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Disclosure Brochure

March 14, 2022

Item 1 – Cover Page

This brochure provides information about the qualifications and business practices of Financial Management Advisors, Inc. ("FMA" or "Advisor").

If you have any questions about the contents of this brochure, please contact us at (931) 455-0151 or jim@financialmanagementadvisors.com. Additional information about FMA is also available via the SEC web site www.adviserinfo.sec.gov. The SEC web site also provides information about any persons affiliated with FMA who are registered as investment advisor representatives of FMA.

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.

FMA is an investment advisor. Registration as an Investment Advisor does not imply any level of skill or training. This disclosure document is designed to grant current clients, as well as potential clients, the opportunity to carefully read and establish an understanding of the various investment advisory services that are offered and the respective fees and expenses of those services. The information contained in this document is important to the conduct of both parties entering into the Asset Management & Investment Advisory Agreement. While investment advisors have a fiduciary duty to put the needs of clients before their own, clients likewise have a duty to investigate and maintain a basic understanding of the services offered by the Advisor. FMA hopes this document serves as a leading educational tool to aid clients and prospective clients in understanding how FMA conducts investment advisory services.

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Item 2- Material Changes

We are currently registered with the Securities and Exchange Commission (SEC).

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Item 4 – Advisory Business

Financial Management Advisors, Inc. was formed in November 2001 and is a corporation organized in the State of Tennessee. FMA's office is located in Tullahoma, TN and is principally owned by James D. Bratcher, Jr.

FMA provides "fee for service" financial planning, retirement planning, estate planning, educational planning, investment planning and analysis, business planning, and investment management of assets. Areas of investment management include Moderate Growth Program, Conservative Growth Program, Aggressive Growth Program, Long Only Strategy, Dynamic Strategy, Ultra Dynamic Strategy, Variable Annuity Management, and Brokerage Services. Engagements are limited in scope based on the client's unique circumstances. As of December 31st 2021, FMA manages approximately \$112.2 million in assets.

Members of FMA are also registered representatives of a broker/dealer as well as Independent Insurance Agents, who have the ability to offer multiple insurance products from multiple insurance carriers. Securities and Insurance products can be sold by members of FMA for commission compensation. Insurance products such as Life, Variable Annuities, Variable Universal Life, Long Term Care and Fixed Annuities can also be sold by FMA through multiple insurance carriers.

The advisor gathers financial data including the client's goals, circumstances, financial condition and risk tolerance. The advisor then prepares and delivers the analysis and recommendations to the client. Recommendations may be in a written/electronic format, or in the form of verbal (in-person or phone) discussion, or both.

Clients engage FMA in management programs on a "fee for services rendered" basis. The services a client receives are dependent upon the individual needs and requests by the client, but often times the services rendered are continuous. The investment management services provided by FMA often involve investment modeling where trades are conducted with the use of Advisor discretion. The advisor will perform "active" management in a client's account in accordance with pre-described/defined goals and risk tolerances provided by the client. If discretionary authority has been given to FMA or one of the Investment Advisor Representatives (IARs) of FMA, FMA will "take action" without first receiving approval from the client. The "action" is limited to purchases and/or sells of securities (Stocks/Bonds/Mutual Funds/ETFs, Certificate of Deposits and variable annuity sub-accounts), but does not allow the Advisor to move funds between accounts or transfer assets from the account. All transactions occur at a qualified custodian that produces statements. These statements may be produced monthly, but must be produced at least quarterly and contain the basic account value and holdings of the managed accounts along with listing the activity that occurs within the account(s) being managed by FMA. The statement provided by the custodian will also contain the advisory fee charged by FMA. Fees charged by FMA are separate from the fees charged by mutual funds and other investment companies. Therefore, FMA recommends consulting the mutual fund prospectus for more information about their fees.

FMA also promotes long term buy and hold services that do not involve active management of client accounts. Clients may choose a service that offers asset allocation services that are managed by FMA that make less active transactions and is designed to keep expenses low, while offering market related rates of return. If services are selected that do not entail discretionary authority, clients are free to implement all, some, or none of the Advisor's recommendations and the full responsibility of implementation rests with the client.

Item 5 – Fees and Compensation

Fees are charged on a “fee for services rendered” basis. Fees are negotiable and may vary from client to client. Fees are quoted in advance and must be accepted by client prior to project commencement or investment management. Executing a signature on the Asset Management & Investment Advisory Agreement acknowledges acceptance by client.

“FMA’s” negotiation of investment management fees are based on one or more of the following factors:

- The number of accounts, positions, account objectives, risk tolerances and restrictions requested by the client.
- The estimated amount of time expended in researching, analyzing and documenting the specific recommendation(s) and course(s) of action.
- The requests of each client regarding follow up and forms of communication requested
- The familiarity (or lack thereof) between FMA and the client based on experience and client interaction.
- A competitive analysis of other advisory firms’ fees.
- Whether the quarterly fee is deducted from the account or paid directly by client.
- The total amount of assets requested to be managed.

The client agrees to supply FMA with the ability to deduct fees from the account(s) on a quarterly basis. Advisory fees are based upon a percentage of the total market value at the end of each quarter. Advisory fees are determined for each calendar quarter by applying the flat rate percentage which is applied to the total market value of the selected account as of the end of the quarter. Clients may choose to pay fees by check. If so, fees are due and payable upon receipt of the quarterly FMA invoice.

The following is an example of how a quarterly fee is calculated:

\$800,000.00 value of assets under management at the end of each quarter at an annual fee of 1.7% would render the following quarterly bill.

1.7% annual fee divided by 4 individual quarterly periods = 0.00425

$\$800,000.00 \times 0.00425 = \3400.00 Fee for the quarter

Annual percentages applied currently range from .25% to a maximum fee of 2%, but are subject to change, and are subject to negotiation and individual determination based upon particular facts and circumstances of a client and the extent of advisory services anticipated.

FMA expects to receive no additional compensation for the servicing of advice-based client accounts. FMA prefers Clients use a non-commissionable product offering from a high-quality custodian that offers low or no fees, low or no ticket charges and is generally a good fit for the client. When clients are found to have a need that may be best served with a variable annuity, the compensation of any such commission is evaluated and considered when charging investment advisory fees. The policy FMA has adopted is that during the first year of variable annuity purchases no asset management fee will be charged. If the client wishes to have the advisor manage the account, a nominal fee, generally \$100 fixed, paid semi-annually, can be negotiated.

For the purpose of implementing recommendations and effecting transactions in the course of construction of a client portfolio and ongoing monitoring or management, FMA may direct advisory clients to a licensed securities broker-dealer with which he/she is affiliated as a registered representative. Investment Advisory Representatives (IARs) who choose to effect transactions for advisory clients through a securities broker/dealer with which they

are affiliated, may receive certain types of transaction-based compensation, which is in addition to the advisory fees paid to the IAR by clients. The policy FMA has adopted is to reduce the advisory fee by the amount of any commission being generated by the client.

Receiving compensation by any method other than through advisory fees may cause a conflict of interest. Fees or expenses that clients may pay in addition to the Advisor Fee include: IRA Maintenance Fees imposed by the custodian, ticket charges imposed by the custodian, mutual fund expense ratios and 12b-1 fees charged by the fund companies themselves. However, members of FMA do not participate in any portion of these fees when the client is trading through an Investment Advisory Account. They are fees charged by third party vendors associated with servicing the client accounts. Custodians and Fund Companies have their own fees and expenses and we will be glad to help you understand the expenses imposed by the custodians servicing your account.

FMA receives no commission compensation from TD Ameritrade Institutional with regard to client transactions. The platform at TD Ameritrade Institutional is a quality, low or no fee, low or no ticket charge, brokerage option that has been a good fit for investment management services.

FMA management programs are not considered "wrap fee programs" in that clients are responsible for paying any and all transaction costs, including but not limited to, customary ticket charges, postage and service fees and annual maintenance fees that may be issued by the custodians.

In general, investments utilized within our asset management programs are available for purchase through brokers, agents, and/or other advisors that are not affiliated with FMA. However, if securities or insurance products are purchased through members of FMA as brokers or insurance agents, then customary commission can be produced to the selling broker/agent and therefore, costs to the client may be higher.

Hourly Charges and Fixed Fees Charged by Advisor

Advisor provides planning services consistent with the individual client's financial and tax situation, risk tolerance and objectives. These fees are typically negotiated when special projects are needed by the client. An example of special projects include, but are not limited to: Financial Planning for Client, Family or Business, Education Research for College Funding Options, Review and Update of Financial Holdings Applied to Estate, and Estate Planning... these services do not include tax planning. Tax professionals will need to be consulted for tax related planning. These financial planning services can be rendered, but are not often requested by clients and the client is under no obligation to purchase such services.

Fixed fees are billed at a negotiated rate between the parties. Hourly fees usually range from \$150 to a maximum rate of \$400 per hour depending on the complexity of the research required. The fee is negotiable depending on the nature, complexity and time involved in providing the client with the requested services. This fee can also be negotiated as a fixed fee. If the client and advisor can agree that the research and complexity of the project warrant 10 to 100 hours of work, then the fee can be negotiated for a fixed price.

Negotiated Fixed Fee Example: Client would like the advisor to review an Oil and Gas Development Company that has an offering memorandum for a new Limited Partnership Series. While this is not a product that the Advisor typically offers to clients, a current client would like the advisor to render an opinion of investment product as it relates to quality and gage risk against current portfolio holdings... liquidity evaluations and other circumstances must be evaluated during this review. The process could take 40 to 60 hours of work by the advisor, due to contacting the Oil and Gas Company and reviewing their documents and possibly traveling to sites related to the project, the client engages the Advisor for a flat fee of \$10,000.00 for the project, instead of running an hourly tab at \$250.00 per hour.

Planning fees are often paid by check, but if the client chooses, they may have the fees debited directly from accounts managed by Advisor. These services may also be negotiated as a fixed fee. Unless otherwise stated, the Asset Management & Investment Advisory Agreement is for a period of one year and is automatically renewed each year. The Asset Management & Investment Advisory Agreement may be terminated at any time at the client's discretion by providing written notice to the advisor. The Advisor may terminate the Asset Management & Investment Advisory Agreement at any time by providing written notice to the client. In the event a client terminates or transfers an advisory program account without prior notice to the advisor, the advisor will bill the client an additional termination fee of \$100. There is no provision for refunds when services have been rendered.

In certain instances, depending upon the client's needs and the services to be performed by the Advisor, the advisory fee may be based upon individual negotiations with the client. In such instances, the fee is stipulated and agreed upon in the Asset Management & Investment Advisory Agreement.

In certain instances, the establishment of accounts with brokerage or investment companies may require significant administrative paperwork. In these cases, an additional administrative set up fee of \$150.00 will be required of the client. This fee is negotiable and will be due at the signing of the advisory contract.

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

FMA 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

FMA's clientele could be categorized as individuals, businesses, estates, partnerships, trusts and qualified plans. The services offered to each may vary and is largely dependent upon the client's unique circumstances. FMA has each client execute an independent agreement and each agreement offers services separately to each individual client. This brochure is not designed for non-discretionary qualified plans. Non-discretionary qualified plan clients will receive a separate disclosure brochure.

FMA imposes account minimums for the Moderate Growth and Aggressive Growth programs in the amount of \$15,000. The Conservative Growth Program has an account minimum of \$30,000. The Dynamic Investment Management: Ultra Dynamic Strategy has an account minimum of \$100,000. The Dynamic Investment Management: Long Only Strategy and Dynamic Strategy have an account minimum of \$25,000. These minimums are negotiable. The firm requires clients to disclose current financial status and investment objectives to the Advisor at the time of opening an investment account. These documents are updated as needed. Clients are requested to inform the Advisor whenever the client has experienced a significant change in financial status or condition or wish to change the investment objectives on the account. (Example: Client wishes to change investment objective from the Aggressive Growth Program to the Moderate Growth Program. The client would need to complete a new account form that evidences this request.)

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

FMA offers management programs: Active Investment Management and Dynamic Investment Management. Through a comprehensive client interview including a discussion of the client's stated investment objectives, financial condition, tax situation, time horizon and risk tolerance, the Advisor will assist the client in selecting the appropriate strategy or strategies. Because the client's objectives can be different for each account, it is possible for a client to participate in multiple programs with multiple account types.

ACTIVE INVESTMENT MANAGEMENT is a program designed to reposition or reallocate the client's assets based on our study of the market's direction in relation to the forces acting on the market. We take an active role in the ongoing process of investment selection and risk management with the objective of improving the portfolios risk/reward relationship. Our objective is to reduce risk by attempting to detect major shifts in the market's direction and momentum early in a market cycle. The ACTIVE INVESTMENT MANAGEMENT program has a minimum investment time horizon of two to three years depending on program selected.

AGGRESSIVE GROWTH PROGRAM: The objective is to manage risk, while potentially providing broad market returns. However, because of its more aggressive nature, this program has the potential to be more volatile. The major reason for this potential volatility is this strategy will allow for overconcentration into certain sectors and asset classes of the market. Since shifts to certain areas of the market are predominately created by strength and perceived momentum in these areas, it could be common to see multiple positions in one or two sectors being added amidst a major move in the market. This program is most suitable for a client's account with a minimum investment time horizon of three years. This strategy is managed by using a combination of sector strength monitoring over intermediate periods of time and daily technical risk/reward analysis.

MODERATE GROWTH PROGRAM: This investment strategy's objective is to reduce risk by attempting to detect major shifts in the market's direction and momentum early in the market cycle. To accomplish this, we strive to position the portfolio's investments in a manner that they will benefit from a rising market or be minimally affected by declining markets. During periods of perceived growth opportunities, the portfolio will be positioned to participate in the market's move. When the market appears to have topped out and market risk is perceived, the portfolio will be positioned to provide some protection. If we can avoid some of the weak periods in the market and participate in most of the strong periods, the portfolios will experience competitive returns with less risk than buy & hold investing. This program is most suitable for a client's account with a minimum investment time horizon of two years.

CONSERVATIVE GROWTH PROGRAM: This investment strategy is a unique management strategy that blends a hedging technique with a "Core" position allocation that stays invested at most times with the objective of potentially producing a positive return in both up and down market environments over a two year period of time. This program consists of a proprietary blend of Strategic Asset Allocation (the "Core" portion of the portfolio) and Dynamic Asset Allocation (the tactical or "Active" portion of the portfolio). Each client's account will have a "Core" portion of the portfolio, which consists of historically low-volatility, lower risk mutual funds or variable annuity sub-accounts, and an "Active" portion of the portfolio consisting typically of Indexed Funds, or ETFs that are used specifically for active management. These strategies are blended for the purpose of producing conservative returns and reducing relative volatility within the portfolios.

DYNAMIC INVESTMENT MANAGEMENT is a strategy designed to help clients pursue growth opportunities, while potentially reducing risk during times of uncertainty. The client investment time horizon for these strategies should be no less than one year. This strategy may consist of several securities, but will typically only involve one or two at a time. Reallocation and/or trading in these accounts may occur daily, weekly, monthly or quarterly. Securities purchased in the Dynamic Investment Management Strategies include, but are not limited to stocks, bonds, and ETFs. ETFs are the most common security purchased. ETFs are investments that are designed to emulate various market indices, such as the NASDAQ 100 (QQQ) and the S&P 500 (SPY). ETFs should be considered high risk because the return on the investment is subject to the volatility of the market and/or the underlying securities.

Dynamic Investment Management is a unique trading strategy that uses a sophisticated technical chart analysis to evaluate market trends. This provides disciplined, non-emotional, systematic "buy" and "sell" signals as the market changes. It is possible that assets in a client account can be 100% invested in the money market during times of high risk and uncertainty in the market. Although there is no set frequency for the number of trades being placed, typically the assets in the account will be traded every 7-90 trading days.

BROKERAGE SERVICES are offered to clients who have purchased or may purchase securities that are intended to be static in nature. Advisor will passively monitor these portfolios, and may, from time-to-time and with the client's goals and objective in mind, make changes or recommend changes to the portfolio. This service may be provided on a discretionary or non-discretionary basis at the client's option. Clients who choose to provide the Advisor with discretion have empowered the Advisor to buy and sell securities without the client's prior knowledge. However, it is the client's responsibility to monitor the assets within the account. Generally, the negotiated fee amount is between .25% and 1%, with some clients paying a flat fee. Commissions or fees will be charged to Client by the Broker/Dealer or custodian for trading securities within the Client Portfolio.

Since client portfolios are designed to be managed in accordance with the financial circumstances, investment objectives and preferences of individual clients, the actual asset allocation of a particular account may differ from other client accounts despite having similar objectives and risk tolerances. Asset allocation is driven by various factors and is more complex than the concept of asset diversification. No strategy or allocation can guarantee a gain or assure against loss.

Through a comprehensive client interview including a discussion of the client's stated investment objectives, financial condition, tax situation, time horizon and risk tolerance, the Advisor will assist the client in selecting the appropriate strategy or strategies. Because the client's objectives can be different for each account, it is possible for a client to participate in multiple programs with multiple account types.

While the typical asset allocation elected by a large majority of the investment advisory community would include Large Cap, Mid Cap, Small Cap, Bonds and International segments, our processes often evaluate all of those, but also may include special sectors like: financials, global/foreign, gold, commodities, natural resources, technology, health care, real estate, region specific/country specific, utilities, world bonds and more... thus allowing FMA to select risk appropriate positions from a large population of investment opportunities.

Positions may be left intact for long periods of time if deemed appropriate by the Advisor. Reallocation of assets will trigger taxable events except where IRA, Roth, 401(k), 403(b) accounts or other qualified retirement plans or variable annuity sub-accounts are involved. Additionally, depending on the trading platform, frequent trading may cause higher expenses to the client as compared to a traditional buy and hold method.

When dealing with investments, risk is defined as the variability of an investment's returns over time. Active investment management works to provide full-time oversight, backed by years of experience in the financial markets and a risk-averse philosophy. We take an active role in the ongoing process of investment selection and risk management with the objective of improving a portfolio's risk/reward relationship. It is the client's responsibility to read and review the monthly/quarterly statements and provide feedback as to their comfort or lack thereof with the then current allocation of their individual portfolio(s). Our method of investing is "active", so the allocation that exists one day or one week may not be representative of the allocation the following day, week, month or quarter. Therefore, we recommend the client establish electronic access to the custodian who holds or custodies client securities and provides monthly or quarterly statements. The electronic access will allow clients to view the account as frequently as they like and will offer a more current analysis of the portfolio's progress.

Additionally, there are complexities and risks associated with trading securities including, but not limited to: execution or trading errors, price volatility, bid/ask spreads, order types (such as "market" and "limit" orders), deviation from net asset value and "execution price slippage" caused by lack of order or book depth. This is commonly seen in some of the more thinly traded stocks or ETFs that do not usually experience a great deal of daily trading volume. FMA is aware of the risks associated with thinly traded ETFs and typically this is not the type of investment that would be purchased. The Active Investment Management program focuses on mutual funds that trade once per day. This helps minimize problems associated with industry intra-day price deficiencies. The

Dynamic Investment Management program primarily uses ETFs and therefore could have issues related to this type of trading activity.

Margin transactions are used to implement certain investment strategies. Because of frequent trading within a client account participating in the Ultra Dynamic Strategy, margin accounts must be used in order to overcome delays in settlement of cash after trades have been placed. The Advisor does not anticipate using margin transactions for the purpose of generating additional buying power in these margin accounts.

Clients who choose to provide FMA with discretion have empowered FMA to buy and sell securities without the client's prior knowledge or consent. Discretionary transactions are directed by FMA for accounts that have a limited discretionary authority agreement.

Trail fees or 12(b)(1) fees on these discretionary accounts may be paid to FMA. FMA may act as the investment advisory client's representative in the execution of securities transactions on a normal and customary basis. Advisors that earn both fees and commissions must put the client's interest ahead of any personal financial gain. This disclosure is to serve notice to clients of the inherent conflict of interest created by charging fees and having the ability to also earn commissions. Clients have the right to ask if commissions are also being made by the Advisor on accounts where they are charging fees. Clients may pay higher commission rates than otherwise available. FMA and its principals and not the broker/dealer are solely responsible for the quality of investment advice provided to clients.

Investing, in general, involves risk of loss, which a client should be prepared to bear. Obtaining higher rates of return on investments typically entails accepting higher levels of risk. For example, the Aggressive Growth Portfolio generally has a higher level of risk, but also may have the potential for higher returns than Moderate Growth Portfolio. Additionally, the Moderate Growth Portfolio will generally have a higher level of risk (and higher potential return) than that of the Conservative Growth Portfolio. FMA will work to assist clients to identify their ability to categorize the risk level of the Client's investment options. However, it is still the Client's responsibility to educate participants of the Plan as to risk of loss.

Economic and market variables are beyond our control and can affect performance. FMA cannot assure profitability of investments or assure that no losses will occur. Past performance is one relatively important consideration with respect to any investment, but it is not a predictor of future performance.

Item 9 – Disciplinary Information

Investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to one's evaluation of FMA or the integrity of FMA's management (and each supervised person providing investment advice). FMA has no information applicable to this item regarding the firm or staff members.

Item 10 – Other Financial Industry Activities and Affiliations

FMA does not have other industry activities or affiliations, but some of the Investment Advisor Representatives (IARs) who are registered with FMA are also registered representatives of Silver Oak Securities, Inc, a registered broker/dealer, member FINRA/SIPC. As such, members who are dually registered must adhere to both the FINRA rules and guidelines as implemented and enforced by the broker/dealer, in addition to the State and/or Federal investment advisory rules and guidelines. The economic benefit that these dually licensed representatives can achieve is the ability to gain a commission, in addition to or in lieu of, the potential investment advisory fees. This can create a conflict of interest that shall be disclosed to the client prior to the sale of any security.

As such, FMA tries to segregate its investment advisory business from its commission business. This is often achieved by utilizing custodial platforms such as TD Ameritrade Institutional. When accounts are opened at TD Ameritrade, they are handled strictly on a fee basis. All mutual fund securities trades at TD Ameritrade are conducted at net-asset-value (NAV), which means no commissions can be generated or received by the Advisor. Additionally, commissions called trail commissions or 12(b)(1) fees are not paid to the Advisor under the TD Ameritrade custodial platform. Therefore, the TD Ameritrade platform can be truly considered a fee-only program by FMA. However, if ETFs or other securities transactions are placed at TD Ameritrade, ticket charges or transaction costs are issued or charged. Those charges are levied by TD Ameritrade and IARs do not share in any portion of the ticket charges to execute transactions through TD Ameritrade.

Depending on the client's needs, load or commission generated mutual funds might be appropriate for some clients. The companies that offer mutual fund products are numerous and the objectives of each fund vary greatly. Additionally, the methods of compensation vary per mutual fund company, but they often involve a commission payment to compensate the registered representative for learning, marketing and servicing the product. These commissions are typically 1% - 4% initially and .25% - 1% per year thereafter. When clients are found to have a need that may be best served with a commission generating mutual fund, the compensation of any such commission is evaluated and considered when charging investment advisory fees. The policy FMA has adopted is to offer a discounted investment advisory fee.

Also, depending on the client's needs, variable annuities might be appropriate for the living benefit riders or the tax-deferred nature of the investment vehicle. The companies that offer variable annuity products are numerous and the features of each product are often complex. Additionally, the methods of compensation vary per variable annuity company, but they often involve a commission payment to compensate the registered representative for learning and marketing the product. These commissions typically range from 1%- 5.75%, initially and .25%-1.25% per year thereafter. Many of the IARs registered with FMA are also registered representatives (investment brokers) with a broker/dealer, Silver Oak Securities, Inc. member FINRA/SIPC and licensed insurance representatives. See Item 5 – Fees and Compensation.

Advisor has a material relationship with TD Ameritrade, National Financial Services, LLC, insurance companies and a variety of mutual funds companies. These companies provide technology, education and research, and as such, this may be a potential conflict of interest.

FMA believes that any conflict of interest it may have is mitigated by this disclosure delivered to you.

Item 11 – Code of Ethics

FMA has created a code of ethics that is designed to help educate and monitor the business conduct of our office staff. The code emphasizes the firm's fiduciary duty to clients and produces a heavy burden on the staff to maintain client confidentiality. Professional conduct is defined not by reference to regulatory dictates, but rather by moral and ethical standards. All clients and prospects will be offered the Code of Ethics at the time of signing the Asset Management & Investment Advisory Agreement and will be able to receive a copy anytime thereafter upon request.

Investment Adviser Representatives ("IARs") of Advisor are registered and licensed professionals providing investment advisory services covering a diverse spectrum of financial vehicles. This includes the placement of the properly selected financial product as individual client conditions warrant. FMA and IARs, personally, may participate in some or all of the investment programs provided by FMA.

FMA may occasionally buy or sell securities for their own accounts. The firm may or may not recommend these securities to clients since recommendations vary according to an individual client's specific needs and

circumstances. These securities are publicly traded and it is highly unlikely that transactions in the personal accounts of the firm's employees could adversely affect the price or performance of securities.

Should an employee become aware of any non-public information regarding a security, it is the firm's policy that the employee not act on such information for his/her own benefit or for the benefit of clients and report the information to FMA management (and the appropriate regulatory authorities, if warranted).

Item 12 – Brokerage Practices

A. FMA may recommend brokerage platforms based on trading and technology, the depth and breadth of services, the customer service responsiveness and brokerage transaction costs and best execution records. Currently, FMA often recommends the TD Ameritrade Institutional platform as its main Advisory Account brokerage/custodian. Such recommendation is based on the history and experience that FMA has established with TD Ameritrade, but also due to the continued industry leadership and best execution practices they display in ongoing performance. To be clear, this account does not generate any commissions paid to members of FMA. However, the client may receive ticket charges and other expenses may be levied by this custodian. Mutual Funds through TD Ameritrade are free from ticket charges, but do carry internal expense ratios as disclosed in their prospectus. ETF transactions often carry a ticket charge that the client will pay. TD Ameritrade does not share the ticket charge expense nor the 12b-1 fees with the Advisor. Therefore, the Advisor is only compensated by the fees itemized on the custodian statement.

FMA has IARs who are also registered with Silver Oak Securities, Inc, a registered broker/dealer, member FINRA/SIPC. This relationship is helpful on multiple levels including compliance and processing direct mutual fund or variable annuity business, as well as stock, bond, ETF, certificate of deposit and other traditional securities. Business placed through Silver Oak Securities, Inc. has the potential to generate commission for the selling registered representative. Any receipt of such commission will be disclosed to the client through prospectus receipts and other disclosures.

While the Advisor has a material working relationship with TD Ameritrade and National Financial Services, LLC., the Advisor does not receive Soft Dollars from these organizations. Soft Dollars are payments from custodians and fund companies that help with marketing expenses of their products. These companies provide technology, education and research, and invite the Advisor to Due Diligence Trips and as such, this may be viewed as a potential conflict of interest.

The research received by FMA is free and standard issue by way of accessing the internet functions of each custodian. They often have research sections that are available to any and all advisors who access client accounts and as such the research is not customized or specifically created for members of FMA. The broker/dealer has similar equipment and any research accessed by this means would be considered generic in nature. The Advisor may have an incentive to select or recommend a broker-dealer based on the ease of system use and the research and operations services received, rather than focusing on the interest in receiving the most favorable execution.

With regard to individual issue bonds, the broker/dealer could markup the bonds and clients may be subject to higher bond executions than are available at other broker/dealers.

Soft Dollars are not directly produced by custodians and paid to Advisor. We may from time to time receive discounted conference rates to attend due diligence events, but FMA does not participate in any soft dollar programs.

In the last fiscal year, FMA did not direct client transactions to a particular broker-dealer in return for soft dollar benefits.

With regard to client referrals, FMA does not receive client referrals from the selected custodians or affiliated broker/dealers.

Therefore, there are no incentives to select a certain broker/dealer due to client referrals. In the last fiscal year, FMA did not direct any particular broker/dealer trades in return for client referrals.

Not all advisers require their clients to direct brokerage. FMA Advisors are also registered representatives supervised by Silver Oak Securities, Inc. (SOI) SOI requires its registered representatives to use approved trading platforms and therefore, limits the potential scope of custodians that the FMA Advisors can use. This helps the Broker/Dealer track the securities transactions and trading activity. However, this restriction could keep the Advisor from using custodians with potentially better execution on behalf of the client. Therefore, by directing brokerage, FMA may be unable to achieve the most favorable execution from client transactions and this practice may cost clients more money.

The technology available at most custodians allow the Advisor to transact block orders that help multiple clients' accounts get the same or similar trade execution. FMA implements trade aggregation to reduce execution costs when available. However, each client account can be evaluated individually and customer information on suitability documentation might be evaluated to create segregation of trading activity. Since the Advisor handles each account separately, there is not requirement to trade all accounts the same way. Portfolio weighting and allocations may be materially different between and among clients of similar suitability standards. Costs for not aggregating trades are often experienced through different execution prices from day to day market movements.

Item 13 – Review of Accounts

The reviews of client accounts in the FMA management programs are performed periodically and/or at least quarterly. These reviews will encompass performance evaluation, asset allocation analysis and customer suitability review. The triggering factors for evaluation may include, but are not limited to: change in product composition, change in market condition, change in management philosophy, change in client's financial condition, and any other change of which client appraises the Advisor. The client may be invited to attend a detailed review involving a meeting to discuss any and all related investment strategy and/or future planning. James D. Bratcher, Jr., James D. Bratcher III and/or Diana B. Murray conduct the review process, with occasional assistance from other office staff. The role of the office staff is largely administrative in gathering the material for review.

Item 14 – Client Referrals and Other Compensation

FMA does not often enter into referral/solicitor agreements. Currently, there are no relationships where FMA compensates another individual for client referrals.

Item 15 – Custody

In 2010, the Securities Exchange Commission (SEC) adopted amendments to Rule 206(4)-2 (the "Custody Rule") under the Investment Advisors Act of 1940 (the "Advisors Act") which governs custody arrangements for investment advisers. Prior to that amendment FMA, due to various "No Action" letters and safe harbor provisions issued by the SEC, was deemed not to have custody of client funds. However, after the amendment in 2010, some billing practices of FMA are now considered to create a form of custody since advisory fees can be deducted directly from client accounts. This form of custody is very limited. FMA is not permitted to take control of any client assets or transfer client assets to or from a client's account unless directed or authorized by the client to do so. FMA does not take possession of client securities or assets. They are held at companies like TD Ameritrade

Institutional that meet the standards and requirements that include providing statements to all clients that reflect their securities activity during a given month or quarter.

FMA is not affiliated with any custodial services and is “operationally independent” from any custodian that generates statements for clients. As such, FMA merely performs the calculation of the fees and supplies that information to the custodian, who in-turn debits the fee and reports the activity on the statement.

While FMA often provides individual account assessments for clients on a quarterly basis, we urge clients to compare the documentation provided directly from FMA to the statements provided from the independent custodians.

Item 16 – Investment Discretion

FMA has developed an Active Investment Management program and a Dynamic Investment Management program. Clients who choose to provide the Advisor with discretion have empowered the Advisor to buy and sell securities without the client’s prior knowledge. Clients may, by contract, place restrictions on the Advisor’s discretionary authority. The most efficient way to execute buys and sells in the Active Investment Management program and the Dynamic Investment Management program is through the use of discretionary authority, which means placing trades prior to receiving instruction or confirmation from each client. The discretionary authority granted to FMA when a client enters the Asset Management & Investment Advisory Agreement is limited. The authority limits the discretion to buys and sells within the account. FMA members have no authority to transfer assets to or from accounts, other than when deducting fees on a quarterly basis. Therefore, the discretion is limited and may be cancelled by the client at any time. However, the cancellation of the discretionary authority would necessitate the client’s accounts being put on “inactive” status in both the Active Investment Management program and the Dynamic Investment Management program. If the inactive status is implemented, all assets will be liquidated and the funds deposited into a money market account until the client requests the inactive status be removed and discretion re-established.

Item 17 – Voting Client Securities

FMA does not vote proxies on behalf of clients. The proxies are sent from the custodian or investment company directly to the client’s address of record or the client’s email address, depending upon the client’s preference. The client is welcome to vote proxies as they see fit. Clients may contact us with questions about a particular solicitation. FMA can be contacted by phone at 931-455-0151, and by email at jim@financialmanagementadvisors.com.

Item 18 – Financial Information

Investment Advisors are required in this item to provide you with certain financial information or disclosures about FMA’s financial condition. FMA has no financial commitment that impairs its ability to meet its financial obligations and fiduciary commitments to clients.

Item 19 – Requirements for State Registered Advisers

James D. Bratcher, Jr. acts as the President and Chief Compliance Officer and is responsible for monitoring the daily activities and work produced by the IARs and employees of FMA. While he delegates the individual tasks which ensures the office is able to conduct business in a smooth and efficient manner, he is also responsible for conducting routine checks and balances. These are often conducted throughout the normal course of business but some are more formal, such as the end of year annual audit and various other compliance meetings conducted with and by the broker/dealer. FMA also hires a compliance consultant to provide timely information with regard

to compliance rules and regulation, guidelines and the adoption of new updates and requirements as issued by securities regulators.

Any potential issue regarding advice, service or processes of FMA should be brought to the attention of the Chief Compliance Officer. This enables FMA to be aware of the situation early in the review process and allow FMA to take an active role in rectifying any problem or misunderstanding and resolving any potential conflict. FMA maintains an “open door” policy and welcomes face-to-face meetings and direct phone contact. These are the best means of communication for dialog about any issues that may need to be addressed. Relationships tend to breakdown when there is a lack of communication and FMA strives to keep the lines of communication open for both positive and negative feedback from clients.

FMA is an investment advisor and its sole responsibility is offering fee-based investment advice. However, FMA does on occasion receive commissions from insurance companies for products that may be sold by an employee of FMA which is licensed to sell such products. Investment Advisor Representatives (IARs) who are individuals registered with FMA have multiple business activities that are material to the securities industry. Many of the IARs registered with FMA are also registered representatives (investment brokers) with a broker/dealer, Silver Oak Securities, Inc. member FINRA/SIPC and licensed insurance representatives.

This outside business affiliation allows those registered representatives to make commissions on various securities and insurance transactions. As such, an inherent conflict of interest may exist. When working with an IAR member of FMA we encourage our clients to ask about the different kinds of compensation that might be made with regard to offering investment advice or brokering a product. While the vast majority of business conducted from this office is performed as fee-based advice under FMA, there are times where a commission-based product may be suitable and warranted.

As disclosed in previous sections, additional compensation can be earned by members of FMA. Such compensation could include commissions from the purchase or sell of securities or insurance products, and income from outside business activities. Additionally, members of FMA could be invited to due diligence meetings at the request of investment companies or other industry organizations. On occasion, travel and/or meal reimbursements are made by those companies that extended the invitation. The appearance of “pay for production” may exist and as such the potential conflict of interest has been disclosed.

In order to be clear, accounts that are held at TD Ameritrade Institutional do not allow for any commission payments of any kind to be paid to FMA or any of its direct members. These accounts are fee based advisory accounts. The only compensation derived from TD Ameritrade accounts are the quarterly fees that are evidenced on each quarterly statement provided to the client directly from TD Ameritrade.

If you have any questions concerning the Advisor’s privacy policies and procedures, please feel free to contact us.

FINANCIAL
MANAGEMENT
ADVISORS, INC.

"Sound advice today...security for tomorrow."

115 N. JACKSON ST.
TULLAHOMA, TN 37388
931-455-0151

WWW.FINANCIALMANAGEMENTADVISORS.COM

James D. Bratcher, Jr.

James D. Bratcher, III

This Brochure Supplement provides information on our personnel listed above and supplements the Disclosure Brochure. You should have already received a copy of the disclosure brochure.

If you have not received our firm's Disclosure Brochure, have any questions about professional designations or about any content of the supplement, please contact us at 931-455-0151

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



James D. Bratcher, Jr.

Principal

President

Chief Compliance Officer

Item 2 – Educational Background and Business Experience

Year of Birth: 1960

Education: BAS – Middle Tennessee University, 1982

Business Background: Financial Management Advisors, Inc. 2001 – Present
Master Financial Group, 1984 – 2001
Investors Diversified Services, 1982 – 1984

Item 3 – Disciplinary Information

James D. Bratcher, Jr. does not have any disciplinary disclosures to be reported.

Item 4 – Other Business Activity

James D. Bratcher, Jr. is also a registered representative and registered principal of Silver Oak Securities, Inc. registered broker dealer, member FINRA/SIPC. As such, members who are dually registered must adhere to both the FINRA rules and guidelines as implemented and enforced by the broker/dealer, in addition to the State and/or Federal investment advisory rules and guidelines. The economic benefit that these dually licensed representatives can achieve is the ability to gain a commission, in addition to or in lieu of, the potential investment advisory fees. This can create a conflict of interest that shall be disclosed to the client prior to the sale of any security or insurance product. James D. Bratcher, Jr. acts as an independent contractor and is not an employee of the broker/dealer or any insurance company. Disclosure of commissions is identified in the prospectus of the products sold and will be further covered with the client when signing prospectus receipts. Potential for 12b-1 fees, or trail commissions can be received in accounts held outside of Advisory Accounts. Separation of commission accounts vs. advisory accounts help to reduce the potential conflict of interests.

Item 5 – Additional Compensation

James D. Bratcher, Jr. receives no economic benefit from any non-client individuals for providing advisory services. However, commissions could be received by the sale of securities and insurance related products. If a commission will be made, the client will be informed through prospectus documents of the product as well as other disclosure forms that will evidence the compensation. James D. Bratcher, Jr. is an independent insurance agent and as such has the ability to represent multiple different insurance companies and products. The lines of insurance offered by James often include: Life, Health and Variable Annuity products. James performs reviews of insurance company offerings on a regular basis and uses the due diligence help of Silver Oak Securities, Inc. to identify companies and products that might be suitable for clients. Silver Oak Securities, Inc. provides James with a large list of insurance companies and product offerings that are often updated on a quarterly basis.

Item 6 - Supervision

James D. Bratcher, Jr. reports directly to Financial Management Advisors, Inc. You may contact Financial Management Advisors, Inc. at 931-455-0151.

Item 7 - Requirements for State-Registered Advisors

There is no additional information to be listed under this requirement.



James D. Bratcher, III
Investment Advisor Representative

Item 2 – Educational Background and Business Experience

Year of Birth: 1983

Education: BAS – University of Tennessee-Knoxville, 2005

Business Background: Financial Management Advisors, Inc. 2005 – Present

Item 3 – Disciplinary Information

James D. Bratcher, III does not have any disciplinary disclosures to be reported.

Item 4 – Other Business Activity

James D. Bratcher, III is also a registered representative of Silver Oak Securities, Inc. registered broker dealer, member FINRA/SIPC. As such, members who are dually registered must adhere to both the FINRA rules and guidelines as implemented and enforced by the broker/dealer, in addition to the State and/or Federal investment advisory rules and guidelines. The economic benefit that these dually licensed representatives can achieve is the ability to gain a commission, in addition to or in lieu of, the potential investment advisory fees. This can create a conflict of interest that shall be disclosed to the client prior to the sale of any security or insurance product. James D. Bratcher, III acts as an independent contractor and is not an employee of the broker/dealer or any insurance company. Disclosure of commissions is identified in the prospectus of the products sold and will be further covered with the client when signing prospectus receipts. Potential for 12b-1 fees, or trail commissions can be received in accounts held outside of Advisory Accounts. Separation of commission accounts vs. advisory accounts help to reduce the potential conflict of interests.

Item 5 – Additional Compensation

James. D. Bratcher, III receives no economic benefit from any non-client individuals for providing advisory services. However, commissions could be received by the sale of securities and insurance related products. If a commission will be made, the client will be informed through prospectus documents of the product as well as other disclosure forms that will evidence the compensation. James D. Bratcher, III is an independent insurance agent and as such has the ability to represent multiple different insurance companies and products. The lines of insurance offered by James often include: Life, Variable Annuity products. James performs reviews of insurance company offerings on a regular basis and uses the due diligence help of Silver Oak Securities, Inc. to identify companies and products that might be suitable for clients. Silver Oak Securities, Inc. provides James with a large list of insurance companies and product offerings that are often updated on a quarterly basis.

Item 6 - Supervision

James D. Bratcher, III reports directly to James D. Bratcher, Jr. who may be reached at 931-455-0151.

Item 7 - Requirements for State-Registered Advisors

There is no additional information to be listed under this requirement.