

# Compass Advisory Partners, LLC

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## **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Compass Advisory Partners LLC. If you have any questions about the contents of this brochure, contact us at 931-400-0012 or [tgiffey@fidelisfinancialstrategies.com](mailto:tgiffey@fidelisfinancialstrategies.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Compass Advisory Partners LLC is a registered investment advisory firm registered with the appropriate regulatory authority. Registration does not imply a certain level of skill or training. Additional information about Compass Advisory Partners, LLC also is available on the SEC's website at [www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).

## **Item 2 Summary of Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated February 27, 2020, we have no material changes to report.

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## Item 4 Advisory Business

### General Information

Compass Advisory Partners, LLC ("Compass") was formed in 2008, and provides financial planning and portfolio management services to its clients.

Travis W. Giffey is the sole principal owner of Compass. Please see Brochure Supplements, Exhibit A, for more information on Mr. Giffey and other individuals who formulate investment advice and have direct contact with clients, or have discretionary authority over client accounts.

As of December 31, 2020, Compass managed \$215,810,691 on a discretionary basis, and no assets on a non-discretionary basis. Compass does not participate in or offer any wrap programs.

### **SERVICES PROVIDED**

At the outset of each client relationship, Compass spends time with the client, asking questions, discussing the client's investment experience and financial circumstances, and reviewing options for the client. Based on its reviews, Compass generally develops with each client:

- a financial outline for the client based on the client's financial circumstances and goals, and the client's risk tolerance level (the "Financial Profile" or "Profile"); and
- the client's investment objectives and guidelines (the "Investment Plan" or "Plan").

The Financial Profile is a reflection of the client's current financial picture and a look to the future goals of the client. The Investment Plan outlines the types of investments Compass will make or recommend (both) on behalf of the client to meet those goals. The Profile and the Plan are discussed regularly with each client, but are not necessarily written documents.

With respect to any account for which Compass meets the definition of a fiduciary under Department of Labor rules, Compass acknowledges that both Compass and its Related Persons are acting as fiduciaries. Additional disclosure may be found elsewhere in this Brochure or in the written agreement between Compass and Client.

### Financial Planning

Compass offers both *Limited and Full Financial Planning* services to those clients in need of such services in conjunction with Portfolio Management services. Compass's *Limited Financial Planning* services normally address areas such as general cash flow planning, retirement planning, and insurance analysis. The goal of this service is to assess the financial circumstances of the client in order to more effectively develop the client's Investment Plan. Limited Financial Planning is not offered as a stand-alone service or for a separate fee.

If requested, Compass will provide a client with *Full Financial Planning* services for a separate and additional fee. These more comprehensive services are provided in conjunction with Portfolio Management services and may include advice that addresses one or more areas of a client's financial situation, such as estate planning, risk management, budgeting and cash flow controls, retirement planning, education funding, and investment portfolio design. A client is under no obligation to act upon any of the recommendations made by Compass under any financial planning arrangement and/or to engage the services of any recommended professional.

### Portfolio Management

Most clients choose to have Compass Advisory Partners, LLC manage their assets in order to obtain ongoing in-depth advice and life planning. As described above, at the beginning of a client relationship, Compass meets with the client, gathers information, and performs research and analysis as necessary to develop the client's Investment Plan. The Investment Plan will be updated from time to time when requested by the client, or when determined to be necessary or advisable by Compass based on updates to the client's financial or other circumstances.

To implement the client's Investment Plan, Compass will manage the client's investment portfolio on a discretionary basis. As a discretionary investment adviser, Compass will have the authority to supervise and direct the portfolio without prior consultation with the client.

Notwithstanding the foregoing, clients may impose certain written restrictions on Compass in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments in an investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship. Each client should note, however, that restrictions imposed by a client may adversely affect the composition and performance of the client's investment portfolio. Each client should also note that his or her investment portfolio is treated individually by giving consideration to each purchase or sale for the client's account. For these and other reasons, performance of client investment portfolios within the same investment objectives, goals and/or risk tolerance may differ and clients should not expect that the composition or performance of their investment portfolios would necessarily be consistent with similar clients of Compass.

### Separate Account Managers

When appropriate and in accordance with the Investment Plan for a client, Compass may utilize one or more Separate Account Managers, each a "Manager". Having access to various Managers offers a wide variety of manager styles, and offers clients the opportunity to utilize more than one Manager if necessary to meet the needs and investment objectives of the client. Compass will recommend the Manager(s) it deems most appropriate for the client. Factors that Compass considers in recommending Managers generally includes the client's stated investment objective(s), management style, performance, risk level, reputation, financial strength, reporting, pricing, and research.

The client will select one or more Managers recommended by Compass. The Manager(s) will generally be granted discretionary trading authority to provide investment supervisory services for the portfolio.

With respect to assets managed by a Manager, Compass's role will be to monitor the overall financial situation of the client, to monitor the investment approach and performance of the Manager(s), and to assist the client in understanding the investments of the portfolio.

### **Types of Investments**

We offer advice on equity securities, certificates of deposit, municipal securities, variable annuities, mutual fund shares, United States government securities, options contracts on securities, money market funds, REITs and ETFs.

Additionally, we may advise you on various types of investments based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

Since our investment strategies and advice are based on each client's specific financial situation, the investment advice we provide to you may be different or conflicting with the advice we give to other clients regarding the same security or investment.

## Item 5 Fees and Compensation

### General Fee Information

Fees paid to Compass are exclusive of all custodial and transaction costs paid to the client's custodian, brokers or other third party consultants. Please see Item 12 - Brokerage Practices for additional information. Fees paid to Compass are also separate and distinct from the fees and expenses charged by mutual funds, ETFs (exchange traded funds) or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials). The client should review all fees charged by funds, brokers, Compass and others to fully understand the total amount of fees paid by the client for investment and financial-related services.

### Financial Planning Fees

Compass generally provides *Limited Financial Planning* services to clients in conjunction with managing the client's investment portfolio and is compensated by the portfolio management fee.

In some instances, Compass will provide more extensive *Full Financial Planning* services to portfolio management clients requesting such services. Compass will assess a separate fee for such projects, which will be negotiated at the time of the engagement. Fees are based on an hourly arrangement and range from \$125 to \$200 per/hour, depending on the financial professional providing the service and the scope of the engagement. Fees are payable upon delivery of the financial plan.

Since financial planning is a discovery process; situations occur wherein the client is unaware of certain financial exposures or predicaments. In the event that the client's situation is substantially different than disclosed at the initial meeting, a fee will be provided for mutual agreement. The client must approve the change of scope in advance of the additional work being performed when a fee increase is necessary.

We will not require prepayment of a fee more than six months in advance and in excess of \$1,200.

You may terminate the financial planning agreement upon written notice to our firm. If you have pre-paid financial planning fees that we have not yet earned, you will receive a prorated refund of those fees. If financial planning fees are payable in arrears, you will be responsible for a prorated fee based on services performed prior to termination of the financial planning agreement.

### Portfolio Management Fees

The annual fee schedule, based on a percentage of assets under management, is as follows:

First \$250,000	1.50%
Next \$250,000	1.35%
Next \$500,000	1.15%
Next \$1,500,000	1.00%
Next \$2,500,000	0.80%
Balance over \$5,000,000	0.70%

Compass does not generally impose a minimum annual fee, but may, at its discretion, make exceptions to the foregoing or negotiate special fee arrangements where Compass deems it appropriate under the circumstances.

Portfolio management fees are generally payable quarterly, in advance. If management begins after the start of a quarter, fees will be prorated accordingly. Fees are prorated for asset flows exceeding \$1,000. With client authorization and unless other arrangements are made, fees are normally debited directly from client account(s).

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

Either Compass or the client may terminate their Investment Management Agreement at any time, subject to any written notice requirements in the agreement. In the event of termination, any paid but unearned fees will be promptly refunded to the client based on the number of days that the account was managed, and any fees due to Compass from the client will be invoiced or deducted from the client's account prior to termination.

#### Separate Account Manager Fees

When one or more Managers are utilized, the Manager(s)' fees will be separate from and in addition to Compass's fee.

#### Other Compensation

Various associates of Compass are also licensed to sell insurance in Tennessee and other states. In providing advisory services, the associates may recommend the purchase of products under circumstances where he/she would be entitled to receive a commission or other compensation in the transaction. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm. In all such circumstances, however, the client will be notified of this payment in advance of the transaction, and under no circumstances will the client pay both a commission to the associate and a management fee to Compass on the same pool of assets.

Certain of Compass' employees are also Registered Representatives of FSC Securities Corporation ("FSC"), a FINRA and SIPC member, and registered broker/dealer. As such, they are entitled to receive commissions or other remuneration on the sale of insurance as well as other products. This practice presents a conflict of interest because persons providing investment advice to advisory clients on behalf of our firm who are registered representatives have an incentive to recommend investment products based on the compensation received rather than solely based on your needs. To protect client interests, Compass' policy is to disclose all forms of compensation before any such transaction is executed. Clients will not pay both a commission to these individuals and also pay an advisory fee to Compass on assets held in the same account. These fees are exclusive of each other.

As a result of this relationship, FSC may have access to certain confidential information (i.e., financial information, investment objectives, transactions, and holdings) about Compass clients, even if the client does not establish any account through FSC. If you would like a copy of the FSC privacy policy, please contact Travis Giffey, Chief Compliance Officer of Compass.

## **Item 6 Performance-Based Fees and Side-By-Side Management**

Compass does not have any performance-based fee arrangements. "Side-by-Side Management" refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because Compass has no performance-based fee accounts, it has no side-by-side management.

## **Item 7 Types of Clients**

Compass serves individuals, corporations, charitable organizations, trusts, and estates. Although Compass does not have an established minimum portfolio size or annual fee, Compass does retain the right to impose such minimums under appropriate circumstances.

We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

### Methods of Analysis and Investment Strategies

In accordance with the Investment Plan, Compass will primarily invest in mutual funds and ETFs, but may also utilize additional types of investments such as common stocks, individual bonds, Separate Account Managers and others.

### Methods of Analysis

Mutual funds and ETFs are generally evaluated and selected based on a variety of factors, including, as applicable and without limitation, past performance, fee structure, portfolio manager, fund sponsor, overall ratings for safety and returns, and other factors.

In selecting individual stocks for an account, Compass generally applies traditional fundamental analysis including, without limitation, the following factors:

- Financial strength ratios;
- Price-to-earnings ratios;
- Dividend yields; and
- Growth rate-to-price earnings ratios

Compass may also incorporate other methods of analysis, such as technical analysis, which involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.

### Investment Strategies

Compass' strategic approach is to invest each portfolio in accordance with the Plan that has been developed specifically for each client. This means that the following strategies may be used in varying combinations over time for a given client, depending upon the client's individual circumstances.

Long Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.



Short Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short term price fluctuations.

Short Sales - a securities transaction in which an investor sells securities he or she borrowed in anticipation of a price decline. The investor is then required to return an equal number of shares at some point in the future. A short seller will profit if the stock goes down in price.

Margin Transactions - a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.

Trading - generally considered holding a security for less than thirty (30) days.

Options Trading/Writing - a securities transaction that involves buying or selling (writing) an option. If you write an option, and the buyer exercises the option, you are obligated to purchase or deliver a specified number of shares at a specified price at the exercise of the option regardless of the market value of the security at expiration of the option. Buying an option gives you the right to purchase or sell a specified number of shares at a specified price until the date of expiration of the option regardless of the market value of the security at expiration of the option.

Risk of Loss While Compass seeks to diversify clients' investment portfolios across various asset classes consistent with their Investment Plans in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money.

Below is a description of several of the principal risks that client investment portfolios face.

*Management Risks.* While Compass manages client investment portfolios, or recommends one or more Managers, based on Compass's experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that Compass or a Manager allocates client assets to individual securities and/or asset classes that are adversely affected by unanticipated market movements, and the risk that Compass's specific investment choices could underperform their relevant indexes.

*Risks of Investments in Mutual Funds, ETFs and Other Investment Pools.* As described above, Compass or a Manager(s) may invest client portfolios in mutual funds, ETFs and other investment pools ("pooled investment funds"). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

*Risks Related to Alternative Investment Vehicles.* From time to time and as appropriate, Compass may invest a portion of a client's portfolio in alternative vehicles. The value of client portfolios will be based in part on the value of alternative investment vehicles in which they are invested, the success of each of which will depend heavily upon the efforts of their respective Managers. When the investment objectives and strategies of a Manager are out of favor in the market or a Manager makes unsuccessful investment decisions, the alternative investment vehicles managed by the Manager may lose money. A client account may lose a substantial percentage of its value if the investment objectives

and strategies of many or most of the alternative investment vehicles in which it is invested are out of favor at the same time, or many or most of the Managers make unsuccessful investment decisions at the same time.

**Equity Market Risks.** Compass and any Manager(s) will generally invest portions of client assets directly into equity investments, primarily stocks, or into pooled investment funds that invest in the stock market. As noted above, while pooled investments have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

**Fixed Income Risks.**

Compass and any Manager(s) may invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

## **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 a client's evaluation of Compass or the integrity of Compass's management. Compass has no disciplinary events to report.

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

Certain of Compass' employees are also Registered Representatives of FSC Securities corporation ("FSC"), a FINRA and SIPC member, and registered broker/dealer. Please see **Item 5 - Fees and Compensation**, for additional information.

### **Recommendation of Other Advisers**

We may recommend that you use a third party money manager ("TPMM") based on your needs and suitability. We will not receive separate compensation, directly or indirectly, from the TPMM for recommending that you use their services. Moreover, we do not have any other business relationships with the recommended TPMM(s). Refer to the *Advisory Business* section above for additional disclosures on this topic.

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

### Code of Ethics and Personal Trading

Compass has adopted a Code of Ethics ("the Code"), the full text of which is available to you upon request. Compass's Code has several goals. First, the Code is designed to assist Compass in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisers Act of 1940, Compass owes fiduciary duties to its clients. Pursuant to these

fiduciary duties, the Code requires persons associated with Compass (managers, officers and employees) to act with honesty, good faith and fair dealing in working with clients. In addition, the Code prohibits such associated persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for Compass's associated persons. Under the Code's Professional Standards, Compass expects its associated persons to put the interests of its clients first, ahead of personal interests. In this regard, Compass associated persons are not to take inappropriate advantage of their positions in relation to Compass clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. From time to time, Compass's associated persons may invest in the same securities recommended to clients. Under its Code, Compass has adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for limitations on personal securities transactions of associated persons, reporting and review of such trading and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.

#### Participation or Interest in Client Transactions

As outlined above, Compass has adopted procedures to protect client interests when its associated persons invest in the same securities as those selected for or recommended to clients. In the event of any identified potential trading conflicts of interest, Compass's goal is to place client interests first.

Consistent with the foregoing, Compass maintains policies regarding participation in initial public offerings ("IPOs") and private placements to comply with applicable laws and avoid conflicts with client transactions. If a Compass associated person wishes to participate in an IPO or invest in a private placement, he or she must submit a pre-clearance request and obtain the approval of the Chief Compliance Officer.

Finally, if associated persons trade with client accounts (i.e., in a bundled or aggregated trade), and the trade is not filled in its entirety, the associated person's shares will be removed from the block, and the balance of shares will be allocated among client accounts in accordance with Compass's written policy.

## **Item 12 Brokerage Practices**

#### Best Execution and Benefits of Brokerage Selection

When given discretion to select the brokerage firm that will execute orders in client accounts, Compass seeks "best execution" for client trades, which is a combination of a number of factors, including, without limitation, quality of execution, services provided and commission rates. Therefore, Compass may use or recommend the use of brokers who do not charge the lowest available commission in the recognition of research and securities transaction services, or quality of execution. Research services received with transactions may include proprietary or third party research (or any combination), and may be used in servicing any or all of Compass's clients. Therefore, research services received may not be used for the account for which the particular transaction was effected.

Compass recommends that clients establish brokerage accounts with Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, as the qualified custodian to maintain custody of clients' assets. Compass will also execute trades for client accounts at Schwab, or may in some instances, consistent with Compass's duty of best execution and specific agreement with each

client, elect to execute trades elsewhere. Although Compass may recommend that clients establish accounts at Schwab, it is ultimately the client's decision to custody assets with Schwab. Compass is independently owned and operated and is not affiliated with Schwab.

Schwab Advisor Services provides Compass with access to its institutional trading, custody, reporting and related services, which are typically not available to Schwab retail investors. Schwab also makes available various support services. Some of those services help Compass manage or administer our clients' accounts while others help Compass manage and grow our business. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them. These services are not soft dollar arrangements, but are part of the institutional platform offered by Schwab. Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For Compass client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts. Schwab Advisor Services also makes available to Compass other products and services that benefit Compass but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Compass accounts, including accounts not maintained at Schwab. Schwab's products and services that assist Compass in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide pricing and other market data; (iv) facilitate payment of Compass's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Advisor Services also offers other services intended to help Compass manage and further develop its business enterprise. These services may include: (i) technology, compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Compass. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Compass. Schwab Advisor Services may also provide other benefits such as educational events or occasional business entertainment of Compass personnel. In evaluating whether to recommend that clients custody their assets at Schwab, Compass may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

#### Directed Brokerage

Compass does not generally allow directed brokerage accounts.

#### Aggregated Trade Policy

Each individual office location of Compass may enter trades as a block where possible and when advantageous to clients whose accounts have a need to buy or sell shares of the same security. This method permits the trading of aggregate blocks of securities composed of assets from multiple client accounts. It allows Compass to execute trades in a timely, equitable manner, and may reduce overall costs to clients.

Compass will only aggregate transactions when it believes that aggregation is consistent with its duty to seek best execution (which includes the duty to seek best price) for its clients, and is consistent with the terms of Compass's Investment Advisory Agreement with each client for which trades are being aggregated. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all Compass's transactions in a given security on a given business day. Transaction costs for participating accounts will be assessed at the custodian's commission rate applicable to each account; therefore, transaction costs may vary among accounts. Accounts may be excluded from a block due to tax considerations, client direction or other factors making the account's participation ineligible or impractical.

Compass will prepare, before entering an aggregated order, a written statement ("Allocation Statement") specifying the participating client accounts and how it intends to allocate the order among those clients. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement. If the order is partially filled, it will generally be allocated pro-rata, based on the Allocation Statement, or randomly in certain circumstances. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment, and the reason for different allocation is explained in writing and is approved by an appropriate individual/officer of Compass. Compass's books and records will separately reflect, for each client account included in a block trade, the securities held by and bought and sold for that account. Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the clients' cash nor their securities will be held collectively any longer than is necessary to settle the transaction on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement, and Compass will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation.

### **Mutual Fund Share Classes**

Mutual funds are sold with different share classes, which carry different cost structures. Each available share class is described in the mutual fund's prospectus. When we purchase, or recommend the purchase of, mutual funds for a client, we select the share class that is deemed to be in the client's best interest, taking into consideration cost, tax implications, and other factors. When the fund is available for purchase at net asset value, we will purchase, or recommend the purchase of, the fund at net asset value. We also review the mutual funds held in accounts that come under our management to determine whether a more beneficial share class is available, considering cost, tax implications, and the impact of contingent deferred sales charges.

## **Item 13 Review of Accounts**

Managed portfolios are reviewed at least quarterly, but may be reviewed more often if requested by the client, upon receipt of information material to the management of the portfolio, or at any time such review is deemed necessary or advisable by Compass. These factors generally include but are not limited to, the following: change in general client circumstances (marriage, divorce, retirement); or economic, political or market conditions. One or more Investment Adviser Representatives and/or firm principals review all accounts.

For those clients to whom Compass provides separate financial planning and/or consulting services, reviews are conducted on an as needed or agreed upon basis. Such reviews are conducted by one of Compass's investment adviser representatives or principals.

Account custodians are responsible for providing monthly or quarterly account statements which reflect the positions (and current pricing) in each account as well as transactions in each account, including fees paid from an account. Account custodians also provide prompt confirmation of all trading activity, and year-end tax statements, such as 1099 forms. In addition, Compass will provide additional reports at the request of the client.

## **Item 14 Client Referrals and Other Compensation**

As noted above, Compass receives an economic benefit from Schwab in the form of support products and services it makes available to Compass and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit our firm, and the related conflicts of interest are described in Item 12 - Brokerage Practices. The availability of Schwab's products and services to Compass is based solely on our participation in the programs and not in the provision of any particular investment advice.

As disclosed under the *Fees and Compensation* section in this brochure, persons providing investment advice on behalf of our firm are licensed insurance agents, and are registered representatives with FSC Securities Corporation, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. For information on the conflicts of interest this presents, and how we address these conflicts, refer to the *Fees and Compensation* section.

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with your account custodian.

## **Item 15 Custody**

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

Schwab is the custodian of nearly all client accounts at Compass. From time to time however, clients may select an alternate broker to hold accounts in custody. In any case, it is the custodian's responsibility to provide clients with confirmations of trading activity, tax forms and at least quarterly account statements. Clients are advised to review this information carefully, and to notify Compass of any questions or concerns. Clients are also asked to promptly notify Compass if the custodian fails to provide statements on each account held.

From time to time and in accordance with Compass's agreement with clients, Compass will provide additional reports. The account balances reflected on these reports should be compared to the balances shown on the brokerage statements to ensure accuracy. At times there may be small differences due to the timing of dividend reporting, pending trades or other similar issues.

**Trustee Services**

Persons associated with our firm may serve as trustees to certain accounts for which we also provide investment advisory services. In all cases, the persons associated with our firm have been appointed trustee as a result of a family or personal relationship with the trust grantor and/or beneficiary and not as a result of employment with our firm. Therefore, we are not deemed to have custody over the advisory accounts for which persons associated with our firm serve as trustee.

**Item 16 Investment Discretion**

As described above under **Item 4 - Advisory Business**, Compass manages portfolios on a discretionary basis. This means that after an Investment Plan is developed for the client's investment portfolio, Compass will execute that plan without specific consent from the client for each transaction. For discretionary accounts, a Limited Power of Attorney ("LPOA") is executed by the client, giving Compass the authority to carry out various activities in the account, generally including the following: trade execution; the ability to request checks on behalf of the client, and the withdrawal of advisory fees directly from the account. Compass then directs investment of the client's portfolio using its discretionary authority. The client may limit the terms of the LPOA to the extent consistent with the client's investment advisory agreement with Compass and the requirements of the client's custodian. The discretionary relationship is further described in the agreement between Compass and the client.

**Item 17 Voting Client Securities**

As a policy and in accordance with Compass's client agreement, Compass does not vote proxies related to securities held in client accounts. The custodian of the account will normally provide proxy materials directly to the client. Clients may contact Compass with questions relating to proxy procedures and proposals; however, Compass generally does not research particular proxy proposals.

**Item 18 Financial Information**

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. Compass does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore has no disclosure required for this item.

We have not filed a bankruptcy petition at any time in the past ten years.