

Form ADV PART 2A Brochure



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This brochure provides information about the qualifications and business practices of Financial Council Asset Management, Inc. ["FCAM" or "Adviser"]. If you have any questions regarding the contents of this Brochure, please contact us at (410) 821-9200 and/or via electronic mail at markt@financialcouncil.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. FCAM is a registered investment adviser. 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 with which you may determine to hire or retain advisory services.

Additional information about FCAM is available on the SEC's website at www.adviserinfo.sec.gov.

Free and simple tools are available to you to review FCAM and its financial professionals at Investor.gov/CRS, which also provides free educational materials about broker-dealers, investment advisers, and investing.

Item 2 – Material Changes

Since our last annual update in March of 2020, there have been no material changes to this Brochure, only minor updates and clarifications.

A current brochure may be requested, free of charge, by contacting us by phone at (410) 821-9200 or via email at markt@financialcouncil.com. Additional information about FCAM is available on the SEC's websites adviserinfo.sec.gov and Investor.gov/CRS. The SEC's websites also provide information about individuals affiliated with FCAM who are registered as investment adviser representatives.

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Item 4 – Advisory Business

FCAM, has been in business since July 1995, and offers the services described below primarily to individuals, trusts, estates, charitable organizations, and corporations. The firm is owned by William M. Leeb, President and Chief Investment Officer, and Mark Traub, Chief Operating Officer and Chief Compliance Officer. As of December 31, 2019 FCAM managed discretionary client assets valued at \$752,252,000.

Portfolio Management Services

FCAM provides investment supervisory services, defined as giving continuous advice to a client or making investments for a client based on the individual needs of the client.

Asset allocation models consist of mutual funds and are chosen by the client. Multiple allocations are available depending on a client's goals, risk tolerance and expectations. Such allocations are fixed to specific groups of clients that fit certain criteria – portfolios are not specifically individualized. Clients may not impose restrictions on the allocations.

Specific asset management includes but is not limited to; periodic rebalancing (or choosing not to rebalance, if conditions warrant) of the asset allocation models chosen by the client. Rebalancing is at the discretion of FCAM, and is partially based on, but not limited to, market movement, market environment, client risk tolerance, client risk capacity, asset performance, percent to total deviation from allocation models and manager performance. Other parts of the asset management process include quarterly market commentary and the annual (or more frequent, at the discretion of the applicant) review of the investment and or allocation to fund managers.

Item 5 - Fees and Compensation Fee Schedule for Advisory Services

FCAM is compensated for investment advisory services by a percentage of the assets managed.

Portfolio Management Services

The basic fee schedule for assets under management up to \$500,000 is 1.25% of assets under management. This may be negotiable if commissionable product is used (but no less than 30 basis points) and would revert to 1.25% on the first day of the 25th month following enrollment into the asset management program or the time of investment into commissionable product (whichever occurs first).

The complete current fee schedule is as follows:

The amount up to the first \$500,000.00	1.25% per year
On the next \$500,000.00 to \$1,000,000.00	1.00% per year
Amounts from \$1,000,000.01 to \$3,000,000.00	0.75% per year
Amounts from \$3,000,000.01 to \$7,500,000.00	0.50% per year
Amounts from \$7,500,000.01 to \$15,000,000.00	0.25% per year
Amounts from \$15,000,000.01 to \$50,000,000.00	0.15% per year
Amounts from \$50,000,000.01 and up	Negotiable

EXAMPLE: an account valued at \$1,500,000 would pay 1.25% on the first \$500,000, 1.00% on the next \$500,000 and 0.75% on the remaining \$500,000.

Payment of Advisory Fees

Fees are collected in arrears; *i.e.*, fees are collected based on the period just ending and not in advance of the upcoming quarter period. Fees are deducted from client assets. If the advisory relationship is terminated by either party (within 30 days written notice by one to the other), fees for the current billable period will not be charged. The specific way fees are charged by FCAM is described in a client's written agreement with FCAM.

FCAM rebates to client accounts any mutual fund 12(b)-1 fees, where applicable, as they are paid by the applicable mutual fund and collected by FCAM. These rebates appear as a separate credit in client accounts.

FCAM fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers and other third parties such as fees charged by custodians, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. These fees are in addition to the advisory fees charged by FCAM.

Client portfolios are invested in mutual funds as part of FCAM's investment strategy in order to gain access to certain sectors, markets, or securities. Investments in mutual funds however, generally include an embedded investment management fee paid to the investment adviser of the mutual fund, as well as other fees and expenses associated with the mutual fund, with the exception of 12b-1 fees as described above. As such, Client portfolios with investments in mutual funds are subject to two layers of management fees on that portion of their account invested in mutual funds: Fees charged by FCAM, and fees charged by the mutual fund's investment manager. FCAM clients are responsible for all fees and expenses charged by the mutual fund in addition to the management fee charged by FCAM.

Item 12, Brokerage Practices, further describes the factors used in selecting or recommending broker-dealers for client transactions, including related conflicts of interest, and determining the reasonableness of their compensation.

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

FCAM does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

FCAM offers advisory services primarily to individuals, trusts, estates, charitable organizations, and Corporations.

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

Investing in securities involves risk of loss that clients should be prepared to bear.

FCAM will obtain comprehensive investment information about the prospective client and record such information on the financial planning or other questionnaire. FCAM will use the above information to monitor the ongoing activity in the client's account and ensure that such activities are in accordance with the financial requirements and investment objectives shown in information obtained and documented in client interviews.

Asset allocation models consist of mutual funds and are chosen by the client. Multiple allocations are available depending on a client's goals, risk tolerance and expectations. Such allocations are fixed to

specific groups of clients that fit certain criteria – portfolios are not specifically individualized. Clients may not impose restrictions on the allocations.

Specific asset management includes but is not limited to; periodic rebalancing (or choosing not to rebalance, if conditions warrant) of the asset allocation models chosen by the client. Rebalancing is at the discretion of FCAM, and is partially based on, but not limited to, market movement, market environment, client risk tolerance, client risk capacity, asset performance, percent to total deviation from allocation models and manager performance. Other parts of the asset management process include quarterly market commentary and the annual (or more frequent, at the discretion of the applicant) review of the investment / fund managers allocated.

Material Risks

The list of risk factors below is not a complete enumeration or explanation of the risks involved in an investment through FCAM or any of the client portfolios it manages. It is possible that some of the investment vehicles and direct investments selected by FCAM will not meet all the above criteria, and that some or all the investments selected by FCAM will not perform as anticipated. Depending on conditions and trends in the financial and securities markets and the economy in general, FCAM may pursue any objectives, employ any investment techniques or purchase any type of security that it considers appropriate and in the best interests of clients that may not be described subject to restrictions imposed by clients. There can be no assurance that the FCAM's investment strategy will achieve profitable results, and results may vary substantially over time. Past performance of a portfolio or past performance of FCAM or its affiliates are not indicative of future results. Investors risk the loss of their entire investment.

Note that the risks below are also applicable to the extent that a mutual fund recommended by FCAM holds the types of securities described below.

Common Stock Risk. Common stock risks include the financial risk of selecting individual companies that do not perform as anticipated, the risk that the stock markets in which a portfolio invests may experience periods of turbulence or instability, and the general risk that domestic and global economies may go through periods of decline and cyclical change.

Small and Mid-Cap Stocks Risk. Companies with small and medium market capitalizations are relatively small compared to large-capitalization companies; they may be engaged in business mostly within their own geographic region; and may be less well known to the investment community. Also, these companies often have less liquidity, less management depth, narrower market penetrations, less diverse product lines and fewer resources than larger companies. As a result of these factors, small and mid- capitalization stock prices have greater volatility than large company securities.

Growth Stock Risk. FCAM may invests in companies or mutual funds that contain what appear to be growth-oriented companies. If perceptions of a company's growth potential are wrong, the securities purchased may not perform as expected, reducing a client portfolio's return.

Foreign Securities Risk. Investments in foreign securities involve greater risks compared to domestic investments for the following reasons: foreign companies may not be subject to the regulatory requirements of United States companies, so there may be less publicly available information about foreign issuers than United States companies; foreign companies generally are not subject to uniform accounting, auditing and financial reporting standards; foreign countries may offer limited investor protections or place limitations on shareholder rights and remedies, particularly for foreign investors; dividends and interest on foreign securities may be subject to foreign withholding taxes and such taxes may reduce the net return to client accounts; and foreign securities are often denominated in a currency other than the United States dollar. Accordingly, client portfolios will be subject to the risks associated with fluctuations in currency values. Issuers of foreign securities may still be subject to the risk of expropriation, confiscation, taxation, currency blockage, or political or social instability, any of which could negatively affect client portfolios.

Emerging Markets Risk. Risks described above for Foreign Securities Risk are applicable in emerging markets, and are typically more pronounced. Additionally, investments in developing countries may

experience high rates of inflation or sharply devalue their currencies against the United States dollar, causing the value of investments in companies located in those countries to decline. Transaction costs are often higher in developing countries, and there may be delays in the settlement process.

Portfolio Turnover Risk. A mutual fund selected by FCAM may engage in aggressive portfolio trading, and could, thus, experience high turnover. A high rate of portfolio turnover in any year may increase brokerage commissions paid and could generate greater taxes for client portfolios on realized investment gains.

Investment Concentration. At times, a substantial portion of a portfolio's assets may be invested in the securities of a limited number of issuers, including mutual funds. Investing a significant portion of a portfolio's assets in a single issuer will make the portfolio susceptible to a greater degree than would otherwise be the case to risks affecting investments in such issuer. Such concentration of investments will increase the volatility of the value of the portfolio's portfolio investments.

Management Risk. Client portfolios are subject to management risk because they are actively managed by FCAM. FCAM will apply its investment techniques and risk analyses in making investment decisions for client portfolios, but there is no guarantee that its decisions will produce the intended result.

Risks Related to Regulation. Laws and regulations affecting our business change from time to time, and we are currently operating in an environment of significant regulatory reform, both in the U.S. and globally. We cannot predict the effects, if any, of future legal and regulatory changes on our business or the services we provide.

Risks Related to Technology and Cyber Security. We and our clients depend heavily on telecommunication, information technology and other operational systems, whether ours or those of others (such as custodians, financial intermediaries, transfer agents and other parties to which we or they outsource the provision of services or business operations). These systems may fail to operate properly or become disabled as a result of events or circumstances wholly or partly beyond our or their control. Further, despite implementation of a variety of risk management and security measures, our information technology and other systems, and those of others, could be subject to physical or electronic break-ins, unauthorized tampering or other security breaches, resulting in a failure to maintain the security, availability, integrity and confidentiality of data assets. Technology failures or cyber security breaches, whether deliberate or unintentional, including those arising from use of third-party service providers or client usage of systems to access accounts, could have a material adverse effect on our business or our clients and could result in, among other things, financial loss, reputational damage, regulatory penalties or the inability to transact business.

Reliance on Key Management Personnel - The success of FCAM's investment strategies will depend, in substantial part, upon the skill and expertise of Messrs. Leeb and Traub. The death, disability or departure of either may adversely affect our business and performance.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the Adviser or the integrity of its management. FCAM has no applicable disciplinary information.

Item 10 – Other Financial Industry Activities and Affiliations

William Leeb, Owner, President, and Chief Investment Officer of FCAM, is also the Owner and President and Owner of Financial Council, Inc.(FCI), a SEC-registered investment adviser. Financial Council, Inc. is a planning firm that refers clients to FCAM. There are no other sources of client referrals to FCAM. He is also a FINRA registered representative and investment adviser representative of Commonwealth Financial Network ("Commonwealth").

Mark Traub, Owner, Chief Operations Officer, and Chief Compliance Officer of FCAM is also a FINRA registered representative and investment adviser representative of Commonwealth.

As registered representatives and investment advisory representatives of Commonwealth Financial, William Leeb and Mark Traub and investment adviser representatives of FCI are required to place all FCAM client brokerage business through Commonwealth. As such they may receive commissions on investment products sold or placed through Commonwealth not related to FCAM, and may also receive commissions and/or renewals on various insurance products they may solicit. This is in addition to any compensation received by portfolio managers from the Adviser.

As a practice, clients of FCAM pay no commissions or transaction fees for funds traded in their portfolios, as transaction fees and commissions are rebated back to clients. Trading costs are ultimately borne by FCAM. As a general practice FCAM does not accept client directed broker arrangements. However, any client who directs FCAM to use a specific broker may pay higher commission rates or receive less favorable execution on same transactions than non-directing clients, at least in part because the directed broker may maintain a higher commission schedule. In such instances where the client directs FCAM to use a specific broker, the commission rate may be negotiated by the client or by the FCAM depending on the arrangement, or client instructions.

FCAM compensates FCAM-approved, properly licensed solicitors and investment adviser representatives of Commonwealth up to 79% of the fee collected for the referral of clients to FCAM and for performing certain administrative tasks and for conducting the annual client review and update. Solicitors of FCAM have entered into and are bound by a Solicitor's Agreement with FCAM. Reference Item 14 below.

Item 11 – Code of Ethics

The FCAM Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of the employees and owners of FCAM do not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

In addition, the Code of Ethics describes FCAM's standard of business conduct and fiduciary duty to its clients. It includes provisions relating to the confidentiality of client information, a prohibition on insider trading, preclearance of certain securities, reporting of securities holdings and transactions, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, among other things. FCAM has also outlined sanctions for failing to comply with these policies and procedures.

FCAM and its principals may, from time to time, buy or sell the same securities recommended to clients in their own account(s). All related persons are required to submit personal securities logs every month for review by the CCO. Any conflicting transactions of a related person are denied. A copy of FCAM's Code of Ethics is available on request.

Specific to ERISA, IRA, Roth IRA, Keogh, or 401K accounts ("Retirement Investor"). FCAM confirms that with respect to Retirement Investors it is acting as a fiduciary as defined by the Department of Labor and that advice is based on the investment needs of the advice recipient. As a fiduciary, FCAM complies with the following Impartial Conducts Standards:

- FCAM will act in the best interest of client. This is defined as acting with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives, risk tolerance, financial circumstances and needs of the Retirement Investor, without regard to the financial or other interests of FCAM, or any affiliate, related entity or other party.
- Compensation received by FCAM (or its affiliates or related entities) with respect to any

recommended transactions will be reasonable.

- FCAM and its employees will not make any materially misleading statements to the Retirement Investor about recommended transactions, fees and compensation, conflicts of interest and any other matters relevant to the Retirement Investor's investment decisions.

Insider Trading Policy

FCAM has adopted an "Insider Trading" policy in accordance with Section 204A of the Advisers Act, which prohibits the misuse of material nonpublic information by FCAM and all of its employees. In addition, the code of ethics contains restrictions on using inside information to engage in any personal transactions or to disclose any material nonpublic information. Any FCAM officer, employee or other access person who fails to observe the above-described policies risks serious sanctions, including dis- missal and personal liability.

FCAM provides a copy of the Code of Ethics to any client or prospective client upon request. To obtain a copy of FCAM's code of ethics, please write to Mark Traub, Chief Compliance Officer.

Item 12 – Brokerage Practices

Directed Brokerage

FCAM suggests that all investment purchases be made through Commonwealth Financial ("Commonwealth"), of which the principals, solicitors and advisory representatives of the applicant are registered representatives and as such are required to place all brokerage business through Commonwealth.

Commonwealth, at its discretion, offers its registered representatives, including employees of FCAM, one or more forms of financial benefits based on total AUM held at Commonwealth. The types of financial benefits that some FCAM employees, in their role as representatives of Commonwealth, receive from Commonwealth include, but are not limited to, discounts or waivers on transaction, platform, and account fees; technology fees; research package fees; financial planning software fees; administrative fees; brokerage account fees; account transfer fees; and the cost of attending conferences and events. These financial benefits that advisory representatives may receive from Commonwealth are a conflict of interest, and provide a financial incentive for employees of FCAM to select Commonwealth as broker/dealer for your accounts over other broker/dealers from which they may not receive similar benefits. FCAM attempts to mitigate this conflict of interest by disclosing the conflict in this brochure and engaging in a regular review of our relationship with Commonwealth to ensure the relationship continues to be appropriate in all respects for our firm's clients.

Best Execution

A registered investment adviser has a duty to attempt to obtain the "best execution" for its clients' securities transactions. As such, an adviser should periodically and systematically evaluate the performance of broker/dealer executing its client's transactions. The term "best execution" is meant to include not only commission expense, but to encompass the total cost of the securities transaction. Since trading is a repetitive, continuous process, each trade communicates information about an adviser's underlying trading procedures. This information can then be used to evaluate whether an investment manager is consistently seeking to achieve best execution and whether he/she is meeting that objective. In summary, "best execution" refers to a well-designed trade execution process made with the intention of maximizing the value of client portfolios under the circumstances at the time.

FCAM will evaluate the broker that it uses for executions. In trying to obtain "best execution," each financial planner, or trader, must consider the below factors, as applicable, when placing securities transactions with a broker/dealer. Given that FCAM generally recommends mutual fund transactions to clients, many of the factors below may not be applicable.

- Execution capability;
- Value of research provided;
- The amount of business with the broker-dealers and the justification for directing trades to those brokers-dealers;
- Gross compensation paid to the broker-dealer;
- Competitiveness of commission rates and spreads, as applicable, including the documentation to support such competitiveness, *i.e.*, comparison of “standard” commission rates or “minimum” transaction costs between B/Ds offering comparable products and services;
- Statistics or other information by independent consultants on relative quality of executions/financial services by broker-dealers;
- Financial strength (net capital) of broker-dealers;
- Ability to respond promptly to investor/adviser inquiries during volatile markets;
- Availability of initial public offerings (IPOs) to investment advisers for subsequent allocation to clients;
- The ability of the broker-dealer to handle a mix of trades, *i.e.*, block trades and odd lots;
- The willingness and ability of a broker to “work” large or difficult trades for the adviser’s clients to obtain best executions;
- Whether advisory client may be inconvenienced or ill-served by the geographical distribution of the broker-dealer offices;
- Whether the broker-dealer is equipped to handle electronic trade entry and reporting links with the Adviser;
- The value of privacy considerations, liquidity, price improvement, and lower commission rates on electronic communications networks (ECNs);
- Opportunity costs, *i.e.*, the cost associated with the opportunity to work with a major broker-dealer that may offer a wide variety of products and services. Opportunity cost might also be associated with “boutique” firms which only deal with specialized products;
- Adequacy of the broker-dealer’s back office staff to efficiently handle trading activity, especially in volatile or high-volume markets;
- Statistics on securities executions and the frequency of trading errors;
- Comparison of transaction costs between directed and non-directed client accounts; and,
- The overall responsiveness of broker-dealers, *i.e.*, how well the broker-dealer serves the Adviser and its clients.

When investing in mutual funds securities, mutual funds offer various share classes available for purchase. Each separate share class is structured for investors with certain restrictions and fee charges associated with that class. FCAM endeavors to select for its clients the best share class available to the client when purchasing mutual fund securities. FCAM takes into consideration fees, loads, purchase, sale and other restrictions prior to purchasing any specific class of shares for its clients, so that the client may obtain the best share class option for their specific investment needs.

Soft Dollars

FCAM does not engage in any formal soft dollar arrangements with any broker. From time to time, FCAM does receive research material from Commonwealth, its executing broker dealer. It should be noted that FCAM does not pay for any such research and all research provided to FCAM by Commonwealth is the

standard research Commonwealth provides to all of its registered representatives. Receiving research from Commonwealth could be perceived to be a conflict of interest regarding its clients and broker selection, but we believe this perceived conflict is not an actual conflict given that FCAM does not choose Commonwealth based on research but based on the best interest of clients and given our status as representatives registered through Commonwealth.

It is the practice of FCAM to rebate back to its active, fee-paying clients the execution fees and 12b-1 fees paid to registered representatives of Commonwealth associated with the clients' purchase of mutual fund shares through Commonwealth. Through this practice, FCAM strives to mitigate any conflicts that may arise between it and Commonwealth regarding research and other fees associated with execution.

Trade Errors

At no time will FCAM's clients be disadvantaged by trade errors. All errors in client accounts will be recorded and resolved in the client's favor as soon as practicable. FCAM will maintain a list of trading errors relating to client accounts. The list will detail the transaction date of the trading errors, securities involved, broker-dealer involved, and a summary of the error and its solution. If any financial disbursements were made to the client or to FCAM as a settlement of the trading error, they will be disclosed detailing the amount in the list of trading errors relating to client accounts.

Item 13 – Review of Accounts

Model allocation portfolios are reviewed no less than annually and are representative of the client portfolios under management. Individual client portfolios are reviewed no less than quarterly. Triggers that may cause management activity may include fund or asset style drift, management changes at the fund company level, asset class percent to total deviation of +/- 5%; domestic and global economic indicators, domestic and /or global events (natural or man-made), as well as any other situation that may impact the integrity of a client's stated risk tolerance, capacity or financial goals/needs.

The Investment Review Committee is composed of William M. Leeb, President and Chief Investment Officer, and Mark Traub, Chief Operating Officer and Chief Compliance Officer. Accounts are reviewed with the client and updated no less than annually or as the situation demands or warrants.

Regular Reports Provided to Clients

FCAM provides quarterly account summary and performance reports in addition to those reports and statements provided by those custodians, trust companies, mutual funds, record keepers, and broker-dealers that are included in the client's portfolio. FCAM urges all clients to carefully review their custodial statements and compare the official custodial records to FCAM reporting. Adviser statements may vary from custodial statements based on various factors including accounting procedures, reporting dates, non-managed assets held by the custodian, or valuation methodologies of certain securities. Especially with regard to cost basis, FCAM recommends that clients rely on the statements of their qualified custodian.

Item 14 – Client Referrals and Other Compensation

In certain cases, FCAM pays a percentage of the management fee for client referrals. FCAM adheres to the safe harbor conditions found in Rule 206(4)-1 and Rule 206(4)-3 under the Investment Advisers Act of 1940.

At the time of the solicitation or testimonial, each prospective client will receive a copy of the solicitor's written disclosure document, which includes:

- The name of the solicitor;
- The name of the investment adviser to whom clients are being referred (FCAM);
- The nature of the relationship between the adviser and the solicitor;

- A statement that the solicitor is being compensated for referring the client to the adviser;
- The terms of the compensation arrangement between the adviser and the solicitor; and,
- Whether or not the client is going to have to pay more in fees than he/she would otherwise have to pay had there been no solicitor's compensation.

As registered representatives and investment advisory representatives of Commonwealth Financial, William Leeb and Mark Traub are required to place all FCAM client brokerage business through Commonwealth. As such they receive commissions on investment products sold or placed through Commonwealth unrelated to FCAM and may also receive commissions and/or renewals on various insurance products they may solicit. Please see Item 12, Brokerage Practices, for additional information regarding the use of Commonwealth for brokerage transactions.

FCAM compensates FCAM-approved, properly licensed solicitors and investment adviser representatives of Commonwealth and FCI acting as solicitors up to 79% of the fee collected for the referral of clients to the applicant and for performing certain administrative tasks and for conducting the annual client review and update. Solicitors of FCAM have entered into and are bound by a Solicitor's Agreement with FCAM.

Item 15 – Custody

FCAM does not have custody of clients' funds or securities. Clients receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. FCAM urges clients to carefully review such statements and compare such official custodial records to the FCAM performance reports. FCAM reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Especially with regard to cost basis, FCAM recommends that clients rely on the statements of their qualified custodian.

Although FCAM does not have custody of client funds, FCAM does arrange to direct payments to third parties on behalf of its clients, therefore having access its client's assets, for this purpose. An investment adviser that enters into such an arrangement with its client would therefore have custody of client assets and would be required to comply with the Custody Rule. However, FCAM will comply with the following procedures in order to not be deemed in violation of Section 206(4) of, and Rule 206(4)-2 under, the Advisers Act: against an investment adviser if that adviser does not obtain a surprise examination where it acts pursuant to

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name (IRS), and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
- The client can terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Item 16 – Investment Discretion

At the start of a client relationship, the client grants FCAM the discretionary authority to manage a clients' account by executing an asset management agreement. Investment discretion as to the type and quantities of securities to be bought and sold or exchanged is limited to those funds or securities that fit the client's profile, based on the asset management agreement, risk tolerance, and capacity, prospectus receipt, client allocation model and to either rebalance the client portfolio, sell shares for client income needs, replace a fund or funds and/or managers, etc.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, FCAM does not accept any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for all securities maintained in client portfolios. FCAM may provide advice to clients regarding the clients' voting of proxies.

Item 18 – Financial Information

A registered investment adviser is required to provide you with certain financial information or disclosures about its financial condition. FCAM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.