

FOCUSPOINT SOLUTIONS, INC.

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[www.focuspointsolutions.com](http://www.focuspointsolutions.com)

This Brochure provides information about the qualifications and business practices of FocusPoint Solutions, Inc. If you have any questions about the contents of this Brochure, you may contact us at (503) 445-1957 or [info@focuspointsolutions.com](mailto:info@focuspointsolutions.com) to obtain answers and additional information. FocusPoint Solutions, Inc. is a registered investment adviser with the United States Securities and Exchange Commission ("SEC"). Registration of an investment adviser does not imply any level of skill or training. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about FocusPoint Solutions, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for FocusPoint Solutions, Inc. is 131195.

**Item 2 – Material Changes**

When required, we will ensure that our RIA Firm clients receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. A Summary of Material Changes is also included with our Brochure on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for FocusPoint Solutions, Inc. is 131195. Any Summary of Material Changes will be listed as "Exhibit A" to our Brochure. We may further provide other ongoing disclosure information about material changes as necessary and will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting us at (503) 445-1957 or [info@focuspointsolutions.com](mailto:info@focuspointsolutions.com). Our Brochure is provided free of charge.

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#### **Item 4 – Advisory Business**

FocusPoint Solutions, Inc. (“FPS”) is a SEC registered investment advisory firm located in Portland, Oregon. We provide turnkey management services and business solutions to both non-affiliated and affiliated registered investment advisory firms (collectively “RIA Firms”). FPS also provides asset allocation and asset model implementation as directed by our RIA Firm clients. We provide services to both existing RIA Firms as well as to RIA Firms who wish to transition their business from a commission-based model to a fee-based model. In either circumstance, FPS primarily operates transparently behind the scenes to support the RIA Firms in building and operating an efficient business.

The firm has been in business since 2004 and registered with the SEC since 2004. The principal owner and Chief Compliance Officer of the firm is Christopher K. Hicks.

FPS offers the following services as a part of the turnkey business solution:

Asset allocation and model implementation – As directed by RIA Firms, we provide numerous asset allocation model portfolios based upon Modern Portfolio Theory. Our approach uses broadly diversified portfolios and a systematic strategy to manage investments. The Asset Allocation Portfolios primarily include mutual funds. However, other investments such as exchange-traded funds, exchange-listed equity securities, certificates of deposit, municipal securities, U.S. government securities and money market funds may be utilized when suitable and appropriate to meet the guidelines provided us by the RIA firms. Additionally, we support RIA Firms with research, due diligence, reporting and portfolio analysis. See Item 8 for a description of the investment strategy.

These models are designed with varying risk return characteristics using multiple asset classes. The RIA Firms utilize these models to manage their clients’ (an “End Client”) accounts. We provide detailed research and analysis on the model portfolios and communicate on a systematic daily, weekly, monthly, and quarterly basis with RIA Firms. In connection with the implementation of investment models, we make periodic recommendations regarding changes in the models for the RIA Firm’s consideration and approval. We do not directly provide advisory services to, or have any direct relationship with the RIA Firm’s End Clients. We do not have discretionary authority over and do not manage the accounts on behalf of any End Clients. FPS, upon instructions from the RIA Firm, will transmit appropriate instructions of changes to the custodian. Through their RIA Firm, End Clients may impose reasonable restrictions on investing in certain securities or types of securities.

Individual advice and services are tailored by RIA Firms to the stated objectives of their End Client. The RIA Firm discusses with an End Client in detail critically important information such as their risk tolerance, time horizon, and projected future needs, to formulate an investment policy. The RIA Firm sends instructions to us in accordance with this policy which objectively and suitably guides the management of the End Client’s account. RIA Firms meet with End Clients as needed to review portfolio performance, discuss current issues, and re-assess goals and plans.

Fully outsourced virtual back office - We handle all initial account setup including tracking and follow-up of incoming transfers. On an ongoing basis, we handle all distributions, downloading, reconciliation, along with RIA Firm directed trading and approved rebalancing. The RIA Firm has access to all End Client investment account information, including reporting capability, through this web-based system.

End Clients of RIA Firms authorize them to use us to service their account, including billing and the deduction of fees. Those End Clients agree to allow the RIA Firm to share non-public, personal information with us for the purpose of administering and managing their account. RIA Firms require us to execute a confidentiality agreement and not share their End Clients' information with any unauthorized person or entity. The use of FPS will not cause End Clients to incur any additional fees. We deduct our fee from the total advisory fee charged to an End Client by the RIA Firm. RIA Firms' fee schedules are disclosed to their End Clients in their Brochures.

Training and presentation materials— We provide the RIA Firm with training on Modern Portfolio Theory and on presentation materials to use with End Clients to teach this concept. The RIA Firm has access to run customized client presentations including an Investment Policy Statement.

Business consulting — We work with the RIA Firm to help them develop an efficient business strategy. Areas of focus include improving time management and productivity, leveraging technology, increasing profitability, and creating more free time.

Strategic alliances — Through exclusive arrangements with various experts, we make available a support network to RIA Firms for marketing, compliance, and financial planning case writing.

We do not manage Wrap Fee programs.

We manage approximately \$4,424,266,835 of assets on a non-discretionary basis and \$0 of assets on a discretionary basis. These amounts were calculated as of December 31, 2020.

## Item 5 – Fees and Compensation

We provide services to RIA Firms primarily under the following tiered fee schedule:

Maximum Annual FPS Fees:

- .55% on assets up to \$10,000,000
- .50% on assets between \$10,000,001 - \$15,000,000
- .45% on assets between \$15,000,001 - \$20,000,000

RIA Firms with over \$20,000,000 in assets are charged a flat .45% on all assets and there is a \$20,000 per quarter minimum fee for FPS services. Additional fee that may be charged to the RIA Firm include, an initial advisor setup fee of \$10,000, a model installation fee of \$2,000 per Advisor model, and an annual technology setup and maintenance fee of \$2,500. Notwithstanding the above, fees are generally negotiable.

The RIA Firm must obtain authorization from the End Client to deduct fees from their accounts. The RIA Firm then assigns this right to us. As a part of our service to RIA Firms, we will bill the custodian and deduct the RIA Firm's fee from End Client accounts. Payment of fees may result in the liquidation of End Client's securities if there is insufficient cash in the account. We then deduct our fee from the total and forward the balance to the RIA Firm. Fees are generally charged quarterly in arrears to RIA Firms. The FPS fee is based on the market value of the End Client's account on the last trading day of the prior quarter. That said, FPS may adapt its fee process as needed to better accommodate how the RIA Firm calculates its own advisory fees. (For example, if an RIA Firm calculates and bills its advisory fees in advance, FPS may alter its billing process to match and therefore also bill in advance to be consistent with the RIA Firm's process.) If a process other than the above stated arrears process (using the market value of the End Client's account on the last trading day of the prior quarter) is to be used, FPS will discuss this procedural change with RIA Firms prior to implementation.

Market value includes all account values and transaction information as of the end of each quarter (not adjusted by any margin debit). To determine value, securities and other instruments traded on a market for which actual transaction prices are publicly reported are generally valued at the last reported sale price on the principal market in which they are traded. Mutual Funds are only valued once per day after the close of the market. Whenever valuation information for specific, illiquid, foreign, private or other investments is not available through pricing services or custodians, FocusPoint Solutions, Inc.'s approach will be to value at zero. We do this in order to not overvalue a position which could potentially over inflate billing calculations. Alternatively, we may also seek to obtain and document price information from at least one independent source, whether it be a broker-dealer, bank, pricing service or other source.

The quarterly fee will be equal to the annual rate, times the market value of the account for that quarter, divided by four. Fees for a partial quarter at the commencement or termination of an agreement will be prorated based on the number of days the account was open during the quarter. Quarterly fee adjustments for additional assets received into an account during a quarter or for partial withdrawals may also be provided as negotiated. We may modify the terms of the fee agreement by giving our RIA Firm clients 30 days written notice in advance.

Additionally, we provide RIA Firms, through a virtual office system, a quarterly invoice showing the value of the assets, amount of the fee, and how the fee was calculated. A technology fee will be charged

to RIA Firms for access to this virtual office system. Any fees we charge RIA Firms are fully disclosed in our service agreements.

RIA Firms do not pay any commissions or trading fees on any trades recommended by us. However, RIA Firms will be charged up to \$35.00 as an administrative fee by us for any RIA Firm (or End Client) directed trades. Notwithstanding the above, fees are generally negotiable.

RIA Firms generally pay all FPS services fees quarterly in arrears. Upon termination of any account, any fees which have been earned by us but not yet paid will be immediately due and payable. Any prepaid fees which remain unearned will be refunded. Whether fees have been earned or unearned will be made in the sole discretion of FPS.

All service agreements may be terminated by providing us with 30 day advance written notice. Upon termination, RIA Firm is responsible for all applicable charges including, but not limited to, full quarterly service and account administrative fees.

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

We do not charge any performance-based fees for our services or engage in side-by-side management. Accordingly, this item is not applicable to our firm.

#### **Item 7 – Types of Clients**

We provide primarily asset allocation implementation, turnkey services and business solutions to independent RIA Firms. We do not provide any advisory or other services directly to any End Clients of those RIA Firms. The RIA Firm has the sole and exclusive responsibility of providing any investment advice to their End Clients.

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

RIA Firms complete a statement of investment policy with their End Clients, outlining the investment philosophy, management procedures, and long-term goals. Based on that information provided us by the RIA Firms, we create broadly diversified portfolios in the worldwide fixed-income and equity markets, combined with periodic rebalancing. Portfolio design is further tailored by the independent RIA Firms to each End Client's risk tolerance and preferences. Fixed income and cash parts of portfolios emphasize safety of principal.

##### *Types of Investments*

As part of our core investment approach to implementing the RIA firm's portfolios, we primarily utilize mutual funds. However, we may also utilize other investments such as: exchange-traded funds, equity securities, debt securities, certificates of deposit, municipal securities, U.S. government securities and money market funds when suitable and appropriate. Each type of security has its own unique set of risks associated with it, and it would not be possible to disclose all of the specific risks of every type of investment in this brochure.

Mutual funds are professionally managed collective investment companies that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual or exchange traded funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Other fund risks include foreign securities and currency risk, emerging markets risk, small-cap, mid-cap and large-cap risk, trading risk, and turnover risk that can increase fund expenses and may decrease fund performance. Brokerage and transactions costs incurred by the fund will reduce returns.

ETFs are investment funds traded on stock exchanges, much like stocks or equities. An ETF holds assets such as stocks, commodities, or bonds and trades at approximately the same price as the net asset value of its underlying assets over the course of the trading day. Most ETFs track an index, such as the S&P 500. However, some ETFs are fully transparent actively managed funds. Market risk is, perhaps, the most significant risk associated with ETFs. This risk is defined by the day to day fluctuations associated with any exchange traded security, where fluctuations occur in part based on the perception of investors.

Individual equity securities (also known simply as "equities" or "stock") are assessed for risk in numerous ways. Price fluctuations and market risk are the most significant risk concerns. As such, the value of an investment can increase or decrease over time. Furthermore, stock prices can be affected by many factors including, but not limited to, the overall health of the economy, the health of the market sector or industry of the issuing company, and national and political events. When investing in stock, it is important to focus on the average returns achieved over a given period of time, across a well-diversified portfolio.

Individual debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

Primarily RIA Firms seek investments with a focus on Long Term Purchases, where securities are purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year. Sometimes RIA Firms require a Short Term Purchase strategy where securities are 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-term trading, in general, is selling securities within 30 days of purchasing the same securities.

#### *Methods of Analysis*

Generally, one or more of the following methods of analysis are used when implementing RIA Firm portfolios:

Top-Down Global Macro-Economic Analysis involves a big-picture analysis of the prevailing economic, demographic and social trends followed by a more focused analysis at the country level, then the industry level and ultimately the specific security level.

Mutual Fund/Exchange Traded Fund Analysis involves qualitative analysis looking at factors such as the background and experience of the fund manager and/or the fund company (style, consistency, risk-adjusted performance, management expenses, average daily trading volume, etc.).

Fundamental analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages. This type of analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

#### *Investment Risk of Loss*

As indicated in the descriptions above, investing in securities involves risk of loss that RIA Firm End Clients should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate End Clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that financial goals and objectives will be met. Past performance is in no way an indication of future performance.

Except as may otherwise be provided by law, we are not liable to RIA Firm clients (or their End Clients) for:

- Any loss that a RIA Firm (or their End Client) may suffer by reason of any investment decision made or other action taken or omitted in good faith by us with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use;
- Any loss arising from our adherence to a RIA Firm's (or their End Client's) instructions, or the disregard of our recommendations made to a RIA Firm client; or
- Any act or failure to act by a custodian or other third party to a RIA Firm's End Client account.

It is the responsibility of the RIA Firm to make sure we are provided complete information and to notify us of any changes in financial circumstances or goals of their End Client.

## **Item 9 – Disciplinary Information**

On September 6, 2012, and without admitting or denying any findings, FPS reached a consent settlement with the SEC primarily based on two issues: 1. The adequacy of disclosures regarding a support services and compensation agreement ("SSA") entered into with a broker-dealer; and 2. The accuracy of certain information regarding fees and compensation provided to the trustees of a mutual fund in connection with FPS seeking approval to act as a sub-advisor to the mutual fund. Prior to entering into the settlement, both issues had been remedied: The SSA disclosure by way of an updated and enhanced disclosure on our ADV 2A document; and the sub-advisor compensation by way of subsequent clarifying communications with the trustees of the mutual fund. Without admitting or denying any of the SEC's findings, pursuant to the SEC Order and Offer of Settlement, FPS and its owner, Chris Hicks, agreed to the following: Payment by FPS of a \$100,000 fine, retention of an independent compliance consultant, and disgorgement of approximately \$900,000 in fees earned over a multi-year period for services rendered per the support services agreement. Mr. Hicks was also assessed a fine of \$50,000 in his capacity as owner of FPS. FPS remains committed to observing the highest standards of integrity and regulatory compliance in all aspects of our operations. We welcome any inquiries regarding this matter.

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

### **Affiliated Entities:**

We are affiliated through common ownership and control with CS Planning Corp. (“CSP”), The H Group, Inc. (“THG”), The H Group Washington, Inc. (“THGWA”), MGM, LLC (“MGM”), and Distribution Consultants (“DC”). CSP, MGM, THG, THGWA, DC, and FPS are all under common control of Christopher K. Hicks who is considered a control person of each firm because he holds more than 25% ownership interest in each firm.

CSP, THG, THGWA, MGM, and DC are investment advisors registered with the Securities and Exchange Commission. CSP, THG, THGWA, and MGM offer a wide range of financial planning and investment advisory services through numerous advisor affiliates to the firm. DC serves as an investment advisor to a collective investment fund, and acts as a non-discretionary sub-advisor and investment research provider to independent investment advisor firms.

### **Other Investment Managers:**

On occasion, we may recommend and engage both affiliated and unaffiliated sub-advisors who provide customized investment portfolio management services. These services may include the construction of investment portfolios, execution of securities purchase and sale transactions, and portfolio administration, including tracking of and reporting on portfolio performance and investment results.

We are authorized by RIA Firms to share non-public, personal information with sub-advisors for the purpose of managing portfolios. However, we require any sub-advisor to execute a confidentiality agreement and not share non-public personal information with any unauthorized person or entity.

RIA Firms and/or their End Clients are generally required to enter into a separate advisory agreement with any sub-advisor. The use of sub-advisors may cause RIA Firms or their End Clients to incur additional fees. If applicable, any additional fees will be disclosed in a separate agreement with the sub-advisor.

## **Item 11 – Code of Ethics, Participation or Interest in *Client* Transaction & Personal Trading**

We have a Code of Ethics which all employees are required to follow. The Code of Ethics outlines our high standard of business conduct, and fiduciary duty to our Clients. The Code of Ethics includes provisions relating to the confidentiality of Client information, a prohibition on insider trading, personal securities trading procedures, improper use of Firm property, and diversion of investment and business opportunities, among other things.

A copy of the code of ethics is available to any Client or prospective Client upon request by contacting us at (503) 445-1957 [info@focuspointsolutions.com](mailto:info@focuspointsolutions.com). Brochures are provided free of charge.

FPS or individuals associated with our firm may buy and sell some of the same securities for their own account that we buy and sell for the End Clients of RIA Firms. Generally we will purchase or sell securities for these End Clients before purchasing or selling the same for our account or allowing representatives to purchase or sell the same for their own account. However, we do allow the accounts

of employees to be included in block trading alongside the accounts for RIA Firms and their End Clients. Further, the accounts of certain End Clients may not be included in a trade if the RIA Firm directs us not to include such accounts. In some cases we or our representatives may buy or sell securities for our own account for reasons not related to the strategies adopted for the RIA Firms we work with. Our employees are required to follow the Code of Ethics when making trades for their own accounts in securities which are recommended to and/or purchased for the RIA Firm accounts. The Code of Ethics is designed to assure that the personal securities transactions will not interfere with decisions made in the best interest of our RIA Firm clients while at the same time, allowing employees to invest their own accounts.

In the event a material conflict of interest not already discussed in this document should arise, we will disclose to our RIA Firm clients any material conflict of interest relating to us, our representatives, or any of our employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

As any advisory situation could present a conflict of interest, we have established the following restrictions to ensure our fiduciary responsibilities:

- A director, officer, associated person, or employee of FPS shall not buy or sell securities for his personal portfolio where his decision is substantially derived, in whole or in part, by reason of his employment unless the information is also available to the investing public on reasonable inquiry. No person of FPS shall prefer his or her own interest to that of any End Client.
- We maintain a list of all securities holdings for the firm and for anyone associated with its advisory practice that has access to advisory recommendations. An appropriate officer reviews these holdings on a regular basis.
- Any individual not in observance of the above may be subject to discipline up to and including termination.

## **Item 12 – Brokerage Practices**

End Client assets are held by independent third-party qualified custodians. FPS has established relationships with third-party custodians. Due to certain arrangements (described below) FPS does have an incentive to recommend Fidelity. However, FPS provides recommendations to RIA Firms in compliance with our fiduciary duty to seek best execution and with the Securities Exchange Act of 1934. We take into account such relevant factors as:

- Price;
- The custodian's facilities, reliability and financial responsibility;
- The ability of the custodian to effect transactions, particularly with regard to such aspects as timing, order size and execution of order;
- The research and related brokerage services provided by such custodian to us, notwithstanding that the account may not be the direct or exclusive beneficiary of such services; and
- Any other factors that we consider to be relevant.

We require RIA Firms to direct us as to the custodian to utilize for their End Clients' accounts. The SEC requires us to notify our RIA Firm clients that 1) not all registered investment advisors require their clients to provide direction as to what custodian to use, and 2) that there may be risk that an advisor is unable to achieve the most favorable execution of client transactions when the client directs the custodian. However, because we trade primarily in mutual funds, and because our services generally include transactions costs (unless we are directed otherwise by RIA Firms), this risk is all but eliminated. Regardless, our custodial relationships are periodically evaluated and renegotiated.

We recommend certain custodians to RIA Firms. Due to our aggregation of RIA Firm relationships with these custodians, we receive investment research products and/or services which assist us in our investment decision-making process. Such research generally will be used to service all RIA Firms. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because we do not have to produce or pay for the products or services.

FPS receives from custodians, without cost to us, computer software and related systems support, which allow us to better monitor accounts. We receive software and related support without cost because we render services to individuals that maintain assets with these custodians. The software and related systems support benefits us, but may not benefit the RIA Firms or their End Clients directly. FPS' receipt of economic benefits from a custodian creates a conflict of interest since these benefits may influence FPS' choice of one custodian over another that does not furnish similar software, systems support, or services. Additionally, we receive: receipt of duplicate End Client confirmations and bundled duplicate statements; access to a trading desk that exclusively service the custodians' respective institutional division participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to accounts; and access to an electronic communication network for order entry and account information.

Many of the above benefits are generally considered to be "soft dollar" arrangements. As a result of receiving such products and services for no cost, we have an incentive to recommend to RIA Firms custodians that offer soft dollar arrangements. However, these types of arrangements are similar and common to the custodial relationships of other registered investment advisory firms in the industry. FPS periodically evaluates custodians to determine whether the benefits we receive are reasonable in relation to the value of services provided to our RIA Firm clients.

FPS has entered into a support services agreement with Fidelity Brokerage Services LLC and National Financial Services LLC (together referred to as "Fidelity"). Under this agreement, Fidelity pays FPS a support fee based on a portion of total FPS serviced assets in the custody of Fidelity. However, FPS and Fidelity have agreed that no support fee payments will be made with respect to investments in transaction fee funds and Fidelity sponsored funds. Under this arrangement, FPS provides numerous and substantial services to RIA Firms that would normally be provided by the custodian (for example, back office, administrative, transition and clerical services). While this arrangement results in a cost savings for the custodian and increased costs for us, the receipt of this additional compensation may create an incentive for FPS to recommend funds available through the Fidelity platform for which (i) Fidelity is not a sponsor or manager, and (ii) transaction fees are not imposed (together, "NTF Funds"). It would not be unusual for the majority of investments made through the Fidelity platform to be in NTF Funds, for which FPS would receive support fees. Because FPS generally pays custodial trading costs for the trades recommended by us there may also be an incentive to make fewer trading recommendations in ordinary transaction fee funds in order to control our trading expenses. These

conflicts are mitigated by our fiduciary duty to put the RIA Firms' interests first. We make all recommendations based on whether the trade and/or fund is suitable, appropriate, and in the RIA Firms' best interest.

We may aggregate trades for accounts. The allocations of a particular security will be determined by us before the trade is placed with the broker. When practical, trades in the same security will be bunched in a single order (a "block") in an effort to obtain best execution at the best security price available. When employing a block trade:

- We will make reasonable efforts to attempt to fill orders by day-end.
- If the block order is not filled by day-end, we will allocate shares executed to underlying accounts on a pro rata basis.
- If a block order is filled (full or partial fill) at several prices through multiple trades, an average price will be used for all trades executed.
- All participants receiving securities from the block trade will receive the average price.
- While multiple blocks may be executed on a given day, only trades executed within a block may be combined for purposes of calculating the average price.

It is expected that this trade aggregation and allocation policy will be applied consistently. However, if application of this policy results in unfair or inequitable treatment, we may deviate from this policy.

Finally, it is our policy to minimize the occurrence of trade errors. Therefore, so long as FPS is notified in writing within five (5) business days from the date of settlement of the transaction, for any trade errors which are attributable to FPS occur, we shall take any steps necessary to put the RIA Firm or its End Client in the position it should have been but for the trade error. In the event we determine that a bona fide trade error has occurred which is attributable to FPS, we may move offsetting trades into our error account. Depending on the internal trade error policies and procedures of the particular custodian, our error account may be debited if the offsetting trade results in a loss or credited if the offsetting trade results in a gain. FPS' receipt of a credit for a gain creates certain conflicts of interest including influencing FPS' choice of a particular custodian over another that does not have a similar policy. In the event that Advisor does not provide FPS written notice within five (5) business days from the date of settlement for any trade error Advisor knew or should have been aware of, Advisor may be deemed by FPS to have waived its rights to reimbursement for any financial loss to Advisor or any of its clients' accounts resulting from the trade error.

### **Item 13 – Review of Accounts**

Each RIA Firm has a contractual relationship with their End Clients and determine the review policies within their firm. In order to aid RIA Firms with their End Client reviews processes, we provide web-based access for the RIA Firm to review all their End Clients' accounts and to provide extensive reporting to their End Clients as they desire. We provide analysis and reporting to the RIA Firm on a daily, weekly, monthly, and quarterly basis regarding model portfolios and recommended holdings.

The independent custodian provides the RIA Firms' End Clients a monthly statement reflecting current positions, purchases and sales, and all other activity in the account.

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

As disclosed under Item 12, we receive “soft dollars” from certain custodians. We also have entered into a Support Services Agreement with Fidelity. The conflicts of interest these types of arrangements present and how we deal with these conflicts are described in detail under Section 12, above.

### **Solicitor Relationships**

We have entered into agreements with independent recruiting firms to provide our sales team with contact information for independent investment advisor firms who may be candidates for our service model. In the event an advisor candidate engages us to provide services, we provide compensation to the independent recruiting firm. . These independent recruiting firms are deemed “Solicitor” arrangements under SEC Rule 206(4)-3 of the Investment Advisers Act of 1940 (the “Act”).

The Solicitor referral arrangement between us and these independent recruiting firms will be in writing. The writing will set forth the following:

- (a) the scope of the independent recruiting firm/Solicitor’s activities;
- (b) a covenant that the Solicitor will perform its activities consistent with our instructions and in compliance with the Act and associated rules; and
- (c) a covenant that the Solicitor will provide the Client with:
  - a copy of our Form ADV Part 2 and
  - a separate written solicitor disclosure.

The separate written disclosure must include the following information:

- The name of the independent recruiting firm/Solicitor;
- The nature of the relationship between the Solicitor and us;
- A statement that the Solicitor will be compensated by us for the referral;
- The terms of the compensation arrangement including a description of the fees paid or to be paid to the Solicitor; and
- The amount the Client will be charged in addition to the Independent Advisor Service fees (if any).

We may pay a portion of ongoing Independent Advisor Service fees charged to an independent RIA Client so as long as the payments are consistent with the written Solicitor disclosures provided to the independent RIA Client (and in accordance with the requirements of SEC Rule 206(4)-3).

## **Item 15 – Custody**

With the exception of our ability to debit fees, we do not otherwise have custody of the assets in the account. We shall therefore, have no liability to any person for any loss or other harm to any property in the account, including any harm to any property in the account resulting from the insolvency of the custodian or any acts of the agents or employees of the custodian and whether or not the full amount or such loss is covered by the Securities Investor Protection Corporation (“SIPC”) or any other insurance which may be carried by the custodian.

End Clients of the RIA Firms receive account statements from the custodian of their accounts on a monthly or quarterly basis.

#### **Item 16 – Investment Discretion**

We do not have discretionary authority to execute any investment recommendations. We are required to obtain prior approval from RIA Firms before executing investment recommendations. The non-discretionary authority in an Advisory or Services Agreement entered with each RIA Firm requires us to obtain the RIA Firm's approval prior to executing investment recommendations.

#### **Item 17 – Voting *Client* Securities**

FPS does not determine or provide advice on how RIA Firms (or their End Clients) should vote proxies. End Clients of our RIA Firm clients generally receive proxies and other solicitations directly from the custodian or transfer agent. If any proxy materials are received on behalf of an End Client, they will be sent directly to the RIA Firm. It is the RIA Firm's responsibility to disclose their proxy voting policies and procedures to their End Clients.

FPS does not accept any authority or responsibility to take any action regarding any claim or potential claim in any bankruptcy proceeding, class action securities litigation or other litigation or proceeding relating to securities held at any time in a client account, including, without limitation, to filing of proofs of claim or other documents related to such proceeding, or the investigation, initiation, supervision or monitoring of class action or other litigation involving client assets. Any documents received in relation to a class action lawsuit will be forwarded to the appropriate RIA Firm. FPS neither instructs nor provides advice to any party whether or not to participate as a member of class action lawsuits and will not automatically file claims on a party's behalf. If an RIA FIRM notifies FPS that an End Client wishes to participate in a class action lawsuit, FPS will provide the RIA Firm with transaction information pertaining to the End Client's account necessary for filing a file a proof of claim in a class action.

#### **Item 18 – Financial Information**

We do not require fees to be paid six months or more in advance of services.

We do not have discretionary authority over an RIA Firm (or their End Client) funds or securities. Regardless, we have no financial commitments that would impair our ability to meet contractual and fiduciary commitments to RIA Firms we serve.

Neither FPS, nor any of the principals have been the subject of a bankruptcy petition at any time in the past. We have no financial conditions that would impair our ability to meet contractual commitments to our RIA Firm clients.

## **Exhibit A – Summary of Material Changes**

This Item discusses only specific material changes that have been made to our Brochure since the date of our last annual update dated March 27, 2020. Since that date, FocusPoint Solutions, Inc. converted from an Oregon corporation to a Nevada corporation.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary and will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Our Brochure may be requested free of charge by contacting us at (503) 445-1957 or [info@focuspointsolutions.com](mailto:info@focuspointsolutions.com).