes.



## **Nature of our Advice**

We strive to render our best advice to our clients. However, we cannot assure or guarantee our advice or your investments will be profitable, or ensure or guarantee no losses will occur in your assets managed by FAS.

## **Item 5 – FEES AND COMPENSATION**

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### **1. General Asset Management:**

Fee-based compensation is intended to align our interests with yours. This is because our compensation increases when the assets we manage for you increase. However, this link between the asset value of your account and our compensation can create a conflict of interest. If your account value decreases, so does our compensation. This conflict could give us an incentive to discourage you from withdrawing money from your account even if it might be in your best interest to do so. Examples might include using money in your managed account to (1) pay down debt; (2) purchase a home or car; or (3) travel.

Since we always strive to maintain a high degree of objectivity, our advice is not based on such incentives. However, the conflict of interests exists, and you must be aware of that fact when you consider our recommendations. Our goal is our advice to you remains at all times in your best interest and is unbiased.

The structure and level of our advisory fee will vary by client based upon the level of services provided and other considerations deemed relevant by FAS, but typically is in the form of a percentage of assets under management ranging up to 1.50% per annum. However, our fee sometimes is a mutually agreed upon flat dollar fee charged on either a quarterly or monthly basis.

FAS will apply a minimum quarterly fee, at our discretion and with a client's approval, ranging up to \$1,250 (\$5,000 annually) to manage your account(s). This minimum fee may cause you to determine the cost of our management to be cost prohibitive, particularly clients with less than \$500,000 of "household assets" under our management. This minimum fee could also cause you to pay a fee which could be greater than 1.50% per annum, depending upon the level of assets in your portfolio. FAS, in its sole discretion, may decide to accept a lower minimum fee or no fee and a lower amount of "household assets." All fee arrangements are subject to negotiation.

We group together your related accounts, family accounts or corporate accounts for the purpose of achieving the account and fee minimum requirements. We will, at our discretion, also establish a "group fee rate" for an affiliated group of individuals or business entities.

The specific manner in which we charge fees to manage your investments is established in your written *Investment Management Services Agreement* with us. We bill asset management fees on a quarterly basis in arrears. We determine the dollar amount of the fee by multiplying one-fourth of the annual percentage fee stated in your *Investment Management Services Agreement* by the market value of the assets held in your account(s) on the last day of the previous quarter. The specific annual fee schedule and/or quarterly fee schedule will be identified on Schedule A of the *Investment Management Services Agreement* between FAS and you.

Accounts initiated or terminated during a calendar quarter are charged a prorated fee. Upon termination of any account, any prepaid unearned fees are promptly refunded, but any earned, unpaid fees are due and payable. We may determine not to charge management fees to certain family members and close associates of employees of FAS.

Your *Investment Management Services Agreement* authorizes us to directly debit our quarterly fees from your custodial investment account(s) managed by FAS. If you choose not to have your fee debited directly from your account, you must notify us in writing. Asset management fees are prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Additional information can be found in some or all of the following documents:

- This ADV brochure
- Your FAS client agreement
- Custodial agreements with brokerage houses or trust companies
- Schwab Institutional Intelligent Portfolio™ (“Schwab IIP”) Disclosure Brochure
- Mutual funds’ prospectuses and Statements of Additional Information

**Limited Negotiability of Fees for General Asset Management** - Although we have established the aforementioned fee range, we retain the discretion to negotiate alternative fees on a client-by-client basis. Your facts, circumstances and needs are considered in determining your fee schedule. These include the complexity of your situation, any planning services provided, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition and reports among other factors. Your final fee schedule will be memorialized in your FAS Investment Management Agreement.

Our fee does not include brokerage commissions, transaction fees, and other related costs and expenses so you may incur certain other charges imposed by custodians, brokers, third-party investment managers and other third parties such as:

- Fees charged by fund managers
- Custodial fees
- Trustee fees
- Deferred sales charges
- Odd-lot differentials
- Transfer taxes
- Wire transfer and electronic fund fees
- Servicing fees
- Other fees and taxes on your brokerage accounts and securities transactions

Additionally, mutual funds and exchange-traded funds also charge internal management fees which are disclosed in a fund’s prospectus. These charges and commissions are exclusive of and in addition to our asset management fee, and we do not receive any portion of these types of commissions, fees, and costs. Our affiliated broker/dealer, FAS Corp., may receive fees known as 12(b)-1 fees as to an account of an FAS client carried on the books and records of FAS Corp. Item 12 further describes factors FAS considers in selecting or recommending broker-dealers for your securities transactions and determining the reasonableness of their compensation (e.g., commissions).

Some client assets are managed utilizing “ByAllAccounts” an asset reporting and trading system. Accordingly, you will be billed on the combined asset value for all of your accounts including those managed via ByAllAccounts. The fee for account assets managed using ByAllAccounts is not deducted directly from such account, but is deducted from your other accounts we manage for you or as we otherwise agree in writing.

**Termination of Agreement** - You have the right to terminate your *Investment Management Services Agreement*, without a fee being charged to you, within five (5) business days after entering into the agreement.

Thereafter, your agreement with us may be terminated by receipt of written notice of cancellation by the party to whom the notice is sent. The asset management fee for the quarter in which the cancellation occurs is prorated as of the date of cancellation.

## **2. Schwab Institutional Intelligent Portfolios™ Asset Management:**

Our asset management fee for Schwab IIP services is explained in your written *Investment Management Services Agreement* with us and can range up to 1.50% annually charged quarterly and deducted from your Schwab IIP account. This fee is subject to negotiation. You do not pay fees to SWIA or brokerage commissions or other fees to CS&Co as part of Schwab IIP. Schwab does receive other revenues in connection with Schwab IIP, as described in the Schwab IIP Disclosure Brochure you received electronically.

## **3. Financial Planning Services:**

The development fee for the initial Comprehensive or Target Financial Plan is a fixed dollar fee negotiated in advance between FAS and you. Fees are estimated by us upon a preliminary assessment of the complexity of your financial circumstances, the level of skill required to perform the services and accordingly, the time likely to be required to perform the services.

The exact fee amount and arrangement for payment of this fee will be specified in the *Financial Planning Agreement* between FAS and you. A fee for subsequent updates of the financial plan (if any) is charged in addition to the initial plan fee. However, the initial planning fee and/or update fee may be waived by FAS if you have a mutually-agreed amount of “household assets” in your Investment Portfolio.

Percentage or fixed fees are estimated by us upon a preliminary assessment of the complexity of your financial circumstances, the level of skill required to perform the services and accordingly, the time likely to be required to perform the services. Payment arrangements are specified in your *Financial Planning Agreement*.

Some personnel and other related persons of FAS are licensed as registered representatives of our affiliated broker-dealer, FAS Corp., and/or are licensed as insurance agents or brokers with FAS Corp. In such separate capacities, these individuals are able to implement product recommendations for you if you choose to do so, for separate and typical compensation (such as commissions or other sales-related forms of compensation). This presents a conflict of interest to the extent that these individuals recommend you purchase a product which, if purchased through FAS Corp. results in a commission being paid to FAS Corp. or the individual(s).

You are not under any obligation to engage these individuals for product purchase when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at your discretion and you may choose the person(s) you wish for assistance.

## **4. Employer-Sponsored Defined Contribution Plan and Defined Benefit Plan Investment Advice to Plan Sponsor:**

Payment and computation of compensation due FAS for rendering its services to Employer-Sponsored Defined Contribution Plans can range from 0.35% to 1.25% per annum payable quarterly in arrears based upon the total value of Plan assets as valued by the custodian on the last day of the applicable calendar quarter. The Plan Recordkeeper will bill the Plan for the fee on behalf of FAS and remit the fee to FAS after the end of each calendar quarter

## **Item 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

FAS does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the funds in a client account) because of the potential conflict of interest. However, the nature of asset-based fees allows us to participate in the growth of your wealth. This also means our fees can decline when your portfolio declines in value.

## **Item 7 – TYPES OF CLIENTS**

FAS provides financial planning and asset management services to the following types of clients:

### **General Asset Management and Financial Planning:**

- Individuals (including high net worth individuals)
- Defined contribution and benefit plans
- Trusts, estates, charitable organizations
- Corporations and other Business entities

As previously disclosed in Item 5, we have established certain initial minimum account requirements in order to maintain an asset management account with us based on the nature of the service(s) provided. For a more detailed understanding of the requirements, please review the disclosures provided in each applicable service.

### **Schwab Institutional Intelligent Portfolios™ Asset Management:**

Clients eligible to enroll in Schwab IIP include: Individuals, IRAs and Revocable Living Trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and clients subject to the Employee Retirement Income Security Act of 1974 (“ERISA”) are NOT eligible for Schwab IIP. The Schwab IIP Disclosure Brochure describes related minimum required account balances for maintenance of the account, automatic rebalancing and tax-loss harvesting.

## **Item 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

FAS uses financial reporting services, Morningstar, YCharts, multiple investment bank or brokerage firm research products and numerous other investment information services for investment research and analyses. Investment strategies and recommendations may be based upon consideration of any of the following:

- **Diversification** – Used for the purpose of balancing risk while maintaining the possibility of gain primarily through mitigation of unsystematic risk.
- **Risk Factors** – Past performance is not indicative of future results, therefore it cannot be assumed that the future performance of an investment or investment strategy will be profitable.
- Risk tolerances can and will vary which is why your ability and willingness to take risk must be decided on by you with guidance from your adviser. You should be aware of the risks associated with any investment or investment strategy including, without limitation, the following risk factors:
  1. **Market Risk** – The possibility of experiencing losses due to factors affecting market performance as a whole, not just specific sectors or asset classes; also known as systematic risk or volatility. Equity markets are subject to general fluctuations, which cannot be avoided. Diversification does not eliminate market, or systematic, risk.

2. **Unsystematic Risk** – Also known as specific risk and contrasted with market risk. Unsystematic risk is the inherent uncertainty in a specific industry or company that could lead to loss of an investment. Unsystematic risk can be reduced through increased diversification.
  3. **Concentration Risk** – Over-concentration in one or few positions, sectors, industries or asset classes has the potential to skew returns and can lead to higher correlation between investors' portfolios and the concentrated asset.
  4. **Manager Risk** – Strategies utilized in client portfolios could fail to produce intended results.
  5. **Purchasing Power Risk** – The risk that cash flows or return from an investment may be worth less in terms of today's dollars, due to higher inflation and therefore higher consumer prices.
  6. **Liquidity Risk** – The risk stemming from the lack of marketability of an asset that cannot be converted quickly enough to cash without suffering a loss.
  7. **Interest Rate Risk** – The risk that increases in market interest rates may reduce the market value of individual bonds or bond mutual funds or ETFs held by an investor.
  8. **Reinvestment Risk** – Conversely, declines in market interest rates may lead to the increase in market value of fixed income investments, albeit with the risk that future cash flows may then be reinvested in lower yielding securities.
- **Asset Allocation** – taking into consideration short-term and long-term liquidity needs, blending of lesser and greater risk approaches, and combining income, growth, and mitigation of unsystematic risk;
  - **Discipline** – emphasizing commitment and follow through over a reasonable period of time in order to permit the investment plan or recommendation(s) to achieve the intended result; or
  - **Income Tax Considerations** – FAS will at times utilize strategies to capture losses in attempts to lower future income or capital gains taxes (i.e. tax-loss selling or tax-loss harvesting). These should not replace economic benefits as the principal determinant of investment decisions.

We use or consider one or more of the following methods of analyses in formulating our overall investment advice and/or managing your FAS investment Portfolio:

- **Top-Down Analysis.** We consider and review current economic and financial factors (including but not limited to the overall economy, industry, interest rates and credit market conditions).
- **Bottom-Up Analysis.** We may evaluate specific companies or investment products before evaluating broader economic factors or market conditions, basing decisions on the strength of an individual company or manager.
- **Technical Analysis.** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior, which might potentially predict future financial market movements.
- **Thematic.** We often make investment decisions with expectations of the future in mind, rather than relying on past performance or market conditions.

- **Asset Allocation.** This is our primary method of managing your FAS Investment Portfolio. We attempt to identify an appropriate ratio of equities, fixed income, and cash suitable to your investment goals, time horizon and risk tolerance.
- **Mutual Fund and/or ETF Analysis.** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions.

We look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in your Investment Portfolio managed by FAS. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by you may purchase the same security increasing the risk to you if that security was to fall in value.

There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF that could make the holding(s) less suitable for your Investment Portfolio.

Please note: ETFs may be subject to trading constraints and delays in executing trades to buy or sell and liquidity and/or pricing issues particularly in times of extreme financial market conditions.

Risks for all Forms of Analysis: Past performance does not guarantee future results and there is a risk of loss in value of the assets in your FAS Investment Portfolio. It is important you work with us to determine your own personal tolerance for risk.

**Schwab Institutional Intelligent Portfolios™ Asset Management:** The Schwab IIP Disclosure Brochure includes a discussion of various risks associated with Schwab IIP including risks of investing in ETFs, as well as risks related to the underlying securities in which ETFs invest. In addition, the Schwab IIP Disclosure Brochure also discusses market/systemic risks, asset allocation/strategy/diversification risks, investment strategy risks, trading/liquidity risks and large investment risks.

#### **Item 9 – DISCIPLINARY INFORMATION**

We are required to disclose any legal or disciplinary events material to your evaluation of our advisory business or the integrity of our management. Our firm and management personnel have no reportable disciplinary events to disclose.

#### **Item 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

FAS and its advisers endeavor at all times to put your interests first as part of our fiduciary duty. You should be aware that our receipt of additional compensation from third parties creates a conflict of interest itself and could affect our judgment when making recommendations. We take the following steps to address any conflicts of interest:



- We disclose to you the existence of all material conflicts of interest, including the potential for FAS and/or its advisers to earn compensation from you in addition to the advisory fees we charge you;
- We disclose to you that you are not obligated to purchase recommended investment or insurance products from our advisers or affiliated companies;
- We collect, maintain and document accurate, complete and relevant background information on you, including your financial goals, objectives and risk tolerance;
- Our firm's management conducts periodic reviews of your Investment Portfolio to verify all recommendations made to you are suitable to your needs and circumstances;
- We require employees to seek prior approval of any outside employment or business activity so we may ensure any conflicts of interests in such activities are properly addressed;
- We periodically monitor these outside employment or business activities to verify any conflicts of interest continue to be properly addressed by our firm; and
- We educate our advisers regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to you.

**FAS Corp.** – Some FAS Investment Adviser Representatives (“Investment Adviser Rep”) are also registered with our affiliate, FAS Corp., as Registered Securities Representatives (“Registered Rep”). FAS Corp. is an affiliated FINRA member broker-dealer and general insurance agency. It does not custody assets and deals in insurance products and mutual funds only.

One FAS adviser is a licensed life and health insurance agent with FAS Corp. FAS Corp. has arrangements to provide insurance or annuity products through a number of insurance companies. A list of insurance companies represented is available upon your request.

FAS Corp. receives financial and/or product contributions from such companies to sponsor FAS client events. These contributions for client events creates a conflict of interest as FAS may be more inclined to recommend these particular insurance companies to you. To mitigate this risk, our fiduciary duty to you requires us to only recommend products that are in your best interest.

You may decide to obtain insurance products or elect to have certain securities transactions in mutual funds, variable life products and variable annuity products executed by our FAS advisers specifically acting in their capacity as a FAS Corp. Registered Rep or insurance agent. In such instances, an adviser of FAS could be compensated by FAS Corp., directly or indirectly, by the payment of a portion of the commissions or fees it receives as a result of these securities or insurance transactions.

As an affiliate, FAS financially benefits from the commissions or fees received by FAS Corp. or our advisers who are licensed with FAS Corp. as Registered Reps. FAS Corp. pays investment management fees to FAS to select and manage the fund allocations in the individual variable annuity products purchased from FAS Corp. by its customers.

FAS Corp. and FAS utilize an expense sharing agreement between the two entities regarding each entity's use of office space, personnel, equipment, etc., at our office in Leawood, Kansas.



**Midwest Trust** – FAS provides financial planning advice to some clients of Midwest Trust of Overland Park, KS. One of our shareholders is also an owner of Midwest Trust and as such, benefits from trust business we refer to Midwest Trust.

**Hawthorn Bank** – FAS serves as an investment adviser for some accounts maintained by Hawthorn Bank on behalf of some of its clients.

**CPA Services** - Michael D. Leonard is a Certified Public Accountant, Investment Adviser Rep of FAS, and a Registered Rep of FAS Corp. FAS does not render accounting and tax advice or accounting and tax preparation services. Mr. Leonard independently charges for any accounting services he provides. FAS receives no compensation for any referrals to Mr. Leonard or for any services he provides to an FAS client.

PLEASE NOTE - If you need accounting or tax advice services, we will recommend an accounting professional. We do not share in any fees charged to you by any accounting professional we recommend. Larry D. Sowers, CPA, has an office suite in the same building as FAS offices but he operates independently of FAS and neither has any ownership in the other firm.

**John A. Meier, Attorney at Law** – If you request a referral for an attorney we might refer you to John A. Meier, Attorney at Law, who can arrange to meet clients at our office. Mr. Meier is also Senior General Counsel of FAS and General Counsel of FAS Corp., is an Investment Adviser Rep of FAS and a Registered Principal and Registered Rep of FAS Corp.

If you request Mr. Meier's legal services, he charges you a fee for those services performed as an attorney, independent of FAS. We are not permitted to practice law and we do not share in attorney's fees of Mr. Meier.

**Jason Salinardi, Attorney at Law** – If you request a referral for an attorney we might refer you to Jason Salinardi, Attorney at Law, who can arrange to meet clients at our office. Mr. Salinardi is an employee of FAS and serves as General Counsel. If you request Mr. Salinardi's legal services, he charges you a fee for those services performed as an attorney, independent of FAS. We are not permitted to practice law and we do not share in attorney's fees of Mr. Salinardi.

PLEASE NOTE - No portion of the financial planning advice or other services provided to you by FAS should be interpreted as legal advice.

### **Item 11 – CODE OF ETHICS**

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FAS has adopted a Code of Ethics ("Code") which establishes rules of conduct for all employees and is designed to, among other things; govern personal securities trading activities in the accounts of employees.

The Code is based upon the principle that FAS and its employees owe a fiduciary duty to clients to conduct employees' affairs, including personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm and (iii) any actual or potential conflict of interest or any abuse of their position of trust and responsibility. This means FAS has an affirmative duty of utmost good faith to act solely in your best interests.

The Code is designated to ensure the high ethical standards long maintained by FAS continue to be applied. The excellent name and reputation of our firm continues to be a direct reflection of the conduct of each employee. We will provide a copy of our Code to any client or prospective client upon request.

**FAS Associated Persons' Own Securities Transactions** - Our owners, advisers and staff ("Associated Persons"), or FAS's tax-qualified employee retirement plan can acquire and own or sell some of the same securities contained in your Investment Portfolio or otherwise recommended to you.

At no time will such a transaction be of such a size to influence the market for the security. In accordance with Rule 204-2(a)-12, we keep a current record of all Associated Persons' investment transactions. Each quarter, Associated Persons must report to the FAS compliance officer regarding their personal securities holdings and transactions and adhere to our Code.

**Participation or Interest in Client Transactions** - An FAS Investment Adviser Rep may recommend you acquire a particular type of investment, insurance or annuity product from FAS Corp. or recommend custody of your account with a particular broker/dealer.

In other instances, you might request FAS or FAS Corp. to execute the purchase of a particular investment or insurance product for your account. In such instances, FAS or FAS Investment Adviser Reps, as Registered Reps of FAS Corp., may directly or indirectly receive compensation (including commissions) in addition to your financial service or investment management fees. This compensation may be received in more than one capacity and from a number of affiliated and unaffiliated sources.

You are free to implement recommended purchases of various types of investment, insurance and annuity products through any firm or individual, designate a particular broker-dealer, or custody an account where you please.

There is no obligation to make such product purchases through FAS Corp. or FAS Investment Adviser Reps, as Registered Reps of FAS Corp., or follow recommendations as to a particular custodian or broker-dealer. FAS does not warrant or represent that commissions on product purchases executed through FAS Corp. or FAS advisers will be the lowest commissions available in the marketplace.

You possibly could obtain products at a lower cost from another broker/dealer or insurance agency. Because commissions or fees are paid to FAS Corp. and/or its Registered Reps for purchases of certain investments or insurance or annuity products executed on your behalf, a conflict of interest will occur. Also, since FAS or FAS Corp. receives benefits, services and/or fees by reason of you utilizing a particular broker-dealer, a conflict of interest can occur.

FAS or FAS Corp. might recommend you source a variable life or variable annuity product, or a non-variable life or health insurance product, from a number of non-affiliated third-party providers. This would cause commission revenues to be shared with FAS Corp. if a product transaction is placed with one of these companies.

Our Code further includes our policy prohibiting the use of material non-public information. While we do not believe we have any particular access to non-public information, all employees are reminded such information may not be used in a personal or professional capacity. A copy of our Code is available to our advisory clients and prospective clients. You may request a copy by email sent to our Chief Compliance Officer at [sloanc@faskc.com](mailto:sloanc@faskc.com) or by calling 913-239-2300.

FAS, its retirement plan, and/or individuals associated with us are allowed to buy or sell for their personal accounts securities identical to or different from those recommended to you. It is the express policy of our firm that no person employed by FAS can purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing these employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We aggregate our employee trades with your transactions where possible and when compliant with our duty to seek best execution for you. In these instances, you will receive an average share price but transaction costs will be charged the same as if the trades were placed individually for each account.

In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be excluded in the pro-rata allocation.

Since the situations described above represent actual or potential conflicts of interest to you, we have established the following policies and procedures for implementing our firm's Code to ensure our firm complies with its regulatory obligations and provides you and potential clients with full and fair disclosure of such conflicts of interest:

- No principal or employee may put his or her own interest above your interests.
- No principal or employee may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of their employment unless the information is also available to the investing public.
- It is the express policy of our firm that no employee may purchase or sell any security prior to a transaction(s) being implemented for your account. This prevents employees from benefiting from transactions placed on your behalf.
- Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
- We have established procedures for the maintenance of all required books and records.
- All principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- We require delivery and acknowledgement of the Code by each supervised person of our firm.
- We have established policies requiring the reporting of Code violations to senior management.
- Any individual who violates any of the above restrictions can be subject to termination.

As disclosed in the preceding section of this Brochure (Item 10), some related persons of our firm are separately registered as securities representatives of a broker-dealer and/or licensed as an insurance agent/broker of various insurance companies.

Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures

## **Item 12 – BROKERAGE PRACTICES**

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### **The Custodians and Brokers We Use**

Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We seek to select or recommend a custodian/broker who will hold your assets and

execute transactions on terms that are, overall, most advantageous when compared to other available products and their services.

FAS, as part of its investment management service, will recommend you establish securities accounts with Charles Schwab & Company, Inc., Fidelity Institutional Wealth Services, TD Ameritrade, Midwest Trust Company or other qualified custodians (collectively referred to as Qualified Custodians) through their Institutional Platforms or trust services.

Qualified Custodians are independent and unaffiliated SEC registered broker/dealers and or registered trust/banks that are recommended to maintain custody of your assets and to effect trades for your accounts. This provides us with access to their institutional trade execution, clearance and settlement service and custody services which are typically not available to retail investors.

These custodians/broker-dealers are either registered with the Securities and Exchange Commission and are members of SIPC or are regulated by appropriate banking regulators in the case of a trust company. FAS is independently owned and operated, and we are not affiliated with any of these qualified custodians except in the case of Midwest Trust Company.

One of our shareholders is also a shareholder of Midwest Trust Company and as such, can benefit from trust business we refer to Midwest Trust Company. These qualified custodians will hold your assets in a brokerage or trust account and buy and sell securities when we or you instruct them to do so.

Although we may recommend you use one or more of these custodians, you will decide whether to do so and will open your account with them by entering into an account agreement directly with them. We do not open the account for you although we will assist you with the custodian's required paperwork.

The following qualified broker/dealer custodians provide us and our clients with access to their institutional brokerage – trading, custody, reporting, and related services – many of which are not typically available to retail customers. These qualified custodians also make available various support services. Some of those services help us manage or administer our clients' accounts; while others help us manage and grow our business. These support services are generally available to us on an unsolicited basis (we do not have to request them) and at no charge to us as long as our clients collectively maintain a certain amount of assets at the custodian.

We encourage you to compare the account balances contained in your FAS quarterly report to those balances reflected on the statements you receive directly from your account's "Custodian(s)" pertaining to the same quarterly reporting period. "Custodian" means the brokerage firm, trust company, insurance company or mutual fund company actually having physical custody of the assets shown in your account(s).

#### **Charles Schwab & Co. ("Schwab")**

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades it executes or that settle into your Schwab account.

Some of Schwab's commission rates and/or asset-based fees applicable to your accounts were negotiated based on the condition our clients collectively maintain a certain level of client assets in accounts at Schwab. This commitment benefits you because the overall commission rates and/or asset-based fees you pay are lower than they would be if we had not made the commitment.

In addition to commissions and/or asset-based fees, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account.

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

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

*Services that May Not Directly Benefit You.* Schwab also makes available to us other products and services that benefit us but does not directly benefit you or your account. These products and services assist us in managing and administering our clients’ accounts.

They include investment research, both Schwab’s own and that of third parties. We use this research to service all or some substantial number of our clients’ accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients’ accounts; and
- assist with back-office functions, recordkeeping and client reporting.

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

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.
- financial support

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or pays all or a part of a third party’s fees. Schwab also provides us with other benefits such as financial support and occasional business entertainment of our personnel.

More specifically, Schwab has provided us and may continue to provide us with financial assistance that can be used towards technology-related or other operating expenses of our business. This assistance is based on the expectation that we maintain or add to our client assets in custody with Schwab. As such, this creates a conflict of interest in our recommending Schwab as the custodian for client accounts. However, we remain cognizant of our duty of best execution and continue to act in accordance with it.

In evaluating whether to recommend or require you to custody your assets at Schwab, we will take into account the availability of some of the foregoing products, financial support and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab. This could create a potential conflict of interest.

**Schwab Institutional Intelligent Portfolios™ Asset Management** – As described in the Schwab IIP Disclosure Brochure (supplied to you by Schwab if you choose to participate in Schwab IIP), your purchase and sale orders for ETFs are aggregated across accounts enrolled in Schwab IIP. This includes both accounts for our clients and accounts for clients of other independent investment advisory firms using Schwab IIP.

With respect to Schwab IIP, as described above under Item 4, FAS does not pay Schwab for its services in connection with Schwab IIP as long as we maintain \$100 Million in client assets in accounts at Schwab NOT enrolled in Schwab IIP.

**Fidelity Brokerage Services, LLC** – FAS has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides us with their "platform" services.

The platform services include among others: brokerage, custodial, administrative support, record keeping and related services intended to support intermediaries like FAS in conducting business and in serving the best interests of our clients but that can also benefit us.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds; commissions are charged for individual equity and debt securities transactions).

Fidelity enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity from time to time may be higher or lower than those charged by other custodians and broker-dealers.

As part of the arrangement, Fidelity also makes available to our firm, at no additional charge to us, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by FAS (within specified parameters). These research and brokerage services presently include services which are used by our firm to manage accounts for which we have investment discretion.

FAS can also receive additional services. Without this arrangement, we might be compelled to purchase the same or similar services at our own expense. As a result of receiving such services for no additional cost, we have an incentive to continue to use or expand the use of Fidelity's services.



We examined this potential conflict of interest when we chose to enter into the relationship with Fidelity and have determined the relationship is in the best interests of FAS clients and satisfies our client obligations, including our duty to seek best execution.

A client could pay a commission higher than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. While FAS will seek competitive rates to the benefit of all clients, we will not always obtain the lowest possible commission rates for your account transactions.

Although the investment research products and services obtained by us will generally be used to service all of our clients, a brokerage commission paid by you could be used to pay for research not used in managing your account.

**TD Ameritrade, Inc.** – TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA (“TD Ameritrade”), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions.

**Other Custodians** – Even though your account is maintained at one or more of the qualified custodians, we can still use other brokers to execute trades for your account as described below. While FAS generally executes substantially all your securities transactions through the qualified custodian which has custody of your account(s) managed by us, there could be special situations where we select another broker-dealer, trust company or bank to effect a securities transaction for you (i.e. buying or selling individual municipal bonds, etc.).

You may also request/direct FAS to utilize a specific broker-dealer to execute a transaction for your account managed by us and we will use all reasonable efforts to honor the request. In the event you direct us to use a particular broker-dealer or bank, we may not be authorized under those circumstances to negotiate commissions and would not be able to obtain volume discounts or best execution.

In addition, under these circumstances a disparity in commission charges could exist between the commissions charged to you who directed us to use a particular broker-dealer or bank and other clients who do not direct FAS to use a particular broker or dealer.

FAS, by using its discretion to select a particular broker-dealer or bank to affect your securities transactions for your account(s) managed by us, could cause you to pay greater brokerage fees, commissions or other charges (“Charges”) than another broker-dealer might charge.

As previously mentioned, FAS receives products, research and services from a particular broker-dealer that may not benefit all clients or all clients equally. In selecting a broker-dealer or bank for your securities transaction, we make a good faith determination the Charges are reasonable in relation to the value of the brokerage services you receive. As a result, you may pay higher Charges or other transactions costs, or greater spreads, or receive less favorable net prices on a securities transaction than would otherwise be the case if we selected other or multiple broker-dealers.

### **Item 13 – REVIEW OF ACCOUNTS**

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**Asset Management Accounts** – FAS financial advisers monitor portfolios as part of an ongoing process. Regular account reviews are usually conducted on a quarterly to semi-annual basis or whenever requested by you. Reviews with clients generally include assessing your goals and



objectives, monitoring the portfolio, evaluating the investment strategy, and discussing any needed changes in the investment strategy including the need to rebalance or re-allocate your investments among various investment asset classes based on your stated investment objectives.

**Reports** - In addition to the monthly or quarterly statements and confirmations of transactions you receive from your custodian, we provide written quarterly statements summarizing account performance, balances and holdings sent to your address of record. You also have the ability to review your account holdings and other documents on-line through a client portal.

We encourage you to compare the account balances contained in your FAS quarterly report to those balances reflected on the statements you receive directly from your account's "Custodian(s)" pertaining to the same quarterly reporting period.

"Custodian" means the brokerage firm, trust company, insurance company or mutual fund company actually having physical custody of the assets shown in your account(s).

**Financial Plan Accounts** – After your initial financial plan is completed, if you advise us of events or circumstances which may affect your financial plan, or if you request an update, an FAS adviser will review your most recent financial plan and if appropriate, suggest changes in specific portions of the most recent financial plan including one or more of the following items: estate, retirement and tax planning, investment planning and risk management.

**Reports** - Financial Planning clients receive a completed initial financial plan. Additional reports or updates will not typically be provided unless otherwise requested or contracted by you.

**Employer Sponsored Defined Contribution Plans** - FAS advisors conduct a review with the Plan sponsor and participants on at least a semi-annual basis.

#### **Item 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

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##### **Client Referrals**

Previously, we participated in the client referral programs of Charles Schwab & Co., Fidelity and TD Ameritrade. Although FAS is no longer receiving referrals from these companies, the firm continues to pay the fees to the referring party for previous client referrals.

FAS engages and pays fees to certain individuals and third-party companies ("Solicitors") to refer potential clients to FAS. Such an engagement is represented by a written agreement, pursuant to which the Solicitor is paid a solicitation/referral fee. Each Solicitation Agreement is individually negotiated and, therefore, the solicitation referral fee can vary from a flat fee per year, a flat fee for each new client, a percentage fee based upon the amount of new funds under management, a fixed fee or a combination of these compensation formulas.

Any such solicitation/referral fee is either paid from our investment management fee or FAS pays a fixed fee and does not cause any additional or higher fee to a client. As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

It is our policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes from someone other than FAS in conjunction with the advisory services we provide to our clients.

A Solicitor is required to disclose to the client the Solicitor's referral/solicitor arrangement with FAS. In each instance, the client receives a written confirmation statement and is required to sign a statement acknowledging the client is aware of the arrangement with the particular solicitor and the client received a copy of our Disclosure Brochures, Form CRS (Customer Relationship Summary) and Form ADV, Part 2A.

Any Solicitation Agreement will comply with the Federal Regulations as set out in 17 C.F.R. Section 275-206(4)-3. FAS has read and understands the Federal Regulations with regard to the use of solicitors, and will be in compliance with these Federal Regulations.

We refer clients to a Solicitor that FAS has a contractual arrangement with for insurance or financial products offered by the Solicitor. Neither FAS nor its affiliate, FAS Corp., receives any compensation from the Solicitor for a client FAS refers to the Solicitor.

**State of California** - FAS will furnish names and addresses of individuals soliciting investment advisory services upon request by the California Department of Corporations. If the solicitor is other than an individual, said solicitor will be licensed in California, or any other state requiring such, as an investment adviser representative prior to any California client, or other resident of other requiring state, being solicited.

### **Other Compensation**

**Charles Schwab & Co. ("Schwab")** – We receive an economic benefit from Schwab in the form of financial support and other products and services it makes available to us from time to time. These products and services, how they benefit us, and the related conflicts of interest are described above under *Item 12 – Brokerage Practices*. The availability to FAS of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

**Fidelity Brokerage Services, LLC ("Fidelity")** – FAS has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides us with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist us in managing and administering client accounts include software and other technology that:

- provides access to client account data (such as trade confirmations and account statements);
- facilitates trade execution and allocate aggregated trade orders for multiple client accounts;
- provides research, pricing and other market data;
- facilitates payment of fees from its clients' accounts; and
- assists with back-office functions, recordkeeping and client reporting.

Fidelity also offers other services intended to help us manage and further develop our advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom we may contract directly.

Fidelity generally does not charge its advisor clients separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions).

Fidelity provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. FAS is independently operated and owned and is not affiliated with Fidelity.

**TD Ameritrade (“TD Ameritrade”)** – As previously disclosed under Item 12, FAS participates in TD Ameritrade’s institutional customer program and we will recommend TD Ameritrade to clients for custody and brokerage services in some particular cases. There is no direct link between our participation in this program and the investment advice we give to you, although we do receive economic benefits through our participation in this program that are typically not available to TD Ameritrade retail investors.

These benefits include the following products and services (provided without cost or at a discount):

- receipt of duplicate client statements and confirmations;
- research related products and tools;
- consulting services;
- access to a trading desk serving adviser participants;
- access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts);
- the ability to have advisory fees deducted directly from client accounts;
- access to an electronic communications network for client order entry and account information;
- access to mutual funds with no transaction fees and to certain institutional money managers; and
- discounts on compliance, marketing, research, technology, and practice management products or services provided to FAS by third party vendors.

TD Ameritrade may also have paid for business consulting and professional services received by FAS related persons. Some of the products and services made available by TD Ameritrade through this program could benefit us but potentially not benefit your accounts or the accounts of other clients. These products or services assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise.

The benefits received by FAS or its personnel through participation in this program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duty to you, FAS endeavors at all times to put your interests first. You should be aware, however, that the receipt of economic benefits by FAS or its related persons in and of itself creates a potential conflict of interest and could indirectly influence our choice of TD Ameritrade for custody and brokerage services.

## **Additional Compensation**

In consideration of furnishing financial services, our Advisers can directly and indirectly receive compensation in addition to your investment management fees, in more than one capacity and from a number of affiliated and unaffiliated sources.

For example, if you implement our recommendations by purchasing insurance or annuity products through one of our Advisers (acting as a Registered Rep or traditional insurance agent), FAS Corp., our affiliated broker-dealer, and/or the FAS Investment Adviser Rep will, in most cases, receive additional compensation other than the fees you pay us in the form of commissions from the insurance or annuity company.

**Client Events and Other Support** - FAS receives support services and products from broker-dealers, custodians, mutual fund investment managers, insurance companies, banks, service providers, or other financial institutions. The support services which are received include financial and product contributions to FAS for client events and seminars and also for our ongoing operations.

## **Item 15 – CUSTODY**

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Custody, as it applies to SEC Registered Investment Advisers is defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds or securities.

If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented. Actual physical custody of your assets is maintained with an independent, *qualified custodian* such as Charles Schwab, Fidelity, TD Ameritrade or various other trust companies and banks. FAS has determined it is subject to Rule 206(4)-2, “Custody of Funds or Securities of Clients by Investment Advisers” of the Investment Advisers Act of 1940, as amended (“the Act”). This portion of the Act is commonly referred to as “the Custody Rule”.

FAS has determined it has custody of some client funds as a consequence of the following:

**Debiting of Investment Advisory Fees Directly from Client Account(s)** - FAS has authority given by you to directly debit advisory fees from your account(s) unless you have directed otherwise in writing or if a qualified custodian of your account(s) does not have the capability to pay advisory fees directly from your account(s). Because of this authority to debit fees directly to FAS from your account(s), we are deemed to have custody of client funds according to the Custody Rule.

However, if FAS meets certain specific conditions required by the SEC, the firm will not be required to have an annual surprise examination of your account(s). We intend to comply with this requirement and the other terms of the Custody Rule applicable to us.

Please note we continue to utilize the custodial services of Charles Schwab, Fidelity Investments, TD Ameritrade Institutional and similar *qualified custodians* to maintain your funds and securities in separate accounts under your name. The account statements from each custodian indicates the amount of advisory fees deducted from your account(s) for each billing period.

As part of this billing process, the qualified custodian of your account is advised of the amount of the fee to be deducted from your account. On at least a quarterly basis, the qualified custodian is required to send you a statement showing all transactions within the account during the reporting period.

Because we calculate the amount of the fee to be deducted and not the qualified custodian, we *strongly* urge you to carefully compare the information provided on these statements to ensure all account transactions, holdings and values are correct and current. Our statements can somewhat vary from your custodial statements because of accounting procedures, reporting dates, or valuation methodologies of certain securities.

You should contact FAS directly if you believe there is an error in your statement. In addition to the periodic statements you receive directly from your qualified custodian(s), we also send account statements directly to you on a quarterly basis.

***Standing Letters of Authorization (“SLOA”)*** - If any of your managed accounts have SLOA authority which authorizes FAS to transfer your funds to any account(s) not held at your current custodian (e.g. to your bank account, accounts at different custodians, third party etc.) as authorized by you in writing, we will be deemed by the SEC to have custody of those funds. However, if FAS meets certain specific conditions required by the SEC, the firm will not be required to have an annual surprise examination of these assets. We intend to comply with this requirement and the other terms of the Custody Rule applicable to us.

***Employee Benefit Plan Accounts*** – You may elect to provide FAS with your username and password information to allow us to manage your employee benefit plan account(s). Accounts in this category are generally employer sponsored retirement plan accounts or non-qualified deferred compensation plan accounts (“Covered Accounts”). We will use the access to your Covered Accounts in order to review and make necessary changes to the portfolio allocations and research investment choices. FAS will supervise, provide ongoing management and direct the investments of these Covered Accounts with respect to the purchase, sale or continued holding of securities, subject to the investment objectives you have selected. We will not use the password access to your Covered Accounts to withdraw funds or securities or transfer them to any other account in your name at a qualified custodian or change your address of record with the qualified custodian.

FAS is taking a client-centric interpretation of the SEC’s definition of custody. We believe we are subject to the Custody Rule in regard to some Covered Accounts we manage. For the protection of our clients and because FAS believes it is subject to the Custody Rule for Covered Accounts, the SEC requires an annual unscheduled and unannounced independent verification of your Covered Accounts by actual examination of the Covered Accounts conducted by an independent public accountant.

We have engaged an independent public accountant to verify our clients’ Covered Accounts by way of an unannounced audit which will be conducted once per year by an independent public accounting firm. The independent public accounting firm will file each annual surprise examination report and Form ADV-E with the US Securities and Exchange Commission through the IARD. We intend to comply with this requirement and the other terms of the Custody Rule applicable to us.

***Check-Signing Authority on Client Account*** – An FAS adviser has check signing authority on one client corporate account. FAS is considered to have custody of these assets. The FAS adviser is not allowed to process trading or money withdrawals on the account.

## ***Item 16 – INVESTMENT DISCRETION***

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Upon receiving written authorization from you in our standard client agreement, we will provide you discretionary asset management services for one or more of your investment accounts in which case we place trades in your account(s) without contacting you prior to each trade to obtain your permission. Discretionary authority includes the ability to (1) determine the security to buy or sell

and/or (2) determine the amount of the security to buy or sell. In all cases, however, this discretion is to be exercised in a manner consistent with your stated investment objectives.

We observe your stated investment objectives, limitations and restrictions when selecting securities and determining amounts. Our authority to trade securities can also be subject to your personal income tax considerations and certain federal securities laws and regulations. Investment objectives and restrictions must be provided to FAS in writing. We recommend you advise us from time to time of your personal income tax considerations.

#### **Item 17 – VOTING CLIENT SECURITIES**

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As a matter of firm policy and practice, we do not vote securities proxies on your behalf. Therefore, although we provide investment advisory services concerning your assets, you maintain exclusive responsibility for receiving and voting proxies for any and all securities maintained in your accounts. Upon request, FAS will provide advice to you regarding your voting of proxies.

For Schwab IIP accounts only, as described in the Schwab IIP Disclosure Brochure, clients enrolled in Schwab IIP designate SWIA to vote proxies for the ETFs held in their accounts. FAS does not vote proxies on your behalf.

We have directed SWIA to process proxy votes and corporate actions through and in accordance with the policies and recommendations of a third party proxy voting service provider retained by SWIA for this purpose.

Additional information about this arrangement is available in the Schwab IIP Disclosure Brochure. Clients who do not wish to designate SWIA to vote proxies can retain the ability to vote proxies themselves by signing a special CS&Co form available from FAS.

#### **Item 18 – FINANCIAL INFORMATION**

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FAS does not have any financial impairment that will preclude us from meeting contractual commitments to clients. We are not required to provide you a balance sheet because we do not serve as a custodian for client funds or securities and we do not require prepayment of fees of more than \$1,200 per client, six months or more in advance. Neither FAS nor any of its affiliates has ever been the subject of a bankruptcy petition at any time.

#### **Item 19 – REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

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Not Applicable.



# Financial Advisory Service, Inc.

## Customer Privacy Notice

### ***Our Commitment to You...***

*We consider it our great privilege to serve your financial needs ... and we value the trust you have placed in us. An important component of our relationship with you is our commitment to safeguarding your personal information. This notice will help you understand the measures we take to protect the privacy and security of this information. Federal law requires us to tell you how we collect, share and protect your personal information. Please read this notice carefully.*

### ***Information We Collect and How It Is Used***

As part of providing you with financial services or products, we may obtain information about you from Qualified Custodians of your financial accounts, applications, forms and other information you provide us, whether in writing, in person, by telephone, electronically or by other means. This information may include your name, address, social security number, date of birth, employment information, income and credit references, or credit history (i.e. *Non-Public Personal Information*). Your information we receive will be used only for our everyday business purposes such as to process your transactions, maintain your account(s) and to provide you with the services and products we offer. Some of this information is used by our third-party vendors to assist in our reporting to you and the servicing your account(s).

### ***Information We Disclose and Why***

We do not disclose the nonpublic personal information we collect about our customers to anyone except: (i) in furtherance of our business relationship with them and then only to those persons necessary to effect the transactions and provide the services you authorize (such as broker-dealers, custodians, independent managers, insurance agencies, etc.); (ii) to persons assessing our compliance with industry standards (e.g. professional licensing authorities, etc.); (iii) our attorneys, accountants, and auditors; or (iv) as otherwise provided by law.

We are permitted by law to disclose customer nonpublic personal information about you to third parties in limited circumstances where disclosure is required by legal or administrative proceeding or permitted under applicable law. At the customer's request, we may also disclose customer information to third parties such as the customer's accountant or attorney. If we provide nonpublic personal information to companies providing services to us, these third parties receiving such information are prohibited to use or share the information for any other purpose.

### ***Security of Your Information***

We maintain physical, electronic, and procedural safeguards to protect customer information. Access to customer information is limited to those employees who need the information to properly service and maintain accounts. All of our employees sign a *Confidentiality Agreement* attesting they will not disclose customer information. We do not market your information. Federal law gives you the right to limit only sharing for affiliates' everyday business purposes – information about your creditworthiness; affiliates from using your information to market to you and sharing for non-affiliates to market to you.

### ***Amendments and Former Customers***

If at any time in the future it becomes necessary for us to disclose any nonpublic personal information in any manner inconsistent with this policy, we will provide our customers advanced notice of the change to allow the customer the opportunity to opt out of any disclosure. We reserve the right to amend our policy from time to time and will notify you of any significant changes. If you decide to terminate your relationship with us, we will continue to adhere to the privacy policies as set forth in this Statement, subject to future revisions.

### ***Contact Information***

Please call us at 913.239.2300 or email at [info@faskc.com](mailto:info@faskc.com) with any questions or comments. At all times, you may view our current privacy policy on our website at [www.faskc.com](http://www.faskc.com).