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Item 1 – Cover Page

Resource 1, Inc.

101 West Main St, Ste 370, Norfolk, Va. 23510

757-616-0600

www.R1advisor.com

March 3, 2022

This Brochure provides information about the qualifications and business practices of Resource 1, Inc. If you have any questions about the contents of this Brochure, please contact us at 757-616-0600 or by email at: Micki@R1Advisor.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.

Resource 1, Inc. is a registered investment advisor. Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of an Advisor provide you with information about which you determine to hire or retain an Advisor.

Additional information about Resource 1, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 2 – Material Changes

Material changes on the Annual Amendment dated March 3, 2022 are included in Item 5 – Fees and Compensation.

Last changes submitted were ADV Brochure dated March 17, 2021.

Currently, our Brochure may be requested by contacting our office at 757-616-0600 or [Micki@R1Advisor.com](mailto:Micki@R1Advisor.com).

Additional information about [Resource 1, Inc.](#) is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with [Resource 1, Inc.](#) who are registered, or are required to be registered, as investment advisor representatives of Resource 1, Inc.

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#### **Item 4 – Advisory Business**

Michelle L Hoesly is stockholder and President of Resource 1, Inc. and is an Investment Advisor Representative of Resource 1, Inc. founded 11/2005. Resource 1, Inc. was preceded by Resource 1, sole proprietorship from 2000-2007. While Resource 1, Inc. was incorporated in 2005, advisory business was not transferred from the sole proprietorship to the corporation until 2007.

Matthew T. Hoesly is stockholder of Resource 1, Inc. and is an Investment Advisor Representative of Resource 1, Inc.

Services Provided – Investment advice is provided with respect to mutual funds and ETFs (Exchange Traded Funds) and holdings transferred into the account. **Accounts may hold individual stocks or bonds, but transactions on these securities will not be done as discretionary. Your investment professional will make recommendations, but the decision to buy, sell or hold any individual stocks or bonds will be the clients.**

You have the choice of the following services:

##### 1) Strategic Asset Allocation

This service is provided to develop and monitor an asset allocation strategy using mutual funds. Asset allocation strategies are customized to the client's risk tolerance, need for liquidity and expected distributions and are not intended to try to time the market. This service utilizes discretionary trading authority.

##### 2) Dynamic Asset Allocation

This service is an effort to achieve consistent rates of return that are less volatile than a buy and hold strategy and provide liquidity by preserving the purchasing power of the assets under management. This service strives to avoid declining markets, yet participate in rising markets. Utilization of this service is based on the client's objectives and risk tolerance. This service utilizes discretionary trading authority. There are no guarantees that this strategy will meet its objectives and your account will be subject to losses in a declining market.

##### 3) Third Party Investment Manager Recommendations and Monitoring

Resource 1, Inc. provides access to outside money managers. This service is intended to make available a diversification of investment style or asset classes. The fees charged by Resource 1, Inc. are in addition to any investment manager fees and custody fees charged by the outside provider. Currently Resource 1, Inc. has agreements with unaffiliated firms, Manning & Napier and Envestnet Asset Management (accessed as a subadvisor through ATCAP Partners, LLC), to assist clients in obtaining management of portfolios. Resource 1, Inc. will determine the appropriateness of any recommended program based on each client's suitability information. While Resource 1, Inc. provides initial and ongoing recommendations to clients regarding which Manager(s) to utilize, the

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final decision to retain or fire a Manager rests solely with each client. Clients should refer to Envestnet's, AtCap and Manning and Napier's Disclosure Brochure for complete information on their respective programs. Investment Advisors Michelle L. Hoesly and Matthew T. Hoesly will act as co-investment advisor/co-sub advisor representatives for accounts with Manning and Napier and Envestnet. There is no affiliation between Michelle L. Hoesly or Matthew T. Hoesly and Manning and Napier, AtCap or Envestnet. Referrals to these outside programs are to broaden diversification of management style or asset class. The investment advisor representatives are compensated for their services by the Resource 1, Inc. fee that is withheld by the other managers and remitted to Resource 1, Inc. Michelle L. Hoesly and Matthew T. Hoesly will split fees based on factors within the practice, including, but not limited to, client acquisition and service management. Client fees paid will not vary based on how fees are split between co-investment representatives. There is no additional fee added for acquisition versus client service. Fees to Resource 1, Inc. or Michelle L. Hoesly or Matthew T. Hoesly will not exceed total in the Third Party Investment Manager fee schedule in this ADV.

#### 4) Investment Advisory and Participant Education Service to Qualified Plans

This option offers a selection of services that include investment information, employee communication and education, fiduciary services, and consultative services.

#### **IRA Rollover Considerations**

As part of our consulting and advisory services, we provide you with recommendations and advice concerning your employer retirement plan or other qualified retirement account. When appropriate, we recommend that you withdraw the assets from your employer's retirement plan or other qualified retirement account and roll the assets over to an individual retirement account ("IRA") that we will manage. If you elect to roll the assets to an IRA under our management, we will charge you an asset-based fee as described in Item 5. This practice presents a conflict of interest because our investment advisory representative has an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Furthermore, if you do complete the rollover, you are under no obligation to have your IRA assets managed by us. You have the right to decide whether or not to complete the rollover and the right to consult with other financial professionals. Some employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of each. An employee will typically have four options: 1. Leave the funds in your employer's (former employer's) plan. 2. Roll over the funds to a new employer's retirement plan. 3. Cash out and take a taxable distribution from the plan. 4. Roll the funds into an IRA rollover account. Each of these options has advantages and disadvantages. Before making a change, we encourage you to speak

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with your CPA and/or tax attorney. Before rolling over your retirement funds to an IRA for us to manage, carefully consider the following. NOTE: This list is not exhaustive.

1. Determine whether the investment options in your employer's retirement plan address your needs or whether other types of investments are needed.

a. Employer retirement plans generally have a more limited investment menu than IRAs.

b. Employer retirement plans may have unique investment options not available to the public such as employer securities or previously closed funds.

2. Your current plan may have lower fees than our fees.

a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.

b. You should understand the various products and services available through an IRA provider and their costs.

c. It is likely you will not be charged a management fee and will not receive ongoing asset management services unless you elect to have such services. If your plan offers management services, the fee associated with the service may be more or less than our asset management fee.

3. Our strategy may have higher risk than the option(s) provided to you in your plan.

4. Your current plan may offer financial advice, guidance, management, and/or portfolio options at no additional cost.

5. If you keep your assets titled in a 401k or retirement account, and you are still working, you could potentially delay your required minimum distribution beyond age 70.5 (70 ½) or age 72 depending on when distributions began.

6. Your 401k may offer more liability protection than a rollover IRA; each state may vary. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies; however, there can be exceptions. Consult an attorney if you are concerned about protecting your retirement plan assets from creditors.

7. You may be able to take out a loan on your 401k, but not from an IRA.

8. IRA assets can be accessed any time; however, prior to age 59 ½, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses, or a home purchase.

9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.

10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name. It is important that you understand your options, their features and differences and decide whether a

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rollover is best for you. If you have questions, contact one of our Advisory Representatives at our main number listed on the cover page of this brochure.

#### Discretionary Trading Authority

Both the Strategic Asset Allocation service and the Dynamic Asset Allocation service require clients to authorize Resource 1, Inc. to have discretionary trading authority on their accounts. This discretionary authority may be used to purchase and sell mutual funds or ETFs or to liquidate positions moved into the account. As of December 31, 2021, Resource 1, Inc. manages 100% of their Strategic and Dynamic accounts on a discretionary basis. As of December 31, 2021, Resource 1, Inc. manages \$118,584,522.89. Resource 1, Inc. can tailor a client's advisory services to vary the expected volatility of the portfolio, to limit the type of funds the portfolio can hold (within broad asset classes) or to reserve some money in cash or money market to meet liquidity needs. Clients need to discuss any restrictions prior to Resource 1, Inc. establishing the account.

Resource 1, Inc. does not have discretion within the Envestnet Program or with Manning and Napier, to hire or fire Managers, reallocate money or place investment trades and only the client can do so. The selected Money Managers act with discretion, based on client agreements with Envestnet or Manning and Napier signed with the client in establishing these accounts. Clients should refer to Envestnet's and Manning and Napier's Brochure for complete information on their respective programs.

#### Risk Factors

The primary risk factors applicable to our investment program generally include:

- Market risk—The price of a security, bond, mutual fund and/or exchange-traded fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular circumstances. For example, economic, political and social conditions may trigger market-related events.
- Interest rate risk—The chance that investment prices will change based on a move in interest rates (bond prices decline as interest rates rise). Relative to fixed income securities with near-term maturities, longer maturity bonds will have a larger change in price with a move in interest rates.
- Inflation risk—The risk that investment returns will be below the general increase prices due to inflation.
- Category or style risk—The chance that one investment category or style may underperform or outperform other categories and styles.
- Credit risk—The chance that a bond issuer will fail to pay interest and principal in a timely manner.

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- Reinvestment risk–The potential exposure that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

- Early redemption risk–Some bonds have features that allow the bond issuer to repurchase or redeem the bond before maturity at a specific price. This risk is the chance that the borrower will do so; thus, expose the investor to a lower than expected return on that bond investment.

- Systematic risk–Also known as "market risk," this is the chance of a severe drop of an entire financial market (e.g., political or social upheaval, natural disaster, etc.).

- Unsystematic risk–Also known as "specific risk," this is the chance of a decline in the value of a particular asset (i.e., an individual stock declines while the overall stock market is not impacted).

- Currency risk–Also known as "exchange rate risk," this is the chance that foreign investments will be subject to fluctuations in the value of the dollar against the currency of the investment's country of origin.

- Tax risk–This is the chance that the taxing authority changes its tax rates or policies (e.g., rescind tax-exempt status of particular bonds).

- Liquidity risk–This is the risk whereby the ability to buy or sell a security becomes more difficult and, therefore, negatively impacts the price at which one is able to transact in the security.

- Financial risk–Excessive borrowing to finance the ongoing operations of a business increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or declining market value.

- Sector risk–This is the chance that major problems may impact a specific sector, or that returns from that sector may trail the returns of the overall equity market. Daily fluctuations in individual sectors can often be more extreme than fluctuations in the overall market.

- Price volatility–The price of a security, mutual fund and/or exchange-traded fund may fluctuate, even significantly, in a short period of time.

- Exchange-traded fund pricing risk–Exchange-traded fund shares may trade in the market at a premium or discount to their net asset (NAV) because of market supply and demand. The premiums and discounts for specific exchange-traded funds can vary, depending on the type of exchange-traded fund and time period.

Mutual funds are often used in client portfolios. The risks with mutual funds include the costs and expenses within the fund that can impact performance, change of managers and/or the fund straying from its stated investment objective. Open-ended mutual funds do not typically have a liquidity issue and the price does not fluctuate throughout the trading day. Mutual fund fees are



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described in the fund's prospectus, which the custodian mails directly to the client following any purchase of a mutual fund that is new to the client's account. In addition, a prospectus is available online at each mutual fund company's website. At the client's request, we will direct the client to the appropriate Web page to access the prospectus.

## **Item 5 – Fees and Compensation**

### **Fee Schedule**

Accounts managed under the Dynamic Service will be considered for immediate family members on a household basis when calculating fees. The same consideration may be made for participants of managed pension plans. Accounts under Strategic Service will be billed on an individual account basis. Resource 1, Inc. may at their discretion, charge a lower fee. Client agreements will reflect the actual fee schedule and will not be greater than the ADV schedule. Resource 1, Inc. fees are negotiable.

<u>Amount</u>	<u>Annual Fee</u>
<u>Strategic Asset Allocation (Minimum Fee of \$1000.00)</u>	
First \$250,000	@ 1.0%
Next \$250,000	@ .75%
Next \$500,000	@ .50%
The remainder	@ .35%

### **Dynamic Asset Allocation**

Accounts under \$500,000	1.5%
Accounts \$ 500,000 to \$1,999,999	1.25%
Accounts \$2,000,000 to \$4,999,999	1.00%
Accounts \$5,000,000 +	.75%

Generally, a minimum account of \$50,000 is required. This minimum can be waived for a short period of time as assets are moved into the service.

### **Third Party Investment Manager Recommendations and Monitoring**

Accounts under \$100,000	Not Available
Accounts \$ 100,000 up to \$999,999	.75%
Accounts \$1,000,000 to \$4,999,999	.60%
Accounts \$5,000,000 +	.40%

Note that these are fees paid to Resource 1, Inc. which are in addition to the fees retained by the third party manager and the platform. Note that Manning & Napier and Envestnet calculate and withdraw the total management fee and platform fees, retain their part of the fee, pay the custody fee and pay Resource 1, Inc. their fee. Resource 1, Inc. may charge a lower fee. Client agreements will reflect the actual fee schedule and will not be greater than the ADV schedule.

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### Third Party Investment Managers

Where appropriate, Resource 1, Inc. will assist clients in selecting and monitoring Third Party Investment Managers to manage client portfolios. In so doing, Resource 1, Inc. will make sure that the client receives the ADV II, Privacy Policy and all other required notices for Resource 1, Inc. as well as the Third Party Investment Managers ADV II, Privacy Policy and any other required notices.

There is no affiliation between Resource 1, Inc. and any Third Party Managers other than as a possible alternative investment advisor. Resource 1, Inc. receives no benefit, other than the disclosed selection and monitoring fee from Manning & Napier and Envestnet. Resource 1, Inc. will receive quarterly fees in accordance with the Item 5 Fee Schedule, (paid quarterly in advance). In the event of termination, any unearned fees shall be refunded pro-rata. Fees shall be calculated on the value of the account quarterly. Investment Managers may modify their fee schedule upon at least 30 days written notice to the client. Resource 1, Inc. and its investment advisor representatives are not agents, representatives nor affiliates of these investment managers.

Resource 1, Inc. is not sharing in the fees of the investment managers, nor do we have any role in determining the fees of each individual manager.

### Investment Advisory and Participant Education Services to Qualified Plans

Plans under \$4,000,000	.50%
Plans \$4,000,000 +	At agreed upon price

Consultative fees limited in scope may be charged on an hourly basis, quoted and agreed upon in writing prior to delivery of service. Qualified Plan advisory and education fees are paid through the platform where the plan is custodied. Fees are taken prorata out of plan assets on a quarterly basis in arrears. Resource 1 has no discretionary authority on these plans, cannot affect any trades, move any money or authorize any withdrawals or deposits. Advice is provided to the plan sponsor and education is provided to plan participants. Resource 1 receives level fees on plan assets regardless of the underlying investment choices.

### More about Resource 1 Fees

All fees paid to Resource 1, Inc. for advisory services are separate from the fees and expenses charged to shareholders of mutual fund shares by the mutual funds or by the investment advisor managing the portfolios. Some funds charge a short-term redemption fee for assets which do not remain in the fund a specified number of days. This short-term redemption fee comes out of the trade proceeds and is paid to the fund. Decisions on whether to purchase and whether to hold for the specified period are made with full knowledge of the effects of the short-term redemption fee. All funds are purchased at NAV. If there are any transaction fees for the purchase or sale of a fund under the Strategic or Dynamic Systems, that fee is paid by Resource 1, Inc. The Broker Dealer may

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charge the client an annual account fee and/or a custodial fee or other administrative fees for accounts, particularly IRA accounts. Clients may incur brokerage or other transaction costs. All charges made by the Broker Dealer are outlined in the Brokerage Account agreement. A complete explanation of expenses charged by each of the mutual funds is contained in each mutual fund's prospectus. Clients are encouraged to read the fund prospectus as well as the Brokerage Account agreement. Client may also reference Item 12 regarding Brokerage Practices.

Advisory fees will not be based upon a share of capital gains or capital appreciation of the funds of an advisory client.

Fees will be billed on a quarterly basis after the beginning of the new quarterly period. The fee will be based on the closing value as of the end of the previous quarter and are due 30 days after the beginning of the billing period. Clients may elect to remit payment or authorize direct withdrawal of fees from their accounts.

Client should understand that Resource 1, Inc. may require 2-4 weeks to establish an account i.e., review the documents for proper form and to implement computer and other procedural inputs. Delays may occur due to an improper account number, spelling of name or other matters. When new money is placed in an account, that money may be moved into the market over a period of time or into funds which are different than other portfolios due to expected holding periods, short term redemption fees or fund closings.

#### Termination

The Resource 1, Inc. management agreement shall remain in effect until such time as either party to the agreement receives verbal or written notice from the other party of his or her desire to cancel the agreement. Nonpayment of fees does not serve as notification of cancellation. Upon cancellation of the agreement, all funds will remain as invested unless otherwise instructed in the written notification of cancellation. In the event of termination, the percentage fee which was unearned will be refundable on a pro-rata basis.

The specific manner in which fees are charged by Resource 1, Inc. is established in a client's written agreement with Resource 1, Inc. Management Fees are billed on a quarterly basis in advance. Clients may also elect to be billed directly for fees or to authorize Resource 1, Inc. to directly debit fees from client accounts. Management fees shall not be prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Resource 1, Inc.'s fees are exclusive of brokerage commissions and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund

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fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Resource 1, Inc.'s fee, and Resource 1, Inc. shall not receive any portion of these commissions, fees, and costs.

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

Resource 1, Inc. 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**

Resource 1, Inc. provides portfolio management services to individuals, high net worth individuals, corporate accounts, corporate pension and profit-sharing plans, charitable institutions and foundations. The minimum account size is \$50,000.

#### **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. Resource 1, Inc. uses technical analysis and charting to evaluate the risk/return potential of each mutual fund investment. Some of the criteria considered are strength of trend, total return, RSI, moving averages, Bollinger bands and candlestick charts. Resource 1, Inc. will attempt to invest in funds where there is perceived return potential relative to the risk. While most investments are intended to be long term (securities held at least a year), some investments will be intentionally short-term purchases to take advantage of what appears to be a market opportunity. Additionally, some long-term purchases may be sold within a year due to many factors, including but not limited to, underperformance by the fund, underperformance by the sector, or changes in the character of the market or investment. Resource 1, Inc. may implement the purchase of funds that short the market in an effort to hedge against other holdings. Resource 1, Inc. does not utilize margin nor option writing, although funds that Resource 1, Inc. invests in may utilize those strategies. Resource 1, Inc. subscribes to market analysis and publications from many sources, some of which have been Investor's Fast Track, Morningstar Principia Pro and The McClellan Market Report. In the Dynamic Asset Allocation there is the risk that the market, or sectors of the market will go down and that Resource 1, Inc. will remain invested in funds during that time. There is also the risk that Resource 1, Inc., in an effort to avoid a downtrending market, will sell a position or positions and that the funds would have gone up in value had they been held. Clients should expect that Resource 1, Inc. will not be able to determine in advance a change in market trend, so will likely lag in responding to a change in market character and could miss out on gains when a market bottoms and could experience losses when a market tops. In a choppy market, without a clear trend, Resource 1, Inc. may experience greater trading in an effort to protect principal yet get more fully invested when it appears to begin trending up. This greater trading may not generate positive returns as it may

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cause whipsaws in investing. Frequent trading can cause investment gains to be taxed as short term capital gains instead of long term capital gains and can thus cause higher taxation. Additionally, some funds charge short term redemption fees if the fund is held for less than a specified period of time (generally 30-90 days). Resource 1, Inc. is always aware of short term trading restrictions and fees and decisions on whether to purchase and whether to hold for the specified period are made with full knowledge of the effects of the short term redemption fee. Individuals liquidating an account or making a withdrawal from their account may experience short term redemption fees. Since Resource 1, Inc. pays the transaction costs, additional trading will not increase cost expense to clients. All funds are purchased at NAV (net asset value, with no front end load.) The Strategic Asset Allocation Service is intended to be strategic, not tactical. That means that Resource 1, Inc. will not recommend or make changes to the portfolio based on an evaluation of market conditions, but will implement an asset allocation strategy agreed to by the client and in alignment with their risk tolerance, time horizon for the investment and need for systematic withdrawals or liquidity. Clients should expect these portfolios to move relative to the market. Third Party Investment Manager recommendations may be utilized to offer a broader diversification of investment strategies. Resource 1, Inc. will monitor the performance of the third party manager. Resource 1, Inc. will not be responsible for nor share in fees to the third party manager or custodian. Resource 1, Inc. will charge a specific fee as outlined in the Client Services agreement.

#### **Item 9 – Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Resource 1, Inc. or the integrity of Resource 1, Inc.’s management. Resource 1, Inc. has no information applicable to this Item.

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

Michelle L. Hoesly and Matthew T. Hoesly are licensed as independent insurance agents/brokers with various insurance companies and as Registered Representatives of CEROS Financial Services, Inc., a registered broker-dealer, member of FINRA and SIPC. They are in the business of selling insurance and securities products. If you purchase securities or insurance products through us, normal commissions would be received in our separate capacity as a registered representative of CEROS Financial Services, Inc. or as a broker or agent of an insurance company. Thus a conflict may exist between our interests and yours. You are under no obligation to purchase products recommended or to purchase products through CEROS Financial Services, Inc. or any other firm where we are registered.

Under the rules and regulations of FINRA, CEROS Financial Services, Inc. has obligations to maintain records and perform other functions regarding certain aspects of the investment advisory accounts for which we as independent advisor representatives provide investment advice as an independent Registered Investment Advisor, Registered Representative. In certain instances, CEROS Financial

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Services, Inc., will collect, as paying agent, the transaction fee charges or other similar charges from the activities of Resource 1, Inc. This fee will not increase execution or brokerage charges to the client or increase the fee the client has agreed to pay pursuant to the client's advisory agreement with Resource 1, Inc.

At times the interests of Resource 1, Inc. and its employees' accounts may coincide with the interests of clients' accounts. At no time will Resource 1, Inc. or any employee receive an added benefit or advantage over clients with respect to these transactions. The investment advisor will maintain a record of personal securities transactions and these will be reviewed by Michelle L. Hoesly to determine that the conflicts of interest present in personal securities trading are monitored to protect clients' interests. As required, Section 204A of the Investment Advisers Act of 1940 and similarly applicable state laws will be followed. Resource 1, Inc. will take no action for firm or related accounts, client accounts, or any other person, if the firm is in possession of material, non-public information. This situation will remain in effect until such time that the information is available to the general public. The investment advisor will not permit insider trading.

As a registered representative of CEROS Financial Services, Inc. (and insurance agent of other insurance companies) Michelle L. Hoesly and Matthew T. Hoesly are licensed to participate in incentive awards, gifts, gratuities, etc. This receipt is in their separate capacity and is not part of this investment advisory practice.

Resource 1, Inc. may recommend other investment advisors. There could be a conflict of interest between recommending an outside advisor and Resource 1, Inc. managing the money as there is a differential in the fees that go to Resource 1, Inc. Michelle L. Hoesly and Matthew T. Hoesly may attend information and market seminars provided by outside advisor's or fund companies. This could provide a conflict of interest in choosing or recommending funds or outside advisors.

### **Item 11 – Code of Ethics**

Resource 1, Inc. has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Resource 1, Inc. must acknowledge the terms of the Code of Ethics annually, or as amended.

Resource 1, Inc. anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Resource 1, Inc. has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Resource 1, Inc., its affiliates and/or clients, directly or indirectly, have a position of interest. Resource 1, Inc.'s employees and persons associated with Resource 1, Inc. are required

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to follow Resource 1, Inc.'s Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Resource 1, Inc. and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Resource 1, Inc.'s clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Resource 1, Inc. will 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. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Resource 1, Inc.'s clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Resource 1, Inc. and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Resource 1, Inc.'s obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Resource 1, Inc. will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

Resource 1, Inc.'s clients or prospective clients may request a copy of the firm's Code of Ethics by contacting our office at 757-616-0600.

It is Resource 1, Inc.'s policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Resource 1, Inc. will also not cross trade between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.



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## **Item 12 – Brokerage Practices**

CEROS Financial Services, Inc. was selected as our broker dealer based on excellent service, a broad range of investment choices, good execution and reasonable fees. Resource 1, Inc. is not provided any additional soft dollar benefits through its relationship with CEROS Financial Services, Inc.

Michelle L. Hoesly and Matthew T. Hoesly are registered representatives of CEROS Financial Services, Inc. and recommend CEROS Financial Services, Inc. as Custodian whenever possible. In order for clients to use Resource 1, Inc. services, they must either select National Financial Services (NFS) as the platform or Resource 1, Inc. must receive permission from CEROS Financial Services, Inc. for the assets to be custodied on another platform. Clients should, however, evaluate NFS and CEROS Financial Services, Inc. to determine whether the services offered meet their needs.

When executing mutual fund trades, all trades are priced as of the closing at NAV. Also, mutual fund trades cannot be aggregated for transaction fee pricing. As a result, all mutual fund trades can be entered individually or in a group trade and it won't impact the pricing or cost to the client. When ETF, stock or bond trades are done, trading is aggregated when there are multiple accounts impacted and when otherwise individual trading would impact the pricing. This assures that clients receive fair pricing on their trades. The CEROS trading desk may assist in execution of these trades to minimize adverse impact.

## **Item 13 – Review of Account**

Currently, Resource 1, Inc. has one reviewer. The frequency of review is daily through use of charting, fundamental, technical and cyclical analysis. The use of computer databases, newspapers, magazines, newsletters and other information is also incorporated in the analysis. The reviewer, Michelle L. Hoesly, President, Resource 1, Inc., reviews the information daily and then makes decisions on the position to be taken based on this information. Since Ms. Hoesly is the sole reviewer, no instruction on how the review will be done or the number of accounts assigned is needed. All information sources could be used to trigger a move to a different market position. Review reports are not created in writing.

Quarterly performance reports are generated through Morningstar and are available on the client portal. A portal is **offered** to the client to access the reports. Reports are in addition to trade confirmations and monthly statements from the custodial broker dealer, CEROS Financial Services, Inc.

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

Resource 1, Inc. does not give any compensation for client referrals, nor does it receive any compensation for referrals.



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### **Item 15 – Custody**

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Resource 1, Inc. urges you to carefully review such statements and compare such official custodial records to the account statements that may be provided to you. The statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

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

Resource 1, Inc. usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought and sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Resource 1, Inc. observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to Resource 1, Inc. in writing.

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

As a matter of firm policy and practice, Resource 1, Inc. does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Resource 1, Inc. may provide advice to clients regarding the clients' voting of proxies.

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

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Resource 1, Inc.'s financial condition. Resource 1, Inc. 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.

### **Item 19 – Investment Adviser Representatives**

**Michelle L. Hoesly**

Year of Birth 1954

#### Education

University of Wisconsin, Madison, WI 09/1972 to 07/1973

University of West Florida, Pensacola, FL 09/1973 to 07/1974

New Hampshire College, Manchester, NH 1975 to 1977

BS Degree in Business Management 1977

The American College 01/1978 to 10/1984

Chartered Life Underwriter 1981

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Chartered Financial Consultant 1982  
Master of Science in Financial Services 1984  
PhD program at Old Dominion University, Norfolk, VA Attended 1994 to 2002

Previous business background (Last 5 years)

Resource 1, Inc., President, 2005 to Present  
Resource One dba for Hoesly, Michelle L., Sole Proprietor, Investment Advisor, 01/01/2000 to 03/31/2007  
Capital Resources, owner, dba for insurance activity, pension consulting and services, 1981 to Present  
CEROS Financial Services - Registered Investment Advisor - 08/28/2009 - present  
Rydex Financial Services - Registered Investment Advisor - 04/01/2005 to 08/28/2009  
AXA Advisors, LLC-Registered Representative 06/06/2005 to 03/08/2007  
AXA Network, LLC - Agent 06/06/2005 to 03/08/2007  
MONY Securities - Registered Representative 5/1977 to 06/05/2005  
MONY Life Insurance - Agent 5/1977 to 06/05/2005  
Registrant is licensed as an insurance agent and registered representative, offering life and health insurance, pension products and securities. Approximate amount of time spent on this activity is 10 hours per week.

**Matthew T. Hoesly**

Year of Birth 1982

Education

St. Norbert College, DePere, WI 08/2000 to 05/2004  
BBA Business Administration 2004  
The American College 2008 to 2011  
CERTIFIED FINANCIAL PLANNER® 2008  
Chartered Financial Consultant 2009  
Master of Science in Financial Services 2011

Previous business background (Last 5 years)

CEROS Financial Services - Investment Advisor - 08/28/2009 - present  
Rydex Financial Services - Investment Advisor - 03/2007 to 08/28/2009  
AXA Advisors, LLC-Registered Representative 01/2006 to 03/2007  
AXA Network, LLC - Agent 01/2006 to 03/2007  
Aflac - Agent 01/2004 to 12/2005  
Registrant is licensed as an insurance agent and registered representative, offering life and health insurance, pension products and securities. Approximate amount of time spent on this activity is 10 hours per week.