



Financial Services Advisory  
GROW WISER.®

## DISCLOSURE BROCHURE

THE INVESTMENT ADVISERS ACT OF 1940 RULE 203-1

**Part 2A of Form ADV: Firm Brochure**

SEC File #: 801-18801  
Firm IARD/CRD #: 104513

Financial Services Advisory  
REGISTERED INVESTMENT ADVISOR

Cover Page **ITEM 1**

This Disclosure Brochure provides information about the qualifications and business practices of Financial Services Advisory which should be considered before becoming a client. You are welcome to contact us should you have any questions about the contents of this brochure; our contact information is listed to the right. Additional information about Financial Services Advisory is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The information contained in this Disclosure Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities administrator. Furthermore, the term "registered investment advisor" is not intended to imply that Financial Services Advisory has attained a certain level of skill or training.

### MAIN OFFICE

One Church Street, Suite 901  
Rockville, Maryland 20850

### CONTACT INFORMATION

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BROCHURE  
DATED

**1  
JANUARY  
2023**



## MATERIAL CHANGES

ITEM 2

FSA Next Financial Planning Fee: The annual fee for financial planning for FSA Next clients has increased from \$1,800 to \$2,400.

QUESTIONS: Our Chief Compliance Officer, James E. Joseph, is available to address any questions that you may have regarding any services, conflicts of interest and/or disclosures made in this Disclosure Brochure.

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## ADVISORY BUSINESS

### Who We Are

Financial Services Advisory (hereinafter referred to as “FSA,” “the Advisor,” “we,” “us” and “our”) is a fee-only registered investment advisor<sup>1</sup> incorporated in 1982 as a Maryland corporation. As a fiduciary, we put your interests first as we help you achieve your financial goals. We provide asset management and financial planning services<sup>2</sup> for individuals, business owners, foundations, trusts, IRAs and other retirement plans.

#### Owners

The following persons control FSA:

Name	Title	CRD#
James E. Joseph	President and Chief Compliance Officer	2943563
Ronald J. Rough	Chief Investment Officer	2083110

### Our Mission

Our mission is to be an indispensable financial partner with every client we serve.

### What We Do

We assist you in pursuing financial security in an insecure world.

As part of our investment advisory services offering, we help you establish and develop realistic goals and implement an active-system of asset management and, when requested, provide limited financial planning as it relates to goal development, retirement planning, investment allocation, education planning and basic tax and estate planning needs. Our asset management services are designed to increase your portfolio value during rising markets and use our exit strategy called FSA Safety Net<sup>®</sup> to help reduce losses during sustained downward trends (see Item 8, “Managing Risk”). We also offer FSA Next<sup>®</sup>, which we designed to assist young families and individuals to begin investing and planning for their future.

We do not participate in a wrap fee program.

### Investment Advisory Services

We believe that managing your money is more than just buying or selling investments - it’s about understanding your goals and motivations and how your investments support them. So, before we get started actively managing your portfolio, we need to understand your financial picture.

<sup>1</sup> The term “registered investment advisor” is not intended to imply that Financial Services Advisory has attained a certain level of skill or training. It is used strictly to reference the fact that we are “registered” as a licensed “investment advisor” with the United States Securities & Exchange Commission and “Notice Filed” with such other state regulatory agencies that may have limited regulatory jurisdiction over our business practices.

<sup>2</sup> Financial Services Advisory is a fiduciary, as defined within the meaning of Title I of the Employee Retirement Income Security Act of 1974 (“ERISA”) and/or as defined under the Internal Revenue Code of 1986 (the “Code”) for any asset management and financial planning services provided to a client who is: (i) a plan participant or beneficiary of a retirement plan subject to ERISA or as described under the Code; or (ii) the beneficial owner of an Individual Retirement Account (“IRA”).



To accomplish this, we have a four-step process for on-boarding new clients, which we designed to make the transition smooth and stress-free.

### Step 1 - “Get to Know You Meeting”

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Our first session gives us the opportunity to get to know each other. We do an assessment of where you are and where you want to be. We want to learn your current financial situation, including your prior investment experience and tolerance for risk. We listen to your concerns, ask lots of questions and begin to formulate a strategy to address your goals and needs.

### Step 2 - “The Transition”

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Once we understand where you are and where you want to go, this next step involves a deeper analysis of your retirement goals and finances - including investments. You will complete our Client Profile and Agreement<sup>3</sup>. Any analysis we provide helps us better assist you in meeting your goals and managing your investment portfolio. We will help determine what (if anything) is needed to prepare for the transition of working together.

We will recommend Charles Schwab & Co., Inc. and its affiliated entities (Schwab) for your investment assets. In certain cases when consistent with your investment objectives, we may recommend that you invest a portion of your investment portfolio through Schwab’s Institutional Intelligent Portfolios® program described below.

We recommend Schwab because of the benefits we receive servicing your account and Schwab’s ability to accept most securities from other firms. For more information on the benefits we can receive from Schwab, please see Item 12, “Brokerage Practices.”

### Step 3 - “Moving Forward”

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After all accounts are opened and assets are in place, we begin management utilizing the FSA Safety Net® system. Throughout the course of the year, expect to receive various communications from us in addition to the monthly account statements from your custodian:

- ❖ Quarterly Financial Planning Newsletter
- ❖ Periodic market updates
- ❖ Periodic reviews of your accounts and planning goals
- ❖ Webinar invitations to hear and see what we’re thinking and doing

### Step 4 - “Peace of Mind”

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The goal of this final step is to hear you confidently say, *“I’m glad I don’t have to worry about it anymore.”* Working together, your accounts are now actively managed seeking to make money during good cycles and preserving gains when price trends reverse to help achieve your financial goals.

During each review meeting, we take the opportunity to review your investment portfolio considering your current needs as well as any additional financial items you may wish to discuss.

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<sup>3</sup> The Client Profile and Agreement we use is an important tool in gathering information about your investment experience, risk tolerance, income/tax bracket, liquidity, time horizons, etc. If you elect not to answer the questionnaire or choose to respond with limited input, it is possible that we could operate in a handicapped capacity contrary to your investment needs. Therefore, if you desire the most effective and accurate recommendations regarding your managed account(s), you should make every effort to provide us with your detailed personal needs and objectives, along with financial and tax information.

## FSA Next®

As a financial advisor, one of the most difficult conversations is to inform someone at or near retirement that they may need to keep working or scale back their lifestyle. We have found ourselves wishing we had the opportunity to teach principles and provide practical tools at an earlier age that lead to financial success. For this reason, we developed FSA Next® - a service built upon the philosophy:

### DISCIPLINE = FREEDOM<sup>4</sup>

We believe, through FSA Next®, that a disciplined approach to spending, saving and investing, combined with well-defined goals and a long-term time horizon, can give you the best chance of achieving financial freedom. We view financial freedom as more than just buying or selling investments - it's about:

- ❖ Taking advantage of long-term time horizons - Just like aiming an arrow towards a target, small adjustments at the start can have a dramatic effect on where you land in the future. FSA Next® is designed to make sure you are properly aligned to hit your financial targets.
- ❖ Being **S.M.A.R.T.**: Have clearly defined goals -
  - Specific
  - Measurable
  - Achievable
  - Relevant
  - Time-Bound
- ❖ Leveraging the advice of experts - No one has time to be an expert in everything. Partner with a CERTIFIED FINANCIAL PLANNER™ through FSA Next® to develop a strategy that will give you the best chance at achieving your financial goals.

We have a 3-step process for FSA Next®.

#### Step 1 - 30 Minute Consultation

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Our first session gives us the opportunity to get to know each other. We do an assessment of where you are relative to your short- and long-term goals. We ask you to complete our "Client Profile and Agreement" so we can more fully understand your investment objective. We listen to your concerns, ask a lot of questions and try to gain an understanding of how we can add value to your current situation.

#### Step 2 - Personal Financial Analysis ("PFA")

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The PFA is an analysis of your financial situation. Together we will review your current spending and savings habits and assess the trajectory towards your financial targets. If we determine that adjustments need to be made, we can assist in developing a strategy to get you on track towards achieving those goals. Areas of focus include:

- ❖ Budgeting
- ❖ Cash Flow
- ❖ Retirement Savings
- ❖ Debt Management
- ❖ Investment Allocation
- ❖ Education Savings

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<sup>4</sup> Inspired by the book by: Willink, Jocko (2015). *Extreme Ownership*, New York, NY: St. Martin's Press.



❖ Basic Tax Planning

### Step 3 - Ongoing Financial Planning Services and Asset Management

Younger individuals generally experience several transitions both personally and professionally. The choices you make during this time may dictate the lifestyle you will be able to live throughout the course of your life. Once you complete the PFA, we hope that it serves as the blueprint for you and your advisor to decide upon the ongoing topics of focus. These topics are to help keep you on track towards achieving your financial goals and may change over time. You may need further assistance from outside professionals (i.e., attorneys, accountants, insurance agents, etc.) to address your financial situation. Should this be the case, we may recommend the services of these outside professionals to help with implementation. FSA Next® provides you with ongoing access to your personal financial advisor who can help you navigate these changes and aid in decision making. That personal financial advisor can also provide asset management services through Schwab's Institutional Intelligent Portfolios® (IIIP) program described below.

### Asset Management through Schwab's Institutional Intelligent Portfolios®

#### Overview

When consistent with an investment advisory client's investment objectives, we may offer asset management services through Schwab's IIIP program. IIIP is an automated investment program through which you are invested in a range of investment strategies that we constructed and manage, each consisting of a portfolio that can include exchange traded funds ("ETFs"), mutual funds and a cash allocation. You can instruct us to exclude up to three mutual funds or ETFs from your portfolio. Your portfolio is held in a brokerage account opened by you at Schwab. We use the Institutional Intelligent Portfolios® platform (the Platform), offered by Schwab Performance Technologies (SPT), a software provider to independent investment advisors and an affiliate of Schwab, to operate the IIIP program. We are independent of and not owned by, affiliated with or sponsored or supervised by SPT, Schwab and their affiliates.

We, and not Schwab, are your investment adviser and primary point of contact with respect to the IIIP program. As between us and Schwab, we are solely responsible, and Schwab is not responsible, for determining the appropriateness of the IIIP for you, choosing a suitable investment strategy and portfolio for your investment needs and goals and managing that portfolio on an ongoing basis.

We contracted with SPT to provide us with the Platform, which consists of technology and related trading and account management services for the IIIP. The Platform enables us to make the IIIP available to you online and includes a system that automates certain key parts of its investment process (the System). The System includes an online questionnaire that helps us determine your investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. We will recommend a portfolio via the System in response to your answers to the online questionnaire. You may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but we then make the final decision and select a portfolio based on all the information it has about you. The System also includes an automated investment engine through which we manage your portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if you are eligible and elect).

We charge clients a fee for our services as described below under Item 5, "Fees and Compensation." Our fees are not set or supervised by Schwab.



We generally recommend to all our clients that investment management accounts be maintained at Schwab. Because of this consideration, Item 12 below describes possible conflicts of interest. Keep in mind, you do not have to accept our recommendation.

Clients enrolled in the SIIP program are limited in the universe of investment options available to them. For example, the investment options available are limited to ETFs and mutual funds, whereas we recommend various other types of securities in its other services. You will have access to your accounts and a financial interface online but can also confer with us with respect to your account. Please also refer to Item 8 below with respect to the investment risks associated with the SIIP program, including mutual fund and ETF risk.

### Rebalancing

The System will rebalance your account periodically by generating instructions to Schwab to buy and sell shares of funds and depositing or withdrawing funds through the “Sweep Program,” considering the asset allocation for your investment strategy. Rebalancing trade instructions can be generated by the System when (i) the percentage allocation of an asset class varies by a set parameter established by us, (ii) we decide to change the ETFs or your percentage allocations for an investment strategy or (iii) we decide to change your investment strategy, which could occur, for example, when you make changes to your investment profile or impose or modify restrictions on the management of your account. Accounts below \$5,000 may deviate farther than the set parameters as well as the target allocation of the selected investment profile. Rebalancing below \$5,000 may impact the ability to maintain positions in selected asset classes due to the inability to buy or sell at least one share of an ETF or mutual fund. For example, withdrawal requests may require entire asset classes to be liquidated to generate and disburse the requested cash.

### Sweep Program

Each investment strategy involves a cash allocation (Cash Allocation) that will be held in a sweep SIIP program at Charles Schwab Bank (the Sweep Program). The Cash Allocation will be a minimum of 4% of an account’s value to be held in cash and may be higher depending on the investment strategy chosen for you. The Cash Allocation will be accomplished through enrollment in the Sweep Program which is sponsored by Schwab. By enrolling in the SIIP program, you consent to having the free credit balances in your brokerage accounts at Schwab swept into deposit accounts (Deposit Accounts) at Charles Schwab Bank (Schwab Bank) through the Sweep Program.

Schwab Bank is an FDIC-insured depository institution that is a Schwab affiliate. The Sweep Program is a required feature of the SIIP program. If the Deposit Account balances exceed the Cash Allocation for your investment strategy, the excess over the rebalancing parameter will be used to purchase securities as part of rebalancing. If you request cash withdrawals from your accounts, this likely will require the sale of fund positions in your accounts to bring your Cash Allocation in line with the target allocation for your chosen investment strategy. If you have taxable accounts, those sales may generate capital gains (or losses) for tax purposes. In accordance with an agreement with Schwab, Schwab Bank has agreed to pay an interest rate to depositors participating in the Sweep Program that will be determined by reference to an index.

### Compensation to Schwab Under the Institutional Intelligent Portfolio® Program

You do not pay fees to SPT or brokerage commissions or other fees to Schwab as part of the SIIP program. However, Schwab receives other revenues including, but not specifically limited to, the following which is subject to change: (i) the profit earned by Charles Schwab Bank on the allocation to the Schwab Intelligent Portfolios Sweep Program described in the





Schwab Intelligent Portfolios Sweep Program Disclosure Statement; (ii) investment advisory and/or administrative service fees (or unitary fees) received by Charles Schwab Investment Management, Inc., a Schwab affiliate, from Schwab ETFs™ Schwab Funds® and Laudus Funds® that we select to buy and hold in your brokerage account; (iii) fees received by Schwab from third-party ETFs that participate in the Schwab ETF OneSource™ program and mutual funds in the Schwab Mutual Fund Marketplace® (including certain Schwab Funds and Laudus Funds) in your brokerage account for services Schwab provides; and (iv) remuneration Schwab may receive from the market centers where it routes ETF trade orders for execution.

## Stand-Alone Financial Planning and Consulting Services

We provide limited financial planning and consulting services as described above. Except as detailed in Item 5, we generally do not charge an additional fee for requested financial planning services unless the services exceed the limited scope of planning identified in our Client Profile and Agreement. Should additional planning needs be evident, we will have you enter into a separate stand-alone Financial Planning and Consulting Agreement outlining the terms, conditions (including termination), scope of services provided and fees that would be due.

## Miscellaneous Disclosures

### Financial Planning

We have relied upon information provided by you. We do not verify any information obtained from you or your attorney, accountant or other professionals, including information from custodial/investment statements. In the event that any such information provided is inaccurate or incomplete, the corresponding results or recommendations will be inaccurate or incomplete.

We are not a law firm, accounting firm or an insurance agency, and no portion of our services should be construed as comprehensive financial planning or legal, insurance or accounting advice. Rather, you should seek the advice of your attorney, insurance agent, accountant or other corresponding professional advisor with respect to those issues. We do not prepare estate planning documents or tax returns, nor do we sell insurance products.

Unless we specifically agree in writing, neither we nor our representatives are responsible to implement any financial plans or financial planning advice, provide ongoing financial planning services or provide ongoing monitoring of financial plans or financial planning advice. Any financial planning, consulting and investment recommendations by us are subject to various market, currency, economic, political, tax and business risks and those recommendations/decisions will not always be profitable. You are free at all times to accept or reject any recommendation from us, and you have the sole authority with regard to the implementation, acceptance or rejection of any recommendation or advice and/or services from us and any recommendations (i.e., estate planning, retirement planning, taxes, etc.) should be discussed and/or implemented, at your sole discretion, with the corresponding professional advisors of your choosing.

You may require further assistance from outside professionals (i.e., attorneys, accountants, insurance agents, etc.) to address your financial situation when preparing your financial analysis. Should this be the case and you don't have a professional of your choosing, we may recommend the services of outside professionals we know to help with implementation, but you should understand that our referral of a professional to you could present conflicts of interest because we could have an economic incentive to refer you to a specific professional and the professional could also make referrals to us. To mitigate those conflicts, we remind



you that you are not under any obligation to engage any professionals that we recommend to you.

If you engage any professional (i.e., attorney, accountant, insurance agent, etc.) recommended by us or otherwise and a dispute arises thereafter relative to such engagement, you agree to seek recourse exclusively from the engaged professional. At all times, the engaged licensed professional[s] (i.e., attorney, accountant, insurance agent, etc.), and not us, shall be responsible for the quality and competency of the services provided.

We believe that it is important for you to address financial planning issues on an ongoing basis. Our advisory fee, as set forth at Item 5 below, will remain the same regardless of whether or not you determine to address financial planning issues with us.

### Socially Responsible Investing Limitations

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Socially Responsible Investing (SRI) involves the incorporation of environmental, social, and governance considerations into the investment due diligence process (ESG). There are potential limitations associated with allocating a portion of an investment portfolio in ESG securities (i.e., securities that have a mandate to avoid, when possible, investments in such products as alcohol, tobacco, firearms, oil drilling, gambling, etc.). The number of these securities may be limited when compared to those that do not maintain such a mandate. ESG securities could underperform broad market indices. Investors must accept these limitations, including potential for underperformance. Correspondingly, the number of ESG mutual funds and exchange traded funds are few when compared to those that do not maintain such a mandate. As with any type of investment (including any investment and/or investment strategies recommended and/or undertaken by us), there can be no assurance that investment in ESG securities or funds will be profitable or prove successful.

### Sub-Advisory Engagements

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We also serve as a sub-adviser to unaffiliated registered investment advisors per the terms and conditions of a written sub-advisory agreement. The unaffiliated investment advisers that engage our sub-advisory services shall maintain both the initial and ongoing day-to-day relationship with the underlying client, including initial and ongoing determination of client suitability for our designated investment strategies. If the custodian/broker-dealer is determined by the unaffiliated investment adviser, we will be unable to negotiate commissions and/or transaction costs and/or seek better execution. As a result, such clients may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case through alternative clearing arrangements recommended by us. Higher transaction costs adversely impact account performance.

### Held-Away Assets

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“Held-Away Assets” are defined as your investment assets or accounts that are (i) not designated by you to be subject to our discretionary management services under the terms and conditions of our Client Profile and Agreement, (ii) not included in calculating your performance and not subject to fees based upon a computation of your assets under our management, (iii) contained in your employer sponsored retirement plan accounts for which we do not maintain trading authority or (iv) any specific individual securities that are purchased for your account at your direction and not based upon our investment advice or determination to purchase the individual securities as part of our ongoing discretionary management authority. When specifically requested by you and as agreed to by us, we may



provide investment advice related to the Held-Away Assets subject to the terms and conditions of our Client Profile and Agreement which includes the following:

- ❖ We do not accept responsibility to provide ongoing review, monitoring or performance evaluation of any Held-Away Assets including retirement plan allocations sponsored by your employer, all of which is your or your designated professional's ongoing responsibility.
- ❖ If requested by you, we may consult or assist you regarding Held-Away Assets in matters that include, but are not limited to, disposition of assets, transferring of non-managed funds to/from the account(s) or assist with trades within the non-managed account(s) but only as directed by you. You remain responsible for all decisions and consequences regarding the Held-Away Assets and agree to release and hold us harmless, and all persons associated with us, from any and all losses and/or other liabilities resulting from the Held-Away Assets(s).
- ❖ Our investment advice shall be limited by the investment choices available within your retirement plan, and we are not responsible for any costs, expenses, transaction fees, redemption fees, penalties or otherwise resulting from any account transactions.
- ❖ We will not have, nor will we accept, any authority to affect any type of transactions or changes via the plan website on your behalf including, but not limited to, changing investment allocation, changing beneficiaries or effecting account disbursements or transfers to any individual or entity.
- ❖ It is your exclusive obligation and sole responsibility to immediately notify us, in writing, if there is a change in your financial situation or investment objective(s) including, but not limited to, personal/financial situation, goals, needs or concerns/views regarding economic/political/financial climate as well as any changes in investment alternatives, restrictions, etc. for the purpose of reviewing, evaluating or revising any of our previous recommendations and/or services, or if you want to impose, add or modify any reasonable restrictions to our investment advisory services. Please Note: Unless you advise, in writing, to the contrary, there are no restrictions on our services, other than to manage the account in accordance with your designated investment objective.
- ❖ We shall not be responsible for any costs, damages, penalties or otherwise resulting from the failure to notify us.
- ❖ We can also provide account reporting services which can incorporate client investment assets that are not part of the assets that we manage (the Held-Away Assets).

### Retirement Account Rollovers

When it comes to your retirement account, you have four options to consider when changing employers or retiring:

- ❖ Leave the account assets in the former employer's plan if permitted.
- ❖ Roll over the assets to the new employer's plan if one is available and rollovers are permitted.
- ❖ Roll over the account assets to an Individual Retirement Account (an "IRA").
- ❖ Cash out the retirement account assets (there may be tax consequences and/or IRS penalties depending on your age).

Should you approach us to advise you on which option would be the best for your particular situation, we have an economic incentive to recommend you roll over your retirement account to a managed IRA account with us where we would earn a management fee on those assets. This can present a conflict of interest and render our advice as subjective and a disadvantage to you. Therefore, if we recommend you roll over your retirement account to



an individually managed IRA account, you are under no obligation to engage us to manage your assets. You are free to take your account anywhere.

### Portfolio Trading Activity

As part of our investment advisory services, we will review your portfolios on an ongoing basis to determine if any trades are necessary based upon various factors including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, your financial circumstances and changes in your investment objectives. However, based upon these and other factors, there may be extended periods of time when we determine that trades within your portfolio are neither necessary nor prudent. You nonetheless remain subject to the fees described in Item 5 during periods of portfolio trading inactivity.

### Cash Positions

Our clients' accounts usually contain cash and cash equivalent positions (such as money market funds), generally for defensive and liquidity purposes. Unless otherwise agreed in writing, all cash and cash equivalent positions will be included as part of assets under management for purposes of calculating our investment management fee.

At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), we may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, our advisory fee could exceed the interest paid by your money market fund.

### Inverse / Enhanced Investments

We may utilize inverse (short) mutual funds and/or exchange-traded investment/funds (ETFs) that are designed to perform in an inverse (opposite) relationship to certain market indices (at a rate of one or more times the inverse result of the corresponding index). In addition, we may also use leveraged (enhanced) mutual funds or ETFs that provide an enhanced relationship to certain market indices (at a rate of more than one times the actual result of the corresponding index). These strategies involve a higher level of inherent risk, and therefore, you may direct us, in writing, not to employ any or all such investment strategies.

## Tailored Advisory Services

We tailor our advisory services to the individual needs of our clients as described above. In addition, our clients may impose reasonable restrictions, in writing, about investing in certain securities or types of securities.

## Assets Under Management

As of December 31, 2022, our assets under management totaled:

Client Discretionary Managed Accounts .....	\$707,792,446
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We do not offer non-discretionary asset management services.



## FEES AND COMPENSATION

### Investment Advisory Service Fees

We provide our investment advisory services on an asset-based fee arrangement. Management fees are calculated by taking the aggregate fair market value of your portfolio multiplied by one-fourth the corresponding annual fee rate for each portion of your portfolio assets that fall within each tier. The tier breaks are generally as follows:

Account Value	Annual Fee Rate Not to Exceed
First \$ 500,000.....	1.25%
Next \$1,000,000 .....	1.00%
Next \$3,500,000 .....	0.75%
Over \$5,000,000 .....	0.65%

However, we retain discretion to reduce the management fee on a client-to-client basis depending on anticipated future earning capacity, anticipated future asset additions, related accounts, complexity of the engagement, negotiations with the client, account composition and the size of the portfolio to be managed. For example, in certain cases depending upon the above factors, we may agree to charge 1.00% on the first \$1,500,000 under management, instead of 1.25% of the first \$500,000 and 1.00% on the next \$1,000,000. Also, certain legacy clients may have accepted different pre-existing service offerings from FSA and may therefore receive services under different fee schedules than as set forth above. As a result of these factors, similarly situated clients could pay different fees which correspondingly impacts a client's net account performance.

Ultimately, your applicable asset management fee will be fully disclosed to you in our Client Profile and Agreement before we conduct any asset management services.

### Protocols for Investment Advisory Services

The following protocols establish how we will handle your managed account(s) and what you should expect when it comes to (i) managing your account, (ii) your bill for investment services, (iii) deposits and withdrawals in/from your account(s) and (iv) other fees charged to your account(s).

#### Discretion

We will establish discretionary trading authority on all managed accounts to execute securities transactions at any time according to the agreed-upon investment strategy(ies) and without your prior consent or advice. Under the SIIP program, we establish discretionary trading authority to execute securities transactions using the investment engine available on the System where certain key parts of our investment process are automated.

Subject to the applicable limitations under the SIIP program, at any time you may impose reasonable restrictions, in writing, on our discretionary authority (i.e., limit the types/amounts of particular securities purchased for your account, exclude the ability to purchase securities with an inverse or leveraged relationship to the market, etc.).



## Billing

Your account will be billed quarterly in advance based on the aggregate fair market value of the assets in your account on March 31, June 30, September 30 and December 31. Our management fee will be a blended percentage based on your total assets that fall within each tier of our fee schedule. For example:

Account Value: \$2,000,000	Annual Fee % (Per Tier)	Annual Fee (Billed per Tier)
First \$ 500,000	1.25%	\$ 6,250
Next \$1,000,000	1.00%	\$10,000
Next \$ 500,000	0.75%	\$ 3,750
Total Annual Fee:		\$20,000

For new accounts, asset management fees are prorated from inception through the end of the quarterly billing period. Fees will be deducted first from any money market funds or cash balances. If such assets are insufficient to satisfy payment of such fees, a portion of the account assets will be liquidated to cover the fees.

## FSA Next® Fees

FSA Next® fees are generally comprised of the following:

1. A one-time fee of \$1,500 for preparation of the Personal Financial Analysis (PFA) due in advance.
2. After the PFA presentation, an ongoing financial planning services fee of \$2,400 annually, billed quarterly in advance.
3. A 1.00% annual management fee on assets managed.

The ongoing financial planning service does not require you to utilize our asset management services offered through the SIIP program. However, you are not able to receive only asset management and opt out of financial planning services.

You authorize us to utilize the services of a third-party payment facilitator to deduct the one-time fee for the PFA as well as the fee for ongoing financial planning services.

Asset management is provided on an asset-based fee arrangement. Management fees are calculated by taking the aggregate fair market value of your portfolio multiplied by one-fourth the corresponding annual percentage rate (i.e.,  $1.00\% \div 4 = 0.25\%$ ).

We maintain discretion to reduce the FSA Next® fees on a client-to-client basis depending on anticipated future earning capacity, anticipated future asset additions, related accounts, complexity of the engagement, negotiations with the client, account composition and the size of the portfolio to be managed.

We also require a minimum initial investment of \$5,000 to manage assets through the SIIP program under the FSA Next® service offering.

## Protocols for FSA Next®

The following protocols establish how we handle your managed accounts and what you should expect when it comes to (i) managing your account, (ii) your bill for investment services, (iii) deposits and withdrawals of funds and (iv) other fees charged to your account(s).



**Discretion**

We will establish discretionary trading authority on FSA Next® accounts to execute securities transactions using the investment engine available on the System where certain key parts of our investment process are automated.

You can instruct us to exclude up to three (3) ETFs or mutual funds from your portfolio. However, we have full authority to select an investment strategy and portfolio based on the information we have gathered about you.

**Billing**

Your account will be billed quarterly in advance based on the aggregate fair market value of the assets in your account on March 31, June 30, September 30 and December 31.

For new accounts, asset management fees are pro-rated from inception through the end of the quarterly billing period. We do not prorate our quarterly fee for deposits or withdrawals you make during a calendar quarter.

Asset management fees will be deducted first from any money market funds or cash balances. If such assets are insufficient to satisfy payment of such fees, a portion of the account assets will be liquidated to cover the fees.

**Stand-Alone Financial Planning and Consulting Fees**

We provide limited financial planning and consulting services as outlined in Item 4. Should additional planning needs be evident, we will have you enter into a separate stand-alone Financial Planning and Consulting Agreement outlining the terms, conditions (including termination), scope of services provided and fees that would be due. The applicable financial planning and consulting fees are negotiable and can be either a flat fee or an hourly rate ranging from \$150 to \$450 per hour depending upon the level and scope of service required and the professional providing the services.

**Fee Exclusions**

The above fees for all our management services are exclusive of any charges imposed by the custodial firm including, but not limited to, (i) any Exchange/SEC fees; (ii) certain transfer taxes; (iii) service or account charges including postage/handling fees, electronic fund and wire transfer fees, auction fees, debit balances, margin interest, certain odd-lot differentials and mutual fund short-term redemption fees and (iv) brokerage and execution costs associated with securities held in your managed account. There can also be other fees charged to your account that are unaffiliated with our management services.

There can be no assurance that Schwab will not change its transaction fee pricing in the future. These fees/charges are in addition to our investment advisory fee in Item 5 below. We do not receive any portion of their fees/charges.

Many mutual funds are available directly to the public. You could therefore potentially purchase some of the mutual funds we may recommend and/or utilize in our managed accounts independently from any engagement with us, as we manage your assets and charge a management fee. However, if you choose to do so, you will not receive our initial and ongoing investment advisory services, and there may be differences in the mutual fund share class that is available to you. In addition, all fees paid to us for portfolio management services are separate from any fees and expenses charged on mutual fund shares by the investment company or by the investment advisor managing the mutual fund portfolios. These expenses, which we do not share in, generally include management fees and various fund expenses, such



as 12b-1 fees. Redemption fees, account fees, purchase fees, contingent deferred sales charges and other sales load charges may occur but are the exception within managed accounts at institutional custodians. A complete explanation of these expenses charged by the mutual funds is contained in each mutual fund's prospectus. You are encouraged to carefully read the fund prospectus.

With respect to the SIIP program, our fees are not set or supervised by Schwab. You do not pay brokerage commissions or any other fees to Schwab as part of the SIIP program. However, Schwab receives other revenues in connection with the SIIP program as described in Item 4 above.

For more information on the custodial firm we recommend for your investment accounts, please see Item 12, "Brokerage Practices."

### **Termination of Services**

Either party, by written notification to the other party, may terminate their agreement at any time provided such written notification is received before the close of business on any business day of the week. Such notification should include the date the termination will go into effect, if not immediate, along with any final instructions on the account.

Once termination has been implemented, neither party has any obligation to the other; we no longer earn fees or give investment advice, and you become responsible for making all future investment decisions. In the event the written notice of termination does not fall on the last day of a calendar quarter, we will refund any unearned management fees.

### **No Compensation from the Sale of Securities or Investment Products**

Neither we nor our representatives accept commission compensation from the sale of securities or other investment products.

## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

ITEM 6

We currently do not offer any performance-based asset management services.

## **TYPES OF CLIENTS**

ITEM 7

The types of clients we serve are described in Item 4, "Who We Are." We manage accounts under \$10,000 if they are receiving regular contributions and are expected to meet or exceed \$10,000 within a short period of time. Due to the minimum investment requirements imposed by many mutual fund companies, these accounts will be managed as "Transition Accounts" resulting in less diversification and possibly resulting in greater volatility. We also require a minimum account value of \$5,000 to manage assets through the SIIP program.



## METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

ITEM 8

### Methods of Analysis, Investment Strategies and Risk of Loss in General

Given the inherent risk and volatility from investing in individual securities, we use pooled investment vehicles such as mutual funds and exchange-traded securities (i.e., ETFs and ETNs). We use actively managed funds as well as index funds.

The factors considered in the search for securities used for management include, but are not limited to, the following: performance, risk, consistency of objectives, manager's tenure, fund size and fund distributions. We may also utilize information obtained from rating and tracking organizations, services providing money flow statistics, business publications, fund prospectuses and other sources and may consider other criteria including, but not limited to, the administrative, recordkeeping, communication, reporting and other services provided.

Our investment decisions are primarily focused on technical analysis, but we also may use fundamental analysis to develop an overall macro perspective as well as to understand the management style of the underlying portfolio manager.

#### Technical Analysis

Technical analysis utilizes current and historical pricing information to help us identify trends in the equity and fixed income markets and in the underlying assets themselves. This may involve the use of various technical indicators, such as moving averages and trend-lines, among others. Technical analysis focuses on the price movement of a security trading in the market place. This is an ideal tool to help identify market entry/exit points. However, no market indicator is absolutely reliable, and portfolios can underperform.

#### Fundamental Analysis

Fundamental analysis considers growth rates, economic conditions, earnings, cash flow, industry outlook, politics (as it relates to investments), historical data, price-earnings ratios, dividends, general level of interest rates and mutual fund company management. Fundamental analysis places greater value on the long-term financial structure and health of a company; however, such fundamental data does not always correlate to the trading value of the stock on the exchanges.

#### Managing Risk

There are several risks that can negatively affect the value of your portfolio. These can include:

- ❖ **Market Risk** - Market risk consists of outside factors that can affect the performance of the financial markets, which in turn causes you to experience losses arising from movements in market prices.
- ❖ **Interest Rate Risk** - Interest rate risk can affect the value of investments. Essentially, when the interest rate on a bond begins to rise, the value (bond price) begins to drop; vice versa, when interest rates on a bond fall, the bond value rises.
- ❖ **Principal Risk** - Principal risk is the risk of losing the amount you invested due to bankruptcy or default.

- ❖ **Currency Risk** - Currency risk is the risk that arises from the change in price of one currency against that of another. Investment values in international securities can be affected (favorably or adversely) by currency rate changes.
- ❖ **Inflation Risk** - The reduction of purchasing power of investments over time.
- ❖ **Mutual Fund Risk** - Mutual funds are operated by investment companies that raise money from shareholders and invest it in stocks, bonds and/or other types of securities. Each fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. Mutual funds charge a separate management fee for their services, so the returns on mutual funds are reduced by the costs to manage the funds. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a sector of the market. Mutual funds come in many varieties. Some invest aggressively for capital appreciation, while others are conservative and are designed to generate income for shareholders. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives).
- ❖ **Exchange Traded Fund (ETF) Risk** - ETFs are marketable securities that are designed to track, before fees and expenses, the performance or returns of a relevant index, commodity, bonds or basket of assets, like an index fund. Unlike mutual funds, ETFs trade like common stock on a stock exchange. ETFs experience price changes throughout the day as they are bought and sold. In addition to the general risks of investing, there are specific risks to consider with respect to an investment in ETFs including, but not limited to, (i) an ETF's shares may trade at a market price that is above or below its net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally.

Other risks could include political, tax, over-concentration and liquidity, to name a few. However, notwithstanding these risk factors, the most important thing for you to understand is that regardless of how we analyze securities or the investment strategy and methodology we use to guide us in the management of your investment portfolio, investing in a security involves a risk of loss that you should be willing and prepared to bear.

## Methods of Analysis, Investment Strategies and Risk of Loss under the SIIP Program

Under the SIIP program, we will allocate your investment assets on a discretionary basis among two investment strategies that follow different investment philosophies. Clients with long-term time horizons will generally experience several market cycles during which different investment strategies will fall in and out of favor. Our solutions:

- ❖ **Global Growth** - This growth-oriented strategy targets an allocation of about 90% stocks and 10% cash/fixed income. It is designed for clients with long-term time horizons who have higher tolerance for market volatility. The Global Growth strategy remains invested through all phases of the market cycle.
- ❖ **Global Moderate** - This growth-oriented strategy targets an allocation of about 70% stocks and 30% cash/fixed income. It is designed for clients with long-term time horizons who have higher tolerance for market volatility. The Global Moderate strategy remains invested through all phases of the market cycle.



These strategies have been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is applicable to our management of your investment assets through the SIIP program:

1. **Initial Interview** - At the opening of the account, our designated representatives will obtain sufficient information from you to determine your financial situation and investment objectives.
2. **Individual Treatment** - The account is managed based on your financial situation and investment objectives.
3. **Quarterly Notice** - At least quarterly, we will notify you to advise us whether your financial situation or investment objectives have changed or if you want to impose and/or modify any reasonable restrictions on the management of the account.
4. **Contact** - At least annually, we will contact you to determine whether your financial situation or investment objectives have changed or if you want to impose and/or modify any reasonable restrictions on the management of the account.
5. **Consultation Available** - We will be reasonably available to consult with you relative to the status of the account.
6. **Quarterly Report** - The custodian will provide you, at least quarterly, a report for the account for the preceding period.
7. **Ability to Impose Restrictions** - You can instruct us to exclude up to three (3) ETFs or mutual funds within your portfolio.
8. **No Pooling** - Your beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian but rather represents a direct and beneficial interest in the securities which comprise the account.
9. **Separate Account** - A separate account is maintained for you with the Custodian.
10. **Ownership** - You retain indicia of ownership of the account (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations).

By enrolling in the SIIP program, you will be limited in the universe of investment options that are available. Specifically, the investment options available through the SIIP program are limited to ETFs, mutual funds and cash allocations, whereas we recommend various other types of securities when providing investment advisory services outside the SIIP program.

The risks that apply under the SIIP program include the risks generally described above, including mutual fund and ETF risks in particular. We also rely on Schwab to develop and maintain the appropriate systems and procedures to control operational risks, especially those involved with trading.

### **Methods of Analysis, Investment Strategies and Risk of Loss for Investment Advisory Services**

In an ideal world, we would all want to “buy-and-hold” a security forever. We feel this is an unrealistic expectation. Conventional “buy-and-hold” strategies are not designed to reduce your exposure in volatile or declining financial markets. For this reason, we believe successful investing and risk management is defined by two factors:

1. **FSA Safety Net®** - An exit strategy to preserve capital.
2. **Follow the Money** - Being properly positioned in securities with rising price trends.



## FSA Safety Net®

The FSA Safety Net® is our exit strategy. Knowing that a 100% gain is needed to offset a 50% loss, our mantra is “Winning by not losing®.” This is more than just a catchy phrase; it is the foundation of our investment philosophy. While many advisors and investors constantly seek opportunities for higher returns, we believe protecting what you’ve made is the most important strategy we can take. We do this by utilizing the FSA Safety Net® to help reduce losses during sustained downward trends.

The FSA Safety Net® is designed to represent an exit point for securities within a portfolio to help reduce losses during sustained downward trends. The FSA Safety Net® is not effective and will not protect assets in periods leading up to and including abrupt/sudden market declines. Examples of such occurrences include, but are not limited to, the market crash of October 1987, the market drop in October 1989, the market disruption caused by the terrorist attacks of September 2001 and the flash crash of May 2010. Similar future occurrences could reduce the effectiveness of the FSA Safety Net®. In addition, the FSA Safety Net® will not protect assets in the event that the account custodian, mutual fund sponsor or manager, annuity sponsor or manager, a specific security itself and/or stock exchanges, at their discretion, suspend, disallow or fail to conduct trades, exchanges, redemptions or liquidations requested by us or you.

Past performance is no guarantee of future results. Different types of investments involve varying degrees of risk. It should not be assumed that future performance of any specific investment, investment strategy or product (including the investments and/or investment strategies recommended and/or undertaken by us or the FSA Safety Net®), or any non-investment related services, content or advice, will prove successful or profitable, or equal any historical performance level(s).

## Follow the Money

We do not believe in holding the same securities or asset classes through all market cycles. Investments go through cycles of extended periods of being in and/or out of favor. This is a function of supply and demand. These cycles create a price trend which is up, down or sideways. Investments that are in favor are dominated by buyers, creating a rising price trend. Our investment process seeks to own those favorable assets. When these assets are no longer in favor and price trends reverse, we want to exit those investments.

## Strategy Descriptions

Making money is a result of either (i) appreciation, (ii) income/dividends or (iii) both - known as total return. Taking into consideration your need for money (portfolio withdrawals) and your tolerance for risk, we can help you select among the following investment strategies (ordered from conservative to aggressive):

- ❖ **Income** - This strategy emphasizes capital preservation by investing in income-oriented securities such as bond funds (e.g. corporate, government and/or municipal funds) within the U.S. and international markets, including other securities like inverse funds.
- ❖ **Income and Growth** - This strategy emphasizes capital preservation by investing in income-oriented securities such as bond funds (e.g. corporate, government and/or municipal funds) while complementing the portfolio with growth funds that offer the potential for capital appreciation within the U.S. and international markets, including other securities like inverse funds. You should be willing to accept modest stock market risk and volatility.

- ❖ **Conservative Growth** - This strategy seeks growth through capital appreciation and dividends/income by investing among U.S. and international stock and bond funds, including other securities like inverse funds. You should be willing to accept moderate stock market risk and volatility.
- ❖ **Core Equity** - This strategy seeks growth through capital appreciation, with minimal emphasis on dividends/income, by investing among U.S. and international stock funds, including other securities like inverse funds. You should be willing to accept stock market risk and volatility associated with an all-stock portfolio (e.g. S&P 500 index).
- ❖ **Tactical Growth** - This strategy seeks growth through capital appreciation without any constraints on the type of securities used, including inverse funds. Portfolios may be concentrated in volatile securities including sectors, commodities, currencies, etc. You should be willing to accept increased volatility and trading with less diversification.
- ❖ **Sector Rotation** - This strategy seeks growth through capital appreciation by rotating among funds representing various sectors of the S&P 500 index, including inverse funds. You should be willing to accept higher risk, volatility and trading.

## DISCIPLINARY INFORMATION

ITEM 9

We have no legal or disciplinary events to report.

## OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

ITEM 10

We are a fee-only registered investment advisor; none of our supervised persons are licensed by or are related to another financial industry participant, and therefore, no disclosure is necessary for this item.

## CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

ITEM 11

### Code of Ethics

As a fiduciary, we have a duty to render unbiased investment advice and at all times act in your best interest. To maintain this ethical responsibility, we have adopted a Code of Ethics that establishes the fundamental principles of conduct and professionalism expected by all personnel in performing their duties. Our Code of Ethics is designed to deter inappropriate behavior and heighten awareness as to what is right, fair, just and good by promoting:

- ❖ Honest and ethical conduct
- ❖ Full, fair and accurate disclosure
- ❖ Compliance with applicable rules and regulations
- ❖ Reporting of any violation of the code
- ❖ Accountability

To help you understand our ethical culture and standards, how we control sensitive information and what steps have been taken to prevent personnel from abusing their inside position, a copy of our Code of Ethics is available for review upon request.



## Client Transactions

These trading policies are our internal disclosures and guidelines regarding transactions related to tradable securities (mutual funds excluded).

### Participation or Interest

It is against our policies for any owner, officer, director or employee to invest with you or with a group of clients or to advise you or a group of clients to invest in a private business interest or other non-marketable investment unless prior approval has been granted by our Chief Compliance Officer and such investment is not in violation of any SEC and/or state rules and regulations.

### Class Action Policy

We do not elect to participate in class action lawsuits on your behalf. Such decisions are yours or with an entity you designate. However, if you have specific questions, you may contact us, and we will help explain the particulars. Any final determination of whether to participate, and the completion and tracking of any such related documentation, shall rest with you.

## Personal Trading

We and our employees are permitted to personally invest our own monies in securities which may also be from time to time the same securities owned in your account. Such investment purchases are independent of, and not connected in any way to, the investment decisions made on your behalf. However, there may be instances where investment purchases for you may also be made in an employee's account. In these situations, we have implemented the following guidelines in order to ensure our fiduciary integrity:

1. No access person of ours (i.e., any officer or an employee who has prior access to information regarding clients' purchase or sale of securities) shall buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public upon reasonable inquiry. No employee of ours shall prefer his or her own interest to that of yours or any other advisory client.
2. We review all securities holdings for all our access employees. An appointed officer reviews these holdings on a regular basis.
3. We require that all employees act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
4. Any individual not in observance of the above may be subject to termination.

Personal trading activities are monitored by our Chief Compliance Officer, or his designee, to ensure that such activities do not impact your security or create conflicts of interest.

## BROKERAGE PRACTICES

ITEM 12

### Custodial Services

We have custodial arrangements with Charles Schwab & Co., Inc. ("Schwab"), a licensed broker-dealer (member FINRA/SIPC), through its Schwab Advisor Services. Schwab offers us





services which include custody of securities, trade execution, clearance and settlement of transactions.

We are not a subsidiary, or an affiliated entity, of Schwab. We have sole responsibility for investment advice rendered, and our advisory services are provided separately and independently from Schwab.

We receive economic benefits through our relationship with Schwab that are typically not available to Schwab retail clients. This creates an incentive for us to recommend Schwab based on the economic benefits we receive rather than on your interest in receiving most favorable execution. These benefits include the following products and services (provided without cost or at a discount):

- ❖ Receipt of duplicate client statements and confirmations;
- ❖ Research-related products and tools;
- ❖ Consulting services;
- ❖ Access to a dedicated trading desk;
- ❖ Access to batch trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to accounts);
- ❖ The ability to have advisory fees deducted directly from accounts;
- ❖ Access to an electronic communications network for order entry and account information;
- ❖ Access to mutual funds with no transaction fees and to certain institutional money managers;
- ❖ Discounts on compliance, marketing, research, technology and practice management products or services provided to us by third-party vendors; and
- ❖ Discounted and/or complimentary attendance at conferences, meetings and other educational events, as well as financial contributions to client entertainment and/or educational seminars.

Schwab at times pays for business consulting and professional services received by our related persons. Some of the products and services made available by Schwab may benefit us and not you or your account. These products or services may assist us in managing and administering your accounts. Other services made available by Schwab are intended to help us manage and further develop our business enterprise. The benefits received by us or our personnel do not depend on the amount of brokerage transactions directed to Schwab.

### Brokerage Practices under the SIIP Program

Client accounts enrolled in the SIIP program are maintained at, and receive the brokerage services of, Schwab. While clients are required to use Schwab as custodian/broker to enroll in the SIIP program, the client decides whether to do so and opens its account with Schwab by entering into a brokerage account agreement directly with Schwab. We do not open the account for you. If you do not wish to place your assets with Schwab, then we cannot manage your account through the SIIP program. Schwab may aggregate purchase and sale orders for mutual funds or ETFs across accounts enrolled in the SIIP program, including both accounts for our clients and accounts for clients of other independent investment advisory firms using the Platform.

In light of our relationship with Schwab, we may have an incentive to recommend that you maintain your accounts with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of transactions. This presents a conflict of interest. When making such a recommendation, however, we believe that our recommendation of



Schwab as custodian and broker is in the best interests of our clients as detailed in this Item 12. It is primarily supported by the scope, quality and price of Schwab's services and not Schwab's services that benefit only us.

### Direction of Transactions and Commission Rates (Best Execution)

We have a fiduciary duty to put your interests before our own. Schwab's advisory support services create an economic benefit to us and a potential conflict of interest to you in that our recommendation to custody your account(s) with Schwab may have been influenced by these arrangements/services. This is not the case; we have selected Schwab as the custodian of choice based on:

1. Schwab's competitive transaction charges, trading platform and online services for account administration and operational support.
2. Schwab's general reputation, trading capabilities, investment inventory, their financial strength and our personal experience working with Schwab staff.

Since we do not recommend, suggest or make available a selection of custodians other than Schwab and we have not verified whether their transaction fees are competitive with another custodian, best execution may not always be achieved. Therefore, you do not have to accept our recommendation to use Schwab as your custodian. However, if you elect to use another custodian, we may not be able to provide you complete institutional services.

### Aggregating Trade Orders

Our objective when executing orders is to act fairly and impartially and to take all reasonable steps to obtain the best possible results (known as "best execution") for you. In seeking best execution, the determinative factor is not the lowest possible cost but whether the transaction represents the best qualitative execution. Also, when we batch (aggregate) orders for a block trade, or when allocating a trade among the batched accounts, policies are in place so that no client is systematically advantaged or disadvantaged by batching the orders.

In consideration of these objectives, we will take into account the unique execution factors of the buy/sell order before batching accounts for a block trade. A few of those factors are:

- ❖ **Security Trading Volume** - Batching orders in a block trade can secure price parity and continuity for our clients during heavy trading activity.
- ❖ **Number of Accounts** - When fewer client accounts are involved, the batched order may not yield better pricing or order execution; it may be more advantageous to perform an individual market order for each account. In addition, preparing individual market orders for the small number of accounts involved may be quicker to complete than preparing a batch order.
- ❖ **Financial Instruments** - The type of security involved, as well as the complexity of the order, can affect our ability to achieve best execution.

## REVIEW OF ACCOUNTS

ITEM 13

We review your account(s) on an ongoing basis to ensure that your overall long-term investment objectives are being addressed. The general economy, market conditions and/or changes in tax law can trigger more frequent reviews. Your cash needs will be adjusted as necessary.





Access to your monthly statements is available through the custodial firm where your investment assets are custodied. These statements summarize all account transactions (including security costs, proceeds, dividends, fees paid, etc.) and the market value of investment holdings. You are encouraged to review these statements to ensure accurate reporting and to determine whether we are meeting your investment objectives.

It is your exclusive obligation and sole responsibility to immediately notify us, in writing, if there is a change in your financial situation or investment objective(s) including, but not limited to, personal/financial situation, goals, needs or concerns/views regarding economic/political/financial climate as well as any changes in investment alternatives, restrictions, etc. for the purpose of reviewing, evaluating or revising any of our previous recommendations and/or services, or if you want to impose, add, or modify any reasonable restrictions to our investment advisory services. Please Note: Unless you advise, in writing, to the contrary, there are no restrictions on our services, other than to manage the account in accordance with your designated investment objective.

We provide you with access to certain online aggregation or financial planning applications/platforms (Platforms) that allow you to view your financial information including Held-Away Assets (see “Held-Away Assets,” Item 4, “Advisory Business”) that are not managed by us. All information is for the purpose of reporting/consolidating assets and liabilities, and all such information shall be subject to the terms and conditions of the “Held-Away Assets” section of your agreement with us. Access to the Platforms is for your ease and convenience and shall not, in any manner whatsoever, be construed as services, advice or recommendations provided by us, and we shall not be responsible for any adverse results you may experience by engaging in financial planning, use of planning tools or other functions available on the Platforms without our assistance or oversight.

## CLIENT REFERRALS AND OTHER COMPENSATION

ITEM 14

### Other Compensation (Indirect Benefit)

As indicated in Item 12 above, we can receive from Schwab (and others) without cost (and/or at a discount) support services and/or products. You do not pay more for investment transactions effected and/or assets maintained at Schwab (or any other institution) as result of this arrangement. There is no corresponding commitment made by us to Schwab, or to any other entity, to invest any specific amount or percentage of your assets in any specific mutual funds, securities, or other investment products as the result of the above arrangement.

We do not currently maintain solicitor/promoter arrangements and do not currently pay referral fee compensation to non-employees for new client introductions.

## CUSTODY

ITEM 15

### Advisory Fee Deduction

We do not take possession of or maintain custody of your funds or securities. Physical possession and custody of your funds and/or securities are maintained with the custodian.

We do, however, meet the definition of custody since you have authorized us to deduct our advisory fees directly from your account. Therefore, to comply with the United States



Securities and Exchange Commission's Custody Rule (1940 Act Rule 206(4)-2) requirements, and to protect you as well as to protect our advisory practice, we have implemented the following regulatory safeguards:

- ❖ Your funds and securities will be maintained with a qualified custodian in a separate account in your name.
- ❖ Authorization to withdraw our advisory fees directly from your account will be approved by you prior to engaging in any advisory or asset management services.

Deducted advisory or management fees will be reflected on your monthly statement from your custodian. Please also note that the custodian does not verify the accuracy of the management fee calculation. To the extent that we provide you with periodic account statements or reports, you are urged to compare any statement or report provided by us with the account statements received from the account custodian.

In addition, certain clients have established asset transfer authorizations that permit the qualified custodian to rely upon instructions from us to transfer client funds or securities to third parties. These arrangements are disclosed at Item 9 of Part 1 of Form ADV. However, in accordance with the guidance provided in the SEC's February 21, 2017, *Investment Adviser Association* No-Action Letter, the affected accounts are not subject to an annual surprise CPA examination.

## INVESTMENT DISCRETION

ITEM 16

### Securities and Amount Bought or Sold

We execute a Client Profile and Agreement with you which sets forth the authority to buy and sell securities in whatever amounts are determined to be appropriate for your account at our discretion.

At any time, you may impose reasonable restrictions, in writing, on our discretionary authority (i.e., limit the types/amounts of particular securities purchased for your account, exclude the ability to purchase securities with an inverse or leveraged relationship to the market, etc.).

## VOTING CLIENT SECURITIES

ITEM 17

We do not vote client proxies. You understand and agree that you retain the right to vote all proxies solicited for securities held in your managed accounts. Most often the custodian of your managed accounts will mail you all proxy solicitations. Any proxy solicitations inadvertently received by us will be immediately forwarded to you for your evaluation and decision.

With respect to the SIIP program, clients are required to submit an Issuer Communication and Release Information Form, or similarly named form, to be certain that they receive proxies and corporate actions directly from the issuer of securities.

However, if you have specific questions, you may contact us, and we will help explain the particulars. However, the ultimate decision on how you vote is your responsibility.



## FINANCIAL INFORMATION

ITEM 18

We are not required to include financial information in our Disclosure Brochure since we will not take physical custody of client funds or securities or bill client accounts six (6) months or more in advance for more than \$1,200.

We are not aware of any current financial conditions that are likely to impair our ability to meet our contractual commitments to you. In addition, we have not, nor have any of our officers and directors, been the subject of a bankruptcy petition at any time during the past ten years.

QUESTIONS: Our Chief Compliance Officer, James E. Joseph, is available to address any questions you may have regarding this Disclosure Brochure.

**END OF DISCLOSURE BROCHURE**