

**Form ADV Part 2A – Firm Brochure
Item 1 – Cover Page**

Hausmann Financial, Inc.

23201 Lake Center Drive #300

Lake Forest, CA 92630

(949) 250-4973

www.hausmannfinancial.com

Date of Brochure: March 2021

This brochure provides information about the qualifications and investment advisory business practices of Hausmann Financial, Inc. If you have any questions about the contents of this brochure, please contact Jason Simard at 800-773-8700 or Jason@hausmannfinancial.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about our investment advisory business is also available on the Internet at www.adviserinfo.sec.gov. You can view our information on this website by searching for “Hausmann Financial, Inc.” by name or by using the Firm’s CRD number. The CRD number for the Firm is **110747**.

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

Item 2 – Material Changes

Since our last annual update was filed in March 2020, we have made the following material changes to our brochure.

- Changes have been made to Items 4, 5, 7, 13 and 16 to include the Managed Opportunities Program. We provide our asset management services through the Financial Advisors Program (FAP) and the Managed Opportunities Program. Effective March 31, 2021, we will not open new accounts through FAP. All new accounts will be opened through Managed Opportunities. Moreover, we have commenced the process of transitioning all FAP accounts to Managed Opportunities and expect the transition to be complete by mid-2021.
- The Financial Advisors Program and Managed Opportunities Program are considered wrap-fee programs because they offer the option to (1) allow Haussmann Financial to pay the transaction charges and other fees assessed to client accounts or (2) to have Haussmann Financial clients directly pay all transaction charges and other fees that are assessed to their accounts. Our policy is the latter and therefore transaction charges and other fees charged to client account managed by Haussmann Financial will be paid by the client.
- Item 12 has been updated to explain our policy and procedures for implementing trades on an aggregate or “block” basis. The following has been added to Item 12.
 - Our standard trading policy is to implement client orders on an individual basis. However, under certain conditions and circumstances, we will purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by our firm when we believe such action may prove advantageous to clients. If and when we aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done to implement numerous trades in the same security at the same time in an effort to save time and improve efficiency.

The investments we are responsible for trading in client accounts are typically limited to mutual funds, ETFs, and other broadly traded positions. It is our intention to only block trade in mutual fund positions. Because mutual funds execute at the end of the day, all clients will receive the same execution price even when all accounts in the same “block” trade do not “fill” at the same time.

Accounts managed on a non-discretionary basis (see Item 16 of more information) will not be included in block trades because we must seek the client’s approval prior to executing the trade. Therefore, all non-discretionary account trades are implemented individually.

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Item 4 – Advisory Business

Description of Advisory Firm

Based in Lake Forest, California, Haussmann Financial, Inc. has been registered as an investment advisor since September 4, 1991. Our company is a corporation, formed under the laws of the State of California.

- We offer objective, individualized financial planning and retirement services. We strive to provide a high level of professionalism, integrity and personalized service. The nature and extent of the specific services provided to clients, including you, will always depend on each client's financial status, objectives and needs, time horizons, concerns, expectations and risk tolerance.
- Although services provided by Haussmann Financial, Inc. are on a fee-basis, you may be rightfully concerned that some financial advisors render services on a truly objective basis – not influenced by commissions. Therefore, Haussmann Financial, Inc. provides all planning services on that basis. However, please be aware that the advisor representatives of Haussmann Financial, Inc. are also licensed as registered representatives with Securities America, Inc. a registered broker/dealer, member FINRA/SIPC, and some of our advisor representatives are also independent insurance agents. When acting in these capacities, our advisor representatives will earn commissions. These conflicts of interest situations are discussed in more detail at *Item 5, Item 10, Item 12, and Item 14 of this Disclosure Brochure*.
- When providing advisory services, we are able to use various programs sponsored by Securities America Advisors, Inc., an investment advisor registered with the SEC and an affiliated company of Securities America, Inc. More details are provided at *Item 5* of this Disclosure Brochure.
- More information about our investment advisor representatives' business and education background can be found in the respective investment advisor representative's *Information Required by Part 2B of Form ADV: Brochure Supplement*. If you did not receive a copy of your advisor representative's Brochure Supplement, please let us know and we will provide one.

General Description of Primary Advisory Services

The following are brief descriptions of our advisory services. A detailed description of each service is provided in *Item 5 – Fees and Compensation* so that you can review the services and description of fees in a side-by-side manner.

Financial Planning Services – We provide advisory services in the form of financial planning services. Financial planning services do not involve the active management of client accounts, but instead focuses on a client's overall financial situation. Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, budgeting, tax planning, asset allocation, risk management, retirement planning, and other areas. The role of a financial planner is to find ways to help the client understand his/her overall financial situation and help the client set financial objectives. These services are described under the Financial Planning Services and Wealth Resources Services sections of *Item 5 – Fees and Compensation*.

Asset Management Services – We provide advisory services in the form of Asset Management Services. Asset Management Services involve providing clients with continuous and on-going supervision over client accounts. This means we will continuously monitor a client's account and make

trades in client accounts when necessary. Although we are given discretionary trading authority (see *Item 16 – Investment Discretion* for details), we typically consult with and advise clients to make changes and then execute changes only after clients agree to our recommendations. These services are provided through the Financial Advisors Program, the Managed Opportunities Program and the Asset Allocation System component of Assetmark Financial's program and are fully described in *Item 5 – Fees and Compensation*.

Assetmark Program – For some clients, we recommend the Assetmark Program, sponsored by Assetmark Financial Wealth Management, Inc. which is an unaffiliated, money manager program. Through this program, third-party money managers are selected to be responsible for continuously monitoring client accounts and making trades client accounts when necessary. Please refer to *Item 5 – Fees and Compensation* for more details.

Outside Money Managers – We also refer or recommend clients use outside, or unaffiliated, money managers that are registered or exempt from registration as investment advisors. Third-party money managers are responsible for continuously monitoring client accounts and making trades client accounts when necessary. These services are provided in various forms through the Independent Management Assets Program described in *Item 5 – Fees and Compensation*.

Specialization

We specialize in Financial Planning for individuals, families and small businesses. This includes such areas as retirement planning (including pension design), risk analysis and insurance, college funding, estate planning and tax planning. We work with qualified attorneys and tax preparers in these latter two areas. While we offer a full range of investment alternatives, most of our clients are invested in traditional mutual fund, stock, bond, ETF, REIT, Annuity and Limited Partnership types of investments. A small proportion use privately managed accounts and managed futures programs to reduce risk. We take a prudent, conservative approach to investing and do not recommend risky hedge funds, IPOs, speculative investments or market timing.

Limits Advice to Certain Types of Investments

We are generally willing to provide advice on various types of investments such as those listed below.

- Exchange-listed securities (i.e. stocks)
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Commercial Paper
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States government securities
- Interests in partnerships investing in real estate
- Master Limited Partnerships

When we use the private managed account program through the Assetmark program, we introduce clients to investment managers who provide discretionary management of individual portfolios of equity and/or fixed income securities.

Haussmann Financial does not provide direct advice on securities traded over-the-counter, foreign issues, warrants, options contracts on securities or commodities, futures contracts on tangibles or intangibles.

When we are in charge of managing client accounts through the Financial Advisors Program and Managed Opportunities Program, we will typically construct each client's account holdings using mutual funds, ETFs and equities to build diversified portfolios. It is not our typical investment strategy to attempt to time the market, but we may increase cash holdings modestly as deemed appropriate, based on a client's risk tolerance and our expectations of market behavior. We may modify the investment strategy to accommodate special situations like low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

(Please refer to *Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss* for more information.)

Participation in Wrap Fee Programs

We offer services through both wrap-fee programs and non-wrap fee programs. The Financial Advisors Program and the Managed Opportunities Program are wrap-fee programs. A wrap fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions.

The Financial Advisors Program and Managed Opportunities Program are considered wrap-fee programs because they offer the option to (1) allow Haussmann Financial to pay the transaction charges and other fees assessed to client accounts or (2) to have Haussmann Financial clients directly pay all transaction charges and other fees that are assessed to their accounts. Our policy is the latter and therefore transaction charges and other fees charged to client account managed by Haussmann Financial will be paid by the client.

Whenever a fee charged to you for services described in this brochure (whether wrap fee or non-wrap fee), we will receive all or a portion of the fee charged.

Tailor Advisory Services to Individual Needs of Clients

Our services are always provided based on the individual needs of each client. This means, for example, that you are given the ability to impose restrictions on your accounts, including restricting specific investment selections and sectors. We work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information.

Client Assets Managed by Our Firm

The amount of client assets managed by Haussmann Financial totaled \$748,578,852 as of December 31, 2020. Of that total \$740,165,913 is managed on a discretionary basis and \$8,412,938 is non-discretionary. Please refer to *Item 16 – Investment Discretion* for more information. In addition, our investment advisor representatives, in their separate capacities as Securities America registered representatives, oversee \$120,599,539 also as of December 31, 2020) of client assets held in Securities America brokerage accounts, variable annuity companies and directly at mutual fund companies.

Item 5 – Fees and Compensation

In addition to the information provided in *Item 4 – Advisory Business*, this section provides details regarding our services along with descriptions of each service's fees and compensation arrangements.

A. Financial Planning Services

Services Described

Hausmann Financial offers financial planning services in the form of comprehensive and modular financial planning consultations. A comprehensive plan can include, but is not limited to, the areas of retirement planning, investment analysis, budget and cash flow analysis, risk assessment, insurance planning, tax planning and estate planning. A modular plan can cover any one or more of the areas selected by the client. If agreed upon with the client, we will review the financial planning advice provided during the initial meeting at least annually to determine if your goals are being met. At the discretion of Hausmann Financial, more frequent reviews are conducted if there are changes in the client's situation or objectives that warrant the revision of existing strategies. Financial planning services are always in the form of oral consultations.

Normally, we do not charge clients for the time spent on financial planning consultations. However, depending on your situation, an hourly fee of up to \$350 or a fixed fee may be charged. Fees are based solely on the number of hours of consultation time provided unless a fixed amount is agreed upon in advance. Hourly and/or fixed fees will generally not exceed \$3,500. Fixed fees will not exceed the agreed upon rate without the prior approval of the client. All fees are due within 30 days after the consultations have been provided.

In general, annual review services are provided at no additional cost. However, at the discretion of Hausmann Financial, and agreed upon by the client, additional fees may be charged. If fees are charged for the annual review services, the fee will be agreed upon in advance and set forth in the financial planning contract. Annual review fees will generally not exceed \$2,500 and are due within 30 days of completing the annual review.

Prior to financial planning services being provided, an agreement for services will be completed by both Hausmann Financial and the client. The agreement will terminate upon completion of the oral consultation services unless annual review services are also contracted for. Either party may terminate financial planning services at any time by submitting written notice to all appropriate parties. If services are terminated within five business days of signing the client agreement, services will be terminated without penalty. After the initial five business days, you will be responsible for the time expended by us prior to receiving the notice of termination.

Seminars

Hausmann Financials' presents informational and educational seminars on general financial and investment topics. The seminars are open to the public and are provided at no charge.

Newsletters

Current and prospective clients can also receive a quarterly newsletter and/or our weekly E-commentaries from Hausmann Financial. These materials offer general information and education about investing and retirement planning. Newsletters will be provided to clients free of charge.

B. Financial Advisors Program and Managed Opportunities Program

Services Described

Some of our clients choose to hire us to provide fee-based investment management services whereby our Firm is solely responsible for making all investment recommendations and making changes to the account. If you decide to hire us for this service, we will develop an individualized investment program for your account(s). Various investment strategies are provided through this service; however, a specific investment strategy and investment policy is crafted for each client to focus on the specific client's goals and objectives.

We will need to obtain certain information from you to determine your financial situation and investment objectives. Accounts are therefore managed on the basis of your individual financial situation and investment objectives. Depending on the complexity of your situation and your personal preference, we will arrange to have review meetings on either a quarterly, triennially, semiannually or annual basis. We will attempt to contact you at these intervals to arrange a meeting at a mutually agreeable time. At these intervals, you are reminded to notify us whether your financial situation or investment objectives have changed, or if you want to impose and/or modify any reasonable restrictions on the management of your accounts. At these intervals, we will also determine whether your financial situation or investment objectives have changed, or if you want to impose and/or modify any reasonable restrictions on the management of accounts managed. We are always reasonably available to consult with individual clients relative to the status of their accounts. You have the ability to impose reasonable restrictions on the management of you accounts, including the ability to instruct us not to purchase certain securities. Your beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account. A separate account is maintained for each client with the custodian and clients retain right of ownership of the account (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

It is important that you understand we manage investments for other clients and can give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions we take for you. We are not obligated to buy, sell or recommend to you any security or other investment that we buy, sell or recommend for any other clients or for our own accounts.

When investment adviser firms hold individual securities (i.e. individual stocks and bonds), conflicts can arise in the allocation of investment opportunities among accounts due to the fact that individual securities trade throughout the day thus subject to different execution prices and a firm's trade execution procedures. In an effort to mitigate this conflict of interest, we primarily hold mutual funds in client accounts. Mutual funds trade at the end of the day and are executed at the same price for all client accounts. Moreover, we strive to allocate investment opportunities believed appropriate for your account(s) and other accounts advised by our Firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

We provide our asset management services through the Financial Advisors Program (FAP) and the Managed Opportunities Program. Effective March 31, 2021, we will not open new accounts through FAP. All new accounts will be opened through Managed Opportunities. Moreover, we have commenced the

process of transitioning all FAP accounts to Managed Opportunities and expect the transition to be complete by mid-2021.

FAP and Managed Opportunities are offered and sponsored by Securities America Advisors, Inc., an SEC registered investment advisor. Securities America Advisors, Inc.'s FAP and Managed Opportunities are wrap-fee programs providing investment advisory services and execution of client transactions for which the specified fee (or fees) is not based directly upon transactions in a client's account.

We will assist the client in establishing one or more accounts with Securities America Advisors, Inc. All brokerage transactions will be processed by Securities America, Inc., the affiliated broker/dealer of Securities America Advisors, Inc., and cleared through National Financial Services, LLC or Pershing LLC pursuant to clearing arrangements established by Securities America, Inc. with National Financial Services, LLC and separately with Pershing LLC. Securities America Advisors, Inc. has also entered into agreements with various insurance companies that allow for the management and valuation of client variable annuity accounts within Securities America Advisors, Inc.'s FAP and Managed Opportunities. National Financial Services, LLC, Pershing LLC, insurance companies or other custodians will maintain physical custody of all funds and securities (please refer to *Item 15 – Custody* for more information).

Hausmann Financial, Inc.'s associated persons implement securities transactions for FAP and Managed Opportunities client Accounts in their separate capacities as registered representatives of Securities America, Inc.

Description of Fees

Annual management fees charged for this service will be negotiated with each client, with 1.10% being the maximum management fee charged to clients. Securities America Advisors, Inc. retains up to 9 basis points (0.09%) of the annual management fee for FAP Accounts.

Securities America Advisors, Inc. is responsible for collecting all fees paid by our clients through these programs. Securities America Advisors, Inc. will then journal our portion of the advisory fee to Hausmann Financial, Inc.

Please note that our fees may be higher than fees charged by other financial professionals providing similar services.

We will invest a portion of client's assets in mutual funds, exchange traded funds (ETFs) or variable annuities and charge an investment management fee on client's assets invested in these securities. Therefore, clients pay two levels of fees for the management of their assets, one directly to our Firm and one indirectly to the managers of the mutual funds, ETFs or variable annuities held in their portfolios.

A complete description of Managed Opportunities related fees, charges, when due and termination procedures are described in the Managed Opportunities Program Wrap Fee Program Brochure prepared by Securities America Advisors, Inc., which will be given to all clients prior to or at the time a Managed Opportunities account is established.

Clients that still have FAP accounts can read more about FAP related fees, charges, when due and termination procedures are described in the Financial Advisors Program Wrap Fee Program Brochure prepared by Securities America Advisors, Inc., a copy of which is available upon request.

C. Assetmark Program

Services Described

In some cases, we will recommend a client open an account through the Assetmark Program, which is sponsored by Assetmark Financial Wealth Management, Inc., a registered investment advisor. The Assetmark Program has two components. For both options, we will need to obtain certain information from you to determine your financial situation and investment objectives. Accounts are therefore managed on the basis of your individual financial situation and investment objectives. At predetermined intervals, but no less than annually, you are reminded to notify us whether your financial situation or investment objectives have changed, or if you want to impose and/or modify any reasonable restrictions on the management of your accounts. At least annually, we contact individual clients to determine whether their financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of accounts managed. We are always reasonably available to consult with individual clients relative to the status of their accounts. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to not hold certain securities. Your beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account. A separate account is maintained for each client with the custodian and clients retain right of ownership of the account (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

The first component of the Assetmark Program is an **Asset Allocation System** that allows us to manage client assets made up of model portfolios provided by a number of institutional investment strategists, which are based on the information, research, asset allocation methodology and investment strategies of these investment strategists. If you decide to hire us for this service, we will develop an individualized investment program for your account(s). Various investment strategies are provided through this service; however, a specific investment strategy and investment policy is crafted for each client to focus on the specific client's goals and objectives.

It is important that you understand we manage investments for other clients and give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions we take for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed appropriate for your account(s) and other accounts advised by our Firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

The second component of the Assetmark Program is the **Private Managed Account Program** through which we are able to introduce clients to third-party investment managers who provide discretionary management of individual portfolios of equity and/or fixed income securities. In this situation, we will not be responsible for making specific decisions regarding the investments held in your account and will not be responsible for making trades in your account.

Independent investment strategists selected will have no direct relationship with our advisor representatives or you, will make no analysis of your circumstances or objectives and do not tailor their model portfolios to your specific needs.

We are always responsible for assisting clients with identifying their risk tolerance and investment objectives. We will recommend managers and help determine appropriate investment strategies in relation to the client's stated investment objectives and risk tolerance. You will specifically direct the account to be invested in accordance with the chosen model portfolio. When you select a model portfolio, you also will need to direct that the account be automatically adjusted to reflect any adjustment in the model portfolio by the investment strategist. This will result in the purchase and sale of certain mutual funds or transfers between variable annuity sub-accounts without further authorization by you at such time as the investment strategist changes the composition of the selected model portfolio.

Although the third-party investment managers will be responsible for making all investment decisions, we will be available to answer questions you may have regarding your account and act as the communication conduit between the client and the investment manager.

Although we review the performance of numerous third-party investment managers, we are only able to select the investment managers approved by Assetmark and thus available on the Assetmark Program platform. Therefore, we have a conflict of interest in that we will not recommend a third-party investment manager to clients if the investment manager is not available through the Assetmark Program.

Clients are advised that there may be other third-party managed programs, not recommended by our Firm, that are suitable for the client and that may be more or less costly than arrangements recommended by our Firm. No guarantees can be made that a client's financial goals or objectives will be achieved by a third-party investment advisor recommended by our Firm. Further, no guarantees of performance can ever be offered by our Firm.

Description of Fees

Assetmark client fees are payable quarterly, in advance, based on average assets under management during the previous quarter. Included as part of the client fee paid to our Firm, is an amount to be re-allowed to Assetmark Financial Wealth Management, Inc., Securities America Advisors, Inc., investment strategists and others as the Assetmark Program fee. The maximum total advisory fees schedule or fee range charged to the client will not exceed 1.10%.

Assetmark is responsible for collecting all fees paid by our clients through these programs Assetmark will then journal our portion of the advisory fee to Haussmann Financial, Inc.

Custodian fees are charged separately from the Assetmark client fees. A complete description of the Assetmark Program and related fees, charges, when due and termination procedures are described in the Assetmark Financial Wealth Management, Inc.'s Wrap Fee Program Brochure, which will be given to all clients prior to or at the time an account is established.

D. Independent Managed Assets Program

Through this service, we are able to establish agreements directly with third-party money managers offering a wide range of advisory services, including asset allocation, market timing and portfolio management. We can then refer a client to a third-party money manager and the third-party money manager will provide asset management and investment advisory services directly to the client. Thus, the

third-party money manager is responsible for continuously monitoring client accounts and making trades in client accounts when necessary.

When a client agrees to engage a third-party investment advisor that we recommend, our firm is considered a solicitor to the third-party investment advisor and, as a result, our firm is paid a portion of the fee charged and collected by the third-party investment advisor in the form of solicitor fees or consulting fees. Each solicitation arrangement is performed pursuant to a written solicitation agreement and is in compliance with SEC Rule 206(4)-3 and applicable state securities rules and regulations.

We are always responsible for assisting clients with identifying their risk tolerance and investment objectives. We will recommend third-party investment advisors and help determine appropriate investment strategies in relation to the client's stated investment objectives and risk tolerance. Clients will enter into an agreement directly with the unaffiliated third-party investment advisor.

Although the third-party investment advisor will be responsible for making all investment decisions, we will be available to answer questions the client may have regarding their account and act as the communication conduit between the client and the third-party investment advisors. Third-party investment advisors we recommend generally require discretionary authority to determine the securities to be purchased and sold in client accounts. Neither Haussmann Financial nor its advisor representatives will have any trading authority with respect to the client's managed account(s) with the third-party investment advisor(s).

Although we review the performance of numerous third-party investment advisor firms, we enter into only a select number of relationships with third-party investment advisor firms that have agreed to pay us a portion of the overall fee charged to our clients. Therefore, Haussmann Financial has a conflict of interest in that it will only recommend third-party investment advisors that will agree to compensate us for referrals of our clients.

We are also limited in this program in that we may only select the services of money managers approved through Securities America Advisors' Independent Managed Assets Program (IMAP).

Clients are advised that there may be other third-party managed programs, not recommended by our firm, that are suitable for the client and that may be more or less costly than arrangements recommended by our firm. No guarantees can be made that a client's financial goals or objectives will be achieved by a third-party investment advisor recommended by our firm. Further, no guarantees of performance can ever be offered by our firm (please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more details).

Description of Fees

If we recommend a third-party investment advisor to you, a complete description of the third-party investment advisor's services, fee schedules and account minimums will be provided in the third-party investment advisor's Form ADV Disclosure Brochure or Wrap Fee Program Brochure. Such brochures are provided to you when we initially recommend the third-party investment advisor.

While the actual fee charged to a client will vary depending on the third-party investment advisor utilized, the portion retained by Haussmann Financial in the form of solicitor fees or consulting fees shall not exceed 0.50%. Our portion of the fee is not negotiable. All fees are calculated and collected by the selected third-party investment advisor firm who shall be responsible for delivering our portion of the client fee to our firm.

Securities America Advisors will receive a portion of the solicitor fee, a marketing override or an administrative fee for providing administrative and marketing services.

Clients incur additional charges including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges and IRA and qualified retirement plan fees. We will never receive any portion of such commissions or fees. We are only compensated by the consulting fee described above. We receive no other compensation in connection with a client's account managed by a third-party investment advisor. When we negotiate lower fees and expenses charged by third parties, all negotiated improvements are for the clients' benefit.

E. Sale of Securities or Other Investment Products

As briefly disclosed in *Item 4 – Advisory Business*, our advisor representatives can sell securities in their separate capacities as registered representatives of Securities America. In addition, they can sell insurance products in their capacities as independent insurance agents for sales commissions. Please refer to *Item 10 – Other Financial Industry Activities and Affiliations* to read more about our ability to offer strictly commission-based services through Securities America and our insurance activities.

When managing accounts through programs outlined in this brochure, some of the advice offered by our advisor representatives involve investments in mutual fund products. Load and no-load mutual funds can pay annual distribution charges sometimes referred to as 12b-1 fees. However, our advisor representatives do not receive any portion of the 12b-1 fees paid or other compensation such as commissions, loads, trails, etc. when holding mutual funds in FAP, Managed Opportunities and Assetmark accounts. In the case of FAP and Managed Opportunities, all 12b-1 fees are rebated to clients and in almost all cases share classes without 12b-1 fees are used.

Because we do not normally accept 12b-1 fees, commissions, loads and trails in the programs described within this brochure, there is not an incentive for us to recommend investment products paying commissions and other fees. Therefore, we primarily recommend no-load mutual funds and mutual funds priced at net-asset-value.

You are never obligated to use Securities America and you are never obligated to purchase investment products through our investment advisor representatives. You have the option to purchase investment products through other brokers or agents that are not affiliated with Hausmann Financial.

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

Item 6 of the Form ADV Part 2 instructions is not applicable to this Disclosure Brochure because Hausmann Financial does not charge or accept performance-based fees which can be defined as fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

Item 7 – Types of Clients

We generally provide investment advice to the following types of clients:

- Individuals (including High Net Worth Individuals)
- Pension and profit sharing plans
- Charitable Organizations
- Corporations and other small businesses

Minimum Investment Amounts Required

Securities America Advisors, Inc.'s recommended minimum investment amount for establishing and maintaining an FAP or Managed Opportunities Account is \$25,000 and. Exceptions may be granted to these minimums upon request.

The minimum investment required for Assetmark asset allocation system program accounts is generally \$50,000 and \$250,000 for private managed accounts program. Exceptions may be granted to the minimums at the discretion of Assetmark and Haussmann Financial, Inc.

If we recommend a third-party investment advisor to you, a complete description of the third-party investment advisor's services, fee schedules and account minimums will be provided in the third-party investment advisor's Form ADV Disclosure Brochure or Wrap Fee Program Brochure. Such brochures are provided to you when we initially recommend the third-party investment advisor.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Methods of analysis in formulating investment advice

Our Firm primarily uses a **Fundamental** approach to investment analysis. Fundamental analysis is a method of evaluating a company or security by attempting to measure its intrinsic value. In other words, trying to determine its true value by looking at all aspects of the business, including both tangible factors (e.g., growth rate, machinery, buildings, land, etc.) and intangible factors (e.g., patents, trademarks, "brand" names, etc.). Fundamental analysis also involves examining related economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., dividends, company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g., management expertise, industry cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios).

The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong and could therefore lead to an unfavorable investment decision.

In addition to Fundamental and Cyclical analysis, our Firm will use **Technical** methods to determine the timing for trading securities and fine-tuning our recommendations. Technical analysis is a method of evaluating securities by reviewing statistics generated from market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical movements of stocks and markets are indications of future movements.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy

volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

Investment strategies when managing client assets and/or providing investment advice.

We may provide a comprehensive financial planning overview including retirement planning, investment analysis, budget and cash flow analysis, risk assessment, insurance planning, tax planning and estate planning and accordingly recommends strategies consistent with individual client goals and objectives. Short-term trading, options, futures and commodities trading are NOT recommended as our investment philosophy is basically conservative and long-term oriented.

- ✓ Long term purchases. Investments held at least a year.
- ✓ Margin transactions. When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from Haussmann Financial, Inc.

Please note we do not primarily recommend only one type of security. We recommend securities and investments listed at *Item 4 – Advisory Business*. Below we have described some of the specific risks associated with investing in general and investing in certain securities that we commonly advise.

Risk of Loss

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our Firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common

stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put, and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When Haussmann Financial, Inc. invests in an ETF or mutual fund for a client, the client will bear additional expenses based on its pro rata share of the ETFs or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our Firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- Margin Risk - When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from your broker/dealer. If you intend to borrow funds in connection with your account, you will be required to open a margin account, which will be carried by the broker/dealer of your account. The securities purchased in such an account are the broker/dealer's collateral for its loan to you.

If the securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and, as a result, a brokerage firm is required to take action, such as issue a margin call and/or sell securities or other assets in your accounts, in order to maintain necessary level of equity in the account.

It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you may maintain, including any Margin Account that may be established as a part of our Investment Management Services and held by your broker/dealer. These risks include the following:

- You can lose more funds than you deposit in your margin account.
- The broker/dealer can force the sale of securities or other assets in your account.
- The broker/dealer can sell your securities or other assets without contacting you.
- You are not entitled to choose which securities or other assets in your margin account that may be liquidated or sold to meet a margin call.
- The broker/dealer may move securities held in your cash account to your margin account and pledge the transferred securities.
- The broker/dealer can increase its “house” maintenance margin requirements at any time and are not required to provide you advance written notice.
- You are not entitled to an extension of time on a margin call.

Item 9 – Disciplinary Information

This item is not applicable to Haussmann Financial Inc.’s brochure because there are no legal or disciplinary events listed at Item 9 of the Form ADV Part 2 instructions that are material to a client’s or prospective client’s evaluation of Haussmann Financial Inc.’s business or integrity.

Item 10 – Other Financial Industry Activities and Affiliations

Haussmann Financial is an independent investment advisory firm and only provides investment advisory services. The Firm is not engaged in any other business activities and offers no other services than those described in this Disclosure Brochure.

Haussmann Financial is **not** and does **not** have a related company that is a (1) broker/dealer, municipal securities dealer, government securities dealer or broker, (2) futures commission merchant, commodity pool operator or commodity trading adviser, (3) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund), (4) other investment adviser (5) financial planning firm, (6) banking or thrift institution, (7) accounting firm, (8) lawyer or law firm, (9) insurance company or agency, (10) pension consultant, (11) real estate broker or dealer, or (12) sponsor or syndicator of limited partnerships.

As described in Item 4 – Advisory Business and Item 5 – Fees and Compensation, Haussmann Financial, has formed relationships with independent, third-party money managers. As disclosed in those items, Haussmann Financial can recommend clients work directly with third-party money managers. When Haussmann Financial refers clients to a third-party money manager, you need to know that the firm will receive a portion of the fee charged by the third-party money manager. Therefore, Haussmann Financial has a conflict of interest in that it will only recommend third party money managers that will agree to compensate the firm by paying Haussmann Financial a portion of the fees billed to your account managed by the third party money manager. We also have an arrangement with Assetmark Financial to select other managers through their program. Please refer to Item 5 for more information.

While the Firm does not sell products or services other than investment advice, our investment advisor representatives sell other products or provide services outside of their role with Haussmann Financial.

Relationship with Securities America, Inc.

Clients have the option to engage the investment advisor representatives of the Firm (but not the Firm) in their separate capacities as registered representatives of Securities America, Inc., to render securities brokerage services under a commission arrangement.

You are never obligated to use open an account with Securities America, Inc. and can use any broker/dealer you like. However, if you would like to open an account with one of our advisor representatives, Securities America, Inc. is required.

Brokerage commissions may be charged by Securities America, Inc. to effect these securities transactions and, thereafter, a portion of these commissions will be paid by Securities America, Inc. to such investment advisor representatives as registered representatives of Securities America, Inc.. Prior to effecting any transactions, the client will be required to enter into a new account agreement with Securities America, Inc.. The brokerage commissions charged by Securities America, Inc. may be higher or lower than those charged by other broker/dealers. In addition, the registered representatives also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment.

Depending on the type of Securities America, Inc. account that could be used to implement a financial plan or investment strategy, such compensation may include (but is not limited to) advisory program fees; commissions; mark-ups and mark-downs; small account fees; mutual fund 12b-1 fees; mutual fund sub-transfer agency fees; hedge fund managed futures, and variable annuity investor servicing fees; retirement plan fees; administrative services fees for trust accounts; compensation for directing order flow; and bonuses, awards or other things of value offered by Securities America, Inc. to the advisor representative.

Your representative is incented to join and remain affiliated with Securities America through certain compensation arrangements which could include bonuses, enhanced pay-outs, forgivable loans and/or business transition loans. Furthermore, there may or may not be production goals associated with the recommendation of a transaction from your representative. The receipt of any such compensation is a conflict of interest. We encourage you to review this ADV closely and discuss any conflicts of interest with your representative.

This compensation to the advisor representative and Securities America, Inc. may be more or less depending on the product or service the advisor representative recommends. Therefore, the advisor representative has a financial incentive to recommend that a financial plan be implemented using a certain product or services.

The investment advisor representatives of Haussmann Financial, Inc. recommend securities or insurance products offered by Securities America, Inc. (or other insurance firms), and will receive the normal commissions if products are purchased through them; thus a conflict of interest exists between their interests and those of Haussmann Financial, Inc.'s clients. Clients are under no obligation to purchase products recommended by investment advisor representatives or to purchase products either through Haussmann Financial, Inc. or Securities America, Inc.

Insurance Sales Activities

Some investment advisor representatives are licensed to provide insurance services to clients. Insurance products are provided to clients for personal, estate and business need to minimize clients' exposure to identified risks. Although clients are under no obligation to purchase insurance products recommended by

investment advisor representative in their separate capacities and insurance agents, clients often purchase such products when needs arise. For clients of Haussmann Financial, Inc. who purchase products causing commissions to be generated these are paid to the investment advisor representatives in their separate capacities as insurance agents. For those investment advisor representatives who are insurance licensed, this activity varies throughout the year.

You are never obligated or required to purchase insurance products through one of our advisor representatives licensed as insurance agents. However, when acting as an insurance agent, our advisor representatives can help you purchase insurance products and will receive separate compensation (i.e. insurance commissions) in addition to investment advisory fees charged by Haussmann Financial, Inc. Clients that choose to purchase insurance products through one of our advisor representatives should be aware they will generally only recommend insurance products of those companies for whom they are sales agents and with which they are familiar with the benefits, exclusions and other terms.

Because our advisor representatives will receive commissions for selling insurance products, there is a conflict of interest in that they may recommend policies to clients that do not require or need insurance. To control for this conflict of interest and consistent with our Firm's fiduciary duty, our advisor representatives strive to recommend insurance products to only those clients that need new or additional policies.

Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading

According to the *Investment Advisers Act of 1940*, an investment advisor is considered a fiduciary. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts. In addition, an investment advisor has a duty of utmost good faith to act solely in the best interest of each of its clients. Haussmann Financial, Inc. and its associated persons have a fiduciary duty to all clients. We have established a Code of Ethics which all associated persons must read and then execute an acknowledgement agreeing that they understand and agree to comply with our Code of Ethics. Haussmann Financial, Inc. and associated persons' fiduciary duty to clients is considered the core underlying principle for our Code of Ethics and represents the expected basis for all associated persons' dealings with clients. We have the responsibility to make sure that the interests of clients are placed ahead of ours or our associated persons' own investment interests. All associated persons will conduct business in an honest, ethical and fair manner. All associated persons will comply with all federal and state securities laws at all times. Full disclosure of all material facts and conflicts of interest will be provided to clients prior to services being conducted. All associated persons have a responsibility to avoid circumstances that might negatively affect or appear to affect the associated persons' duty of complete loyalty to their clients. This section is only intended to provide current clients and potential clients with a description of our Code of Ethics. If current clients or potential clients wish to review Haussmann Financial, Inc.'s Code of Ethics in its entirety, a copy may be requested from any of our associated persons and a copy will be provided promptly.

Affiliate and Employee Personal Securities Transactions Disclosure

Haussmann Financial and its employees **do not** buy or sell securities or have an interest or position in a security for their personal account that they also recommend to clients. It is our Firm's policy to only invest in mutual funds or in stocks that we **do not** recommend to our clients.

- We are and shall continue to be in compliance with *The Insider Trading and Securities Fraud Enforcement Act of 1988*.
- It is our policy that our employees shall not prefer their own interest to that of the advisory client.

- No person employed by us may purchase or sell any security prior to a transaction or transactions being implemented for an advisory account.
- Employees shall not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of his/her employment unless the information is also available to the investing public upon reasonable inquiry.
- We have implemented policies and procedures designed to review and monitor the personal securities holdings and transactions of our employees.

Item 12 – Brokerage Practices

This section provides information about our brokerage practices in addition to the information detailed in *Item 5 – Fees and Compensation*.

Advisor Directed Brokerage Arrangement – Securities America, Inc.

Clients choosing to implement our advice are free to select any broker they wish and are so informed. If clients wish to have our advisor representatives implement the advice in their capacity as registered representative or through one of the Securities America Advisors, Inc. programs detailed in *Item 5 – Fees and Compensation*, then our advisor representatives' broker/dealer, Securities America, Inc., will be used.

Not all investment advisors require the use of a particular broker/dealer. Some investment advisors allow their clients to pick which broker/dealer the client uses. However, in order to provide efficient services and based on the arrangement with Securities America, Inc., Haussmann Financial, Inc. requires the use of Securities America, Inc. when opening an account through our Firm's programs. We are limited in the broker/dealer or custodians that we are allowed to use due to our relationship with Securities America, Inc. Securities America, Inc. may limit or restrict the broker/dealer or custodial platforms for its registered representatives that are also independently licensed due to its duty to supervise the transactions implemented by these individuals.

Advisor representatives of Haussmann Financial, Inc. are registered representatives of Securities America, Inc. and are required to use the services of Securities America, Inc. and their approved clearing broker-dealers when acting in their capacity as registered representatives. Securities America, Inc. serves as the introducing broker-dealer. All accounts established through Securities America, Inc. will be cleared and held through National Financial Services, LLC or Pershing LLC. Securities America, Inc. has a wide range of approved securities products for which Securities America, Inc. performs due diligence prior to selection. Securities America, Inc.'s registered representatives are required to adhere to these products when implementing securities transactions through Securities America, Inc. Commissions charged for these products may be higher or lower than commissions clients may be able to obtain if transactions were implemented through another broker/dealer. Because the advisor representatives of Haussmann Financial, Inc. are also registered representatives of Securities America, Inc., Securities America, Inc. provides compliance and supervision support to the advisor representatives of Haussmann Financial, Inc. In addition, Securities America, Inc. also provides the advisor representatives of Haussmann Financial, Inc., and therefore the Haussmann Financial, Inc., with back-office operational, technology, and other administrative support.

It should be noted that we do not receive client referrals from Securities America, Inc.

Economic benefits are provided by Securities America, Inc. to Haussmann Financial, Inc. that will not be provided if the client selects another broker/dealer or account custodian. These benefits include: negotiated costs for transaction implementation, a dedicated trade desk that services Securities America,

Inc. participants exclusively, a dedicated service group and an account services manager dedicated to our Firm's accounts, access to a real-time order matching system, electronic download of trades, balances and position information, access, for a fee, to an electronic interface with the account custodian's software, duplicate and batched client statements, confirmations and year-end reports.

Trading Policy

Our standard trading policy is to implement client orders on an individual basis. However, under certain conditions and circumstances, we will purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by our firm when we believe such action may prove advantageous to clients. If and when we aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done to implement numerous trades in the same security at the same time in an effort to save time and improve efficiency.

The investments we are responsible for trading in client accounts are typically limited to mutual funds, ETFs, and other broadly traded positions. It is our intention to only block trade in mutual fund positions. Because mutual funds execute at the end of the day, all clients will receive the same execution price even when all accounts in the same "block" trade do not fill at the same time.

Accounts managed on a non-discretionary basis (see Item 15 of more information) will not be included in block trades because we must seek the client's approval prior to executing the trade. Therefore, all non-discretionary account trades are implemented individually.

Item 13 – Review of Accounts

Account Reviews and Reviewers

Reviews are conducted of each client account at least annually to determine if the client's goals are being met. More frequent reviews may be conducted if there are changes in your situation or objectives that may warrant revision of initial strategies. Additional reviews may be conducted if we or the client deems there is sufficient change in economic conditions to warrant such review. Additional reviews are performed at the discretion of Haussmann Financial or upon the request of the client.

All reviews are conducted by Trudy D. Haussmann, President of Haussmann Financial, Inc., and/or our investment advisor representatives.

For clients participating in third party money manager programs, accounts are reviewed and managed on an on-going basis by the third-party money manager. Trudy Haussmann and/or your investment advisor representative will also monitor the performance and investment decisions of the third-party money manager on at least a calendar quarterly basis. Additional reviews may be done upon client request. The same level of review is performed for all types of accounts.

Statements and Reports

Regular annual reports are provided to you on your accounts upon request. Clients receive regular reports on their specific investments from the investment companies or brokerage firms that hold their specific investments.

Clients participating in FAP and Managed Opportunities Programs receive quarterly, monthly or on-demand reports showing the investment performance of their accounts from Securities America Advisors, Inc. or Haussmann Financial.

Clients participating in Assetmark will receive monthly account statements, transaction ledgers and quarterly reports showing the investment performance of their account from Assetmark Financial Wealth Management, Inc.

If we recommend a third-party investment advisor to you, a complete description of the types of statements and reports provided by the third-party investment advisor will be provided in the third-party investment advisor's Form ADV Disclosure Brochure or Wrap Fee Program Brochure. Such brochures are provided to you when we initially recommend the third-party investment advisor.

Item 14 – Client Referrals and Other Compensation

Haussmann Financial does not directly or indirectly compensate anybody for client referrals,

In addition to the description of Other Compensation already described in *Item 5 – Fees and Compensation*, *Item 10 – Other Financial Industry Activities and Affiliations*, and *Item 12 – Brokerage Practices*, please review the following.

We will from time to time receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. This creates a conflict of interest in that there is an incentive to recommend certain products and investments based on the receipt of this compensation instead of what is in the best interest of our clients. We attempt to control for this conflict by always basing investment decisions on the individual needs of our clients.

Item 15 – Custody

Custody, as it applies to investment advisors, has been 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 and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented. According to this definition, Haussmann Financial does not have custody of client funds or securities. It should be noted that our Firm does have limited discretionary authority to transfer funds between a client's accounts with similar registrations held with a qualified custodian and may send funds to the client's address of record if requested by the client. However, regulators have provided guidance stating that transfers between accounts owned by the same client does not constitute custody.

Although the Firm does not have custody, Haussmann Financial has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the

manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against any reports received directly from Haussmann Financial. When clients have questions about their account statements, they should contact Haussmann Financial or the qualified custodian preparing the statement.

Item 16 – Investment Discretion

Through the Financial Advisors and Managed Opportunities Programs as well as some Assetmark Financial accounts and upon receiving written authorization from a client, Haussmann Financial will maintain trading authorization over client accounts. Upon receiving written authorization from the client, Haussmann Financial will implement trades on a **discretionary** basis (as detailed in our agreement for services). When discretionary authority is granted, Haussmann Financial will have the authority to determine the type of securities and the amount of securities that can be bought or sold for the client's portfolio without obtaining the client's consent for each transaction. However, it is the policy of Haussmann Financial to consult with and advise the client prior to making changes in an account even when discretionary trading authority is granted by the client.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

All clients have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. Clients can also place reasonable limitations on the discretionary power granted to our Firm so long as the limitations are specifically set forth or included as an attachment to the client agreement.

Item 17 – Voting Client Securities

Haussmann Financial will not vote proxies on behalf of your account. While there are some investment advisors that will vote proxies and other corporate decisions on behalf of their clients, our Firm has determined that taking on the responsibility for voting client securities does not add enough value to the services provided to clients to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in accounts managed by our Firm.

Clients will receive proxies directly from their custodian or transfer agent and such documents will not be delivered by our Firm. Although we do not vote client proxies, if you have a question about a particular proxy feel free to contact us.

Item 18 – Financial Information

This item is not applicable to this brochure. Haussmann Financial does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. Haussmann Financial is not subject to a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.

CUSTOMER PRIVACY NOTICE

This Privacy Notice is from Haussmann Financial, Inc., a registered investment advisor in the business of providing investment advisory services to customers.

Haussmann Financial, Inc. is committed to safeguarding the confidential information of its clients. We hold all personal information provided to the Firm in the strictest confidence. Our representatives may also be registered representatives of Securities America, Inc., a registered broker/dealer that is not affiliated with the Firm. Haussmann Financial may also have relationships with other nonaffiliated investment advisors, such as Securities America Advisors, Inc., an affiliate of Securities America, Inc., insurance companies, trust companies, custodians and other financial institution entities. Except as required or permitted by law, we do not share confidential information about customers with nonaffiliated third parties. In the unlikely event there were to be a change in this fundamental policy that would permit additional disclosures of customer confidential information, the Firm will provide written notice to customers and customers will be given an opportunity to direct as to whether such disclosure is permissible.

AN IMPORTANT NOTICE CONCERNING CUSTOMERS' PRIVACY

CUSTOMER INFORMATION COLLECTED. Haussmann Financial collects and develops personal information about customers and some of that information is non-public personal information (Customer Information). The essential purpose for collecting Customer Information is to provide and service the financial products and services customers obtain from the Firm. The categories of Customer Information collected depend upon the scope of the engagement with the Firm and are generally described below. As an investment advisor, we collect and develop Customer Information in order to provide investment advisory services. Customer Information collected includes:

- Information received from customers on financial inventories through consultation with the Firm's representatives. This Customer Information may include personal and household information such as income, spending habits, investment objectives, financial goals, statements of account and other records concerning customers' financial condition and assets, together with information concerning employee benefits and retirement plan interests, wills, trusts, mortgages and tax returns.
- Information developed as part of financial plans, analyses or investment advisory services.
- Information concerning investment advisory account transactions, such as wrap account transactions.
- Information about customers' financial products and services transactions with the Firm.

DATA SECURITY. Haussmann Financial restricts access to Customer Information to those representatives and employees who need the information to perform their job responsibilities within the

Firm. Haussmann Financial maintains agreements, as well as physical, electronic and procedural securities measures that comply with federal regulations to safeguard all Customer Information.

USE AND DISCLOSURE OF CUSTOMER INFORMATION TO PROVIDE CUSTOMER SERVICE FOR ACCOUNTS. To administer, manage and service customer accounts, process transactions and provide related services for customer accounts, it is necessary for us to provide access to Customer Information within the Firm and to nonaffiliated companies such as Securities America, Inc., Securities America Advisors, Inc., other investment advisors, other broker/dealers, trust companies, custodians and insurance companies. The Firm may also provide Customer Information outside of the Firm as permitted by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.

FORMER CLIENTS. If you close an account with Haussmann Financial the Firm will continue to operate in accordance with the principles stated in this Notice.

REQUIREMENTS OF FEDERAL LAW. In November of 1999, Congress enacted the *Gramm-Leach-Bliley Act* (GLBA). The GLBA requires certain financial institutions, including broker-dealers and investment advisors, to protect the privacy of Customer Information. To the extent a financial institution discloses Customer Information to nonaffiliated third parties, other than as permitted or required by law, customers must be given the opportunity and means to opt out of (or prevent) such disclosure. Please note that Haussmann Financial does not disclose Customer Information to nonaffiliated third parties except as permitted or required by law (e.g., disclosures to service client accounts or to respond to subpoenas).