

SEC FORM ADV PARTS 2A & 2B

March 31, 2023



FIRST FINANCIAL ADVISORY SERVICES, INC. A REGISTERED INVESTMENT ADVISOR

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This brochure provides information about the qualifications and business practices of First Financial Advisory Services, Inc. ("FFAS"). If you have any questions about the contents of this brochure, please contact us at (401) 596-0193, on the web at www.firstfinancialadvisory.com or via email at mcunningham@1stallied.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. In addition, the terms 'registered investment advisor' and 'investment advisor representative' as used in this brochure do not imply a level of skill, but simply proper registration with the appropriate regulatory authorities.

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

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2.0 MATERIAL CHANGES

This Item discusses only specific material changes that were made after the prior annual update of this Brochure was published on March 30, 2022, and provides Clients with a summary description of such changes that have occurred since that time.

The material changes are as follows:

We revised Item 12 – Brokerage Practices to explain that Geraldine Cunningham purchased shares of GC Two Holdings, Inc., which owns indirect financial interests in Cetera Advisors. Mrs. Cunningham signed a Joinder Agreement with GC Two Holdings, Inc. agreeing that if her relationship with Cetera Advisors is terminated, GC Two Holdings, Inc. would acquire the right to purchase her shares, which would cause Mrs. Cunningham to pay increased taxes and lose the benefits of price appreciation of the shares. Mrs. Cunningham also serves on Cetera's Chairman Emeritus Council and received a loan from Cetera. At the same time, Cetera entered into an Incentive Bonus Agreement pursuant to which Cetera agreed to make certain bonus payments to Mrs. Cunningham, which, if she meets certain conditions described in Item 12, may be used to pay off the loan. Those conditions include, among other things, that Mrs. Cunningham remain registered as a registered representative of Cetera and that no FFAS clients may be removed from Cetera's platform. The terms of Mrs. Cunningham's Joinder Agreement with GC Two Holdings, Inc., her service on Cetera's Chairman Emeritus Council, the receipt of the payments from Cetera that she can use to repay the loan, and her compliance with the conditions that would allow her to continue to receive those payments all represent conflicts of interest, which are more fully described in Item 12.

FFAS affirms that all Clients will receive a summary of any material changes to this Brochure (or subsequent editions) annually within 120 days of the close of our company fiscal year and promptly at any time if any of the information herein becomes materially inaccurate. In addition, we will provide any Client with a current Brochure at any time, upon request, without charge.

Currently, our Brochure is available on the SEC's website (www.adviserinfo.sec.gov), and may also be requested by contacting Matthew J. Cunningham, Chief Compliance Officer/Secretary, at 401-596-0193 or mcunningham@1stallied.com.

Additional information about FFAS is also available via the SEC's website that is accessed at www.adviserinfo.sec.gov. The SEC's website also provides information about any persons affiliated with FFAS who are registered, or are required to be registered, as investment advisor representatives (sometimes referred to in this Brochure as "Advisors") of FFAS. You can search this site by a unique identifying number, known as a CRD number. The CRD number for FFAS is 105031. The CRD number for each of our investment adviser representatives is located on his or her respective ADV 2B Brochure Supplement.

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4.0 ADVISORY BUSINESS

FFAS is a private corporation that provides investment advisory services to individual investors, families, and small businesses. FFAS was established in 1974 by William B. Mason, who served as the principal owner until his retirement in early 2012. At that time, Geraldine B. Cunningham, who joined the company in 1981, became the sole owner. Mrs. Cunningham also serves in the capacity as President and Treasurer of FFAS.

The term “Advisor” in this Brochure is used in reference to any representative who provides investment advice on behalf of FFAS. Such individuals are properly registered in all required jurisdictions. Please note the term ‘registered’ does not imply a certain level of skill or training. Each Advisor’s qualifications are discussed in detail in **Part 2B** of this brochure.

FFAS uses the term “investment advisory services” in this brochure to describe our activities, which are personalized to each individual Client’s self-disclosed needs, and include a range of activities generally associated with:

- a) portfolio management, which we define as the practice of making decisions about investment mix in accord with policy, matching investments to objectives, allocating assets among security types, and weighing risk against performance; and
- b) financial planning, which is defined by the Certified Financial Planner Board of Standards, Inc. (CFP Board) as a collaborative process that helps maximize a Client’s potential for meeting life goals through Financial Advice that integrates relevant elements of the Client’s personal and financial circumstances.

Clients may engage FFAS to provide portfolio management services, financial planning services, or a combination of both. FFAS Advisors work with each Client during the preliminary consultation phase to a) identify and prioritize their financial objectives, and b) examine and assess their individual tolerance for financial risk within the context of their unique financial situation and given the complexity of our global economy.

FFAS does not participate in wrap fee programs, nor does it publish research reports or sell newsletters. FFAS does work collaboratively with our Clients’ accountants and attorneys, when appropriate, to discuss and manage estate planning, generation skipping, and tax efficiency.

4.1. PORTFOLIO MANAGEMENT SERVICES

As of December 31, 2022, the total value of our Clients’ regulated assets under FFAS management was \$198,000,900. FFAS offers portfolio management services strictly on a non-discretionary basis, which means that an Advisor must obtain Client consent to a recommended trade before making any transaction in that Client’s account. Our investment philosophy focuses on “value” investing, with an eye toward long-term growth.

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Clients are encouraged to fully complete a set of financial questionnaires to help the Advisor establish the parameters by which the account will be managed, including the investment objectives of the account, the tolerable amount of risk or loss, if a Client has any particular investment restrictions or preferences, and how performance will be measured against a particular benchmark index.

FFAS may recommend that a Client roll over their retirement plan assets into an account to be managed by FFAS. A Client or prospective Client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the Client's age, result in adverse tax consequences). If we recommend that a Client roll over their retirement plan assets into an account to be managed by FFAS, such a recommendation creates a conflict of interest as we will earn a new (or increase our current) advisory fee as a result of the rollover. We address this conflict of interest by reviewing any such recommendation to ensure it is in the best interest of the Client. No Client is under any obligation to roll over retirement plan assets to an account managed by us.

4.2. FINANCIAL PLANNING AND CONSULTATION SERVICES

FFAS offers a variety of customizable financial planning services to Clients interested in: planning for education and retirement funding; trying to improve tax efficiency; and strategies to address needs regarding long-term health care, liability protection, charitable inclinations, and estate transfer upon death. Other financial services provided by FFAS include fiscal wellness coaching, navigating interactions with third-parties (e.g., financial institutions, insurance companies, and government agencies), and assisting Clients with the management of household economies, financial data, and debt. FFAS also provides consultation services that may not constitute financial planning. The scope of services to be provided will be described in an agreement between FFAS and the Client. FFAS will not provide financial planning or consulting services to Client with respect to the Accounts or any other Client assets unless a separate written financial planning agreement has been signed by Client and Advisor.

The recommendations and solutions FFAS provides relative to financial planning objectives are designed to achieve the Client's desired goals, but often require input from the Client for success, and also may require revisions to meet changing circumstances. Any financial plan created by an FFAS Advisor is based on a Client's financial situation as reported to FFAS at the time of the plan creation; the import of such a plan tends to diminish when changes in circumstance are not disclosed. Therefore, FFAS urges Clients to relate significant life changes when (or even before) they occur so that our financial planning services can be adjusted accordingly.

If Client decides to implement the advice of FFAS, Client is not obligated to do so through the FFAS or any of its Advisors.

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4.3. EDUCATIONAL SEMINARS

FFAS occasionally provides educational seminars covering a variety of topics, including information about required minimum distributions, qualified charitable distributions and TSP investment workshops. Seminars are always offered on an impersonal basis and do not focus on the individual needs of participants.

5.0 FEES & COMPENSATION

FFAS receives compensation from its Clients in consideration for services provided based on one or more of the following fee structures: fee-based (based on a percentage of the Client's assets under FFAS management); transaction-based commissions and 12b-1 fees; an hourly rate; or a fixed fee. We do not receive third party referral fees for our investment advisory services. FFAS does not charge fees for educational seminars to attendees.

5.1. FEE-BASED PORTFOLIO MANAGEMENT SERVICES

FFAS receives a fee as compensation for investment advisory services (the "Advisory Fee"). The Advisory Fee is calculated and assessed as agreed to by Advisor and Client and will depend on the service selected. For portfolio management services, the Advisory Fee, including the method of calculating and manner of payment, may be amended as provided in the Amendment section of the Investment Management Agreement.

Advisory Fees will be billed quarterly, in advance, based upon the agreed annual percentage rate. Fees will be based on the fair market value of the assets in Client's Accounts at close of business as of the last day of the quarter. One-quarter of the annual rate is assessed each quarter. The quarterly fee is determined by multiplying the fee-based account values as of the market close on March 31st, June 30th, September 30th, and December 31st by the annual fee rate, and then calculating a quarterly amount based on the number of days in the quarter. There is an example of this fee calculation in Item 5.

For new Accounts, the amount of the initial Advisory Fee charged for the quarter in which the Agreement is established will be based upon the initial value of the assets transferred or deposited into the Accounts, pro-rated based upon the number of days remaining in the quarter and will be billed in the month following the establishment of the Account. Interim daily deposits or withdrawals in excess of \$10,000 will be billed or credited, respectively, pro-rata based on the number of days remaining in the quarter. Adjustments for deposits or withdrawals will occur in the month following the deposit/withdrawal.

Unless otherwise specified, the Advisory Fee shall be automatically deducted from Client's Accounts by the Custodian by the fifteenth (15th) day of each calendar quarter. However, upon request, the client can arrange to pay fees with a personal check, or to have the payment come from another designated account.

The annual Advisory Fee charged by Advisor is 1.5% of the Account value(s) per year if the value of the Account(s) is \$500,000 or less. Reductions in the annual Advisory Fee to 1.25% and 1.0% are scheduled to occur if a specific Account's value exceeds \$500,000 or \$1,000,000, respectively. The annual Advisory Fee is negotiable for an Account worth \$2,000,000 or more.

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Advisory fees for accounts whose value is less than \$2,000,000 may also be negotiated based on factors such as the amount of assets under management, the range of investment types, and the relative complexity of financial circumstances, among others. Since this fee is negotiable, the exact fee to be paid will be clearly stated (as a percentage of account assets) in the Investment Management Agreement between FFAS and Client.

Upon termination of the Investment Management Agreement, the Client shall be entitled to a pro-rata refund of unearned fees for the quarter.

Transaction charges, handling fees, custodial fees, service charges, ticket charges, asset-based custodial fees, and other similar charges incurred in connection with transactions for the Accounts or other services rendered by a custodian are in addition to any fee-based Advisory Fee paid to FFAS and must be paid by the Client. Client agrees to be responsible for all additional fees and charges for which Client becomes obligated under any separate agreement with the Custodian. These charges are separate from FFAS quarterly fees, and FFAS does not typically receive any portion of these costs.

Mutual funds and similar investment vehicles pay managers to manage the assets of the fund, and the expenses of the fund, including said management fees, are deducted from all of the fund assets, are chargeable against the net asset value of fund shares owned by Client, and are therefore borne separately by Client.

Rule 12b-1 shareholder servicing and/or distribution fees are fees charged by mutual fund sponsors or their affiliates in connection with certain investments in mutual funds. The Client, like other shareholders of mutual funds, will bear a proportionate share of such fund's advisory, administrative, and Rule 12b-1 fees, as well as the account fees on account assets invested in these fund shares. FFAS's Advisors sometimes receive portions of 12b-1 fees, as discussed below. Unrelated parties may also receive Rule 12b-1 shareholder servicing and/or distribution fees, as well as other marketing payments from mutual fund sponsors or their affiliates in connection with the investments in the account. Information on specific 12b-1 fees paid by Clients is presented in every mutual fund prospectus.

Other fees and expenses that Client may pay outside of this Agreement include retirement plan fees, mutual fund sales loads, contingent deferred sales charges, annuity fees including mortality and expense charges, and surrender charges. A description of the types of fees and expenses actually charged by a particular investment are described in the prospectus or contract, as applicable, of the particular investment.

The transaction fees (a.k.a., ticket charges) listed below for fee-based accounts are transaction costs charged by the account custodian and are not commissions. The custodian may amend these fees in the future.

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TRANSACTION TYPE	FEE-BASED ACCOUNT CHARGE
Equity Trade (listed on the NYSE)	\$14.00 + \$.01/share per trade*
Equity Trade (<u>not</u> listed on the NYSE)	\$14.00 per trade
Option Trade	\$14.00 + \$1.65/contract per trade
Corporate Bond Trade (listed on the NYSE)	\$30.00 + \$1.00/bond per trade
Corporate Bond Trade (<u>not</u> listed on the NYSE, a.k.a. OTC)	\$30.00 per trade
Municipal Bond Trade	\$30.00 per trade
Treasury Security Trade	\$35.00 per trade
Agency, Zero, CMO Security Trade	\$35.00 per trade
Money Market Instrument (e.g., CDs, Commercial Paper, etc.) Trade	\$35.00 per trade
Unit Investment Trust Trade	\$25.00 per trade
“No-Load” Mutual Fund Trade	\$20.00 per trade
“Load” Mutual Fund Trade at Net Asset Value (NAV)	\$20.00 per trade
“Load” Mutual Fund Exchanges within Fund Family	\$12.50 round trip
Systematic Contributions & Withdrawals	\$7.50 per event
Custodian Handling Charge	\$7.50 electronic (+\$1.50 for paper)
* an equity trade of more than 10,000 shares of an NYSE-listed security is charged at a rate of \$14.00 + \$.015/share	

In all advisory Accounts that are fee-based, the Client is also responsible for paying all charges related to securities transactions. These charges are in addition to our Advisory Fee, and neither FFAS nor our Advisors receive any part of the related charges. For fee-based accounts, an amount equal to the portion of any charges, fees, or commissions discussed above (including 12b-1 fees) that inure to the benefit of FFAS or any of FFAS’s Advisors, shall either be refunded to Client’s Account, or netted against the Advisory Fees charged under the Client’s Investment Management Agreement, at FFAS’s election.

However, as described in Section 5.2 below, some of our historical advisory arrangements call for FFAS to receive commissions as compensation for advisory services we provide with respect to the Accounts. In those situations, we do not charge an additional Advisory Fee, and the commissions we receive constitute the entire compensation to us in managing the accounts. FFAS reduces Advisory Fees to zero in these cases in recognition that the receipt of commissions constitutes adequate compensation. In these types of Accounts, we do not refund any commissions, including 12b-1 fees, received by FFAS or any of our Advisors.

Regardless of the type of advisory fee arrangement FFAS has with any particular Client, all of our Advisors [acting in their separate capacity as registered representatives of Cetera Advisors, LLC, doing business as First

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Allied Securities (FA), a broker/dealer and a member of FINRA/SIPC] receive commissions, including 12b-1 fees, with respect to securities transactions in non-advisory brokerage accounts and in accounts held directly with an insurance or investment company. This creates a conflict of interest in that they have an incentive to recommend such brokerage transactions based upon their receipt of compensation.

FFAS minimizes the impact of these conflicts by: (a) disclosing the conflict of interest to our Clients in this Brochure so they can make an informed decision and ask questions relevant to the fees to be received and other factors; and (b) considering whether a particular product or investment may be available in an advisory account as well as a brokerage account; (c) considering all relevant factors, including those not relevant to costs, relating to a proposed brokerage transaction; and (d) taking all factors into account, ensuring the recommendation to choose FA as the broker-dealer or to purchase the recommended security is in the best interest of the Client. Additionally, in order to further mitigate the conflict, FFAS will generally discount commissions on non-advisory account transactions below the level recommended by the broker-dealer/custodian in cases where the Client has at least one fee-based account and at least one non-fee-based account under FFAS management.

In some instances, the Advisor may reduce the amount of a commission he or she would otherwise receive for a particular client, account, or transaction. In that sense, the commissions our Advisors receive are also negotiable. The firm does not have discretion to decide commission rates, except that it sometimes voluntarily reduces any standard commission to be received by a representative with respect to a client's brokerage account. For example, a representative may elect to reduce commission to 80% of a standard commission on a brokerage transaction for a client that also has an advisory account. This type of commission reduction does not apply to all clients, but rather is something an Advisor may do for certain clients, taking into considerations factors such as the longevity of the client relationship, account size, the existence of other accounts, the complexity of the services generally provided to the client, and similar factors.

In determining whether to recommend that the Client open and maintain either a brokerage account or a fee-based advisory account, we evaluate among other things the anticipated costs to the Client and will offer or recommend the type of account that is in the Client's best interest. In a situation in which transactions are not likely to be frequent, a commission-based account may be more appropriate if the amount of anticipated commission is below the amount of asset-based fees for the same period. Similarly, if an Account is anticipated to have frequent trades, a fee-based account may be more appropriate.

Strictly based on compensation, these situations present conflicts of interests because the option with lowest anticipated cost to the Client may not be the option that maximizes the fees to FFAS or our Advisors. We mitigate these conflicts using factors similar to those discussed above, namely: (a) disclosing the conflict of interest to our Clients in this Brochure so they can make an informed decision and ask questions relevant to the fees to be received in the different type of accounts and other factors; and (b) considering whether a particular product or investment may be available in an advisory account as well as a brokerage account; (c) considering all relevant factors, including those not relevant to costs, relating to the benefits or disadvantages of the different types of accounts; and (d) taking all factors into account, ensuring the recommendation to open either a brokerage account or an advisory account is in the best interest of the Client.

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FFAS Advisors are also licensed insurance agents. They offer various insurance products for which they earn a sales commission. This presents a conflict of interest in that receiving these commissions give Advisors an incentive to recommend insurance products based on the compensation received, rather than on the Client's needs. However, all FFAS Advisors act in a fiduciary capacity, and make the Client's needs paramount in their advisory recommendations. Insurance products may be available through other channels and as a Client you are not obligated to purchase insurance products recommended by our Advisors.

More details regarding the above-described conflicts of interest, related conflicts regarding our relationship with FA, and other conflicts of interests are described in Item 10 of this Brochure.

Additional information about brokerage services is presented in **Section 12.0** of this Brochure.

As a fiduciary, each FFAS Advisor is committed to holding the Client's best interest above all else and consequently must disregard any consideration of personal enrichment when developing suggestions. Be that as it may, accepting compensation for the sale of investment products presents a conflict of interest, as it gives an incentive to make recommendations based on compensation received rather than Client needs. This conflict of interest exists particularly whenever a significant difference in compensation results from implementing a specific investment over other investment choices, and/or in determining the account in which to implement a given suggestion.

Client is not obliged under any circumstance to accept any suggestion or engage FFAS to act on a given suggestion, if accepted. Any decision by the Client to act directly or indirectly on any suggestion made by FFAS shall be made fully and solely by Client. Clients also have the option to purchase investment products that we recommend through other brokers or agents that are not affiliated with FFAS. Account fees and transactions charges may be higher or lower at FA than at other broker/dealers offering similar services.

5.2.COMMISSION-BASED FEES

In the past, FFAS has permitted Clients to elect a commission-based, or transactional, fee structure for accounts advised by FFAS. FFAS does not charge any fee-based Advisory Fee for these Accounts. We are no longer offering that alternative, but we still have Clients for whom we provide service under this arrangement. Commissions are charged only when transactions are effected. The commissions have a minimum per-transaction fee of \$65.00. Commissions are paid directly to Advisors. Clients who have at least one fee-based account will receive discounted commission fees on transactions in any non-fee-based accounts. Transactions in commission-based accounts are subject to the Custodian Handling Charge of \$7.50 per transaction, plus \$1.50 per transaction if a paper confirmation is requested. These fees are in addition to commission charges, and are paid directly to the custodian for services rendered. The firm does not have discretion to decide commission rates, except that it sometimes voluntarily reduces any standard commission to be received by a representative with respect to a client's brokerage account. For example, a representative may elect to reduce commission to 80% of a standard commission on a brokerage transaction for a client that also has an advisory account. This type of commission reduction does not apply to all clients, but rather is something an Advisor

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may do for certain clients, taking into considerations factors such as the longevity of the client relationship, account size, the existence of other accounts, the complexity of the services generally provided to the client, and similar factors.

5.3. FINANCIAL PLANNING SERVICES

FFAS provides financial planning services to many of its Clients. The amount and method that FFAS charges Clients receiving financial planning services is negotiable. In most cases, FFAS Advisors will eliminate financial planning service fees for Clients with whom FFAS has a concurrent or pre-existing agreement to provide portfolio management services for assets under FFAS management.

The specific fees charged by FFAS to other Clients in need of financial planning services depend largely on the type, complexity, and duration of the specific services requested, and are calculated using the following fee schedules:

- a) Fixed Fees: FFAS will charge a fixed fee of up to \$5,000.00 annually for broad-based financial planning services. In limited circumstances, the total cost could potentially exceed \$5,000.00. In these cases, we will notify Client in advance and may request that Client pay an additional fee.
- b) Hourly Fees: FFAS charges an hourly fee, typically at the rate of \$150 per hour, for Clients who request specific services (such as a modular plan or hourly consulting services) and do not desire a broad-based financial plan.
- c) Monthly Fees: In certain situations, FFAS will charge a monthly fee, payable monthly. The amount of the fee is negotiable and there is no standard or customary fee.
- d) Annual Fees: In certain situations, FFAS will charge an annual fee, which will be paid in monthly or quarterly installments. The amount of the fee is negotiable and there is no standard or customary fee.

Prior to engaging FFAS to provide financial planning services, the Client will be required to enter into a written Investment Management Agreement with our firm. The Agreement will set forth the terms and conditions of the engagement and describe the scope of the services to be provided and the portion of the fee that is due from the Client. For fixed fees, FFAS generally requires a prepayment of 50% of the fee with the remaining balance due upon completion of the agreed upon services. At FFAS's discretion, FFAS may require prepayment of all or a portion of a fee for financial planning, but at no time will FFAS require prepayment of \$1,200 or more, six months or more in advance.

Other fee payment arrangements may be negotiated with the Client on a case-by-case basis, particularly for Clients with an ongoing need for financial services. All such arrangements will be clearly set forth in the Investment Management Agreement signed by Client and the firm.

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Either party may terminate the Investment Management Agreement by written notice to the other. In the event the Client terminates FFAS' financial planning services, the balance of FFAS' unearned fees (if any) for such services will be refunded to the Client.

6.0 PERFORMANCE-BASED FEES

We do not engage in charging performance-based fees, and FFAS does not have any arrangements for compensation to its Advisors on the basis of a share of the capital gains upon, or the capital appreciation of, the assets, or any portion of the assets, in a Client account.

7.0 TYPES OF CLIENTS

FFAS provides portfolio management services and financial planning services (or both) to individual investors and families, some with a high net worth. We also provide services to small businesses, corporations and charitable organizations.

The minimum account value needed to open a fee-based brokerage account and receive portfolio management services from FFAS is \$25,000 (this requirement may be waived at FFAS' discretion). There is no minimum account size required to open a commission-based account and receive portfolio management services from FFAS, nor does FFAS impose any other minimum requirements to consider before offering an agreement to provide financial planning services to a Client.

FFAS makes the portfolio management and financial planning services described in **Section 4.0** available to all Clients in a variety of combinations that fall under one of the following three categories:

Category I: Clients who have one or more fee-based accounts with FFAS in which the Advisor's compensation is based on a fixed percentage of the account assets rather than on the number of trades executed (as is generally the case in a non-fee-based account). These Clients may also have non-fee-based accounts under FFAS management.

Category II: Clients who do not have a fee-based brokerage account with FFAS, but who do have one or more of the following investment structures with an FFAS Advisor in which the Advisor's compensation is derived from trade commissions, 12b-1 fees, or trailing commissions on investment products: (a) a non-fee-based account, (b) a directly-held mutual fund account, (c) an annuity, and/or (d) an alternative investment (e.g., a non-traded real estate investment trust).

Category III: Clients who do not have any accounts for which an FFAS Advisor is identified as the financial representative or agent of record, but who seek advisory and financial services from FFAS. Accordingly, FFAS does not have authority to initiate or complete trades, assist with cash flow, or report portfolio data for such accounts as may be held otherwise or elsewhere by the Client. FFAS typically charges a flat quarterly fee in advance to provide portfolio management and/or financial services to these Clients on an ongoing basis.

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8.0 METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

As noted in **Section 4.0**, FFAS Advisors work with each Client during the preliminary consultation phase to a) identify and prioritize their financial objectives, and b) examine and assess their individual tolerance for financial risk within the context of their unique financial situation and given the complexity of the global economy.

When formulating investment recommendations, FFAS Advisors first consider the Client-provided parameters that outline goals and expectations specific to each account. The recommendations made by FFAS Advisors are founded upon a solid understanding of each Client's unique circumstances and goals, combined with relevant market data. Further, Clients are encouraged to fully complete a set of financial questionnaires to help the Advisor compose an Investment Policy Statement (IPS). The IPS is a "living" document that establishes the parameters by which the account will be managed, including the investment objectives of the account, the tolerable amount of risk or loss, the time horizon, and how performance will be measured against a particular benchmark index. If a Client has any particular investment restrictions or preferences, they will be incorporated into the IPS.

FFAS' investment philosophy is based primarily on long-term investment strategies incorporating the principles of Modern Portfolio Theory for value investing. This investment approach is firmly rooted in the belief that markets are "efficient" over periods of time and that investors' long-term returns are determined principally by asset allocation decisions, rather than market timing or selection of specific securities. FFAS constructs diversified portfolios, principally through the use of a blended (strategic/tactical) management style. FFAS recommends a mix of equities (common and preferred); bonds (corporate, municipal, and federal); investment company funds (mutual, exchange-trade, and closed-end); and certificates of deposit to implement this investment strategy. When appropriate, FFAS Advisors may also recommend investments in annuities (fixed and variable), covered options, and/or private trusts or partnerships, such as those with underlying investments in real estate, business development corporations, energy interests, and/or equipment leasing.

Although all investments involve risk, FFAS seeks to mitigate risk through broad diversification among asset classes. FFAS utilizes a broad range of investment vehicles to diversify client portfolios. FFAS designs portfolios tailored to the needs of each investor, managing risk and reward based on the Client's stated objectives and tolerance for risk. Once initial asset allocations are made, the FFAS Advisor then periodically reviews the account, communicates meaningful information with the Client as it arises, and suggests rebalancing the account as necessary to maintain adherence to the Client's objectives.

FFAS may also incorporate fundamental analysis when evaluating investment choices. The Fundamental method attempts to measure the intrinsic value of a security by looking at economic and financial factors to determine if an investment is underpriced, offering a good time to buy, or overpriced, indicating a good time to sell. The factors examined include the overall economy, industry conditions, and the financial condition and management of the companies themselves. This technique attempts to determine a security's value by focusing on underlying factors that affect a company's actual business and its future prospects. The term refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements.

The risks associated with fundamental analysis include a vulnerability to incorrect data reported by companies; inaccurate assumptions regarding future growth and/or interest rates; an overreliance on historical data; and poor

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timing with relation to the market. If prices of securities adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance. The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Here are some additional risks of investing you should be aware of:

- **Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.
- **Currency Risk.** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Interest Rate Risk.** Movements in interest rates may directly cause prices of fixed income securities fluctuate. For example, rising interest rates can cause "high quality, relatively safe" fixed income investments to lose principal value.
- **Credit Risk.** If debt obligations held by an account are downgraded by ratings agencies or go into default, or if management action, legislation or other government action reduces the ability of issuers to pay principal and interest when due, the value of those obligations may decline, and an account's value may be reduced. Because the ability of an issuer of a lower-rated or unrated obligation (including particularly "junk" or "high yield" bonds) to pay principal and interest when due is typically less certain than for an issuer of a higher-rated obligation, lower rated and unrated obligations are generally more vulnerable than higher-rated obligations to default, to ratings downgrades, and to liquidity risk.
- **Purchasing Power Risk.** Purchasing power risk is the risk that an investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- **Liquidity Risk.** Liquidity is the ability to readily convert an investment into cash. For example, Treasury Bills are highly liquid, while real estate properties are not. Some securities are highly liquid while others are highly illiquid. Illiquid investments carry more risk because it can be difficult to sell them.
- **Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- **Risks Related to Investment Term.** If the Client requires a liquidation of their portfolio during a period in which the price of the security is low, the Client will not realize as much value as they would have had

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the investment had the opportunity to regain its value, as investments frequently do, or had it been able to be reinvested in another security.

- **Business Risk.** Many investments contain interests in operating businesses. Business risks are risks associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Financial Risk.** Many investments contain interests in operating businesses. Excessive borrowing to finance a business' operations decreases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.
- **Large-Cap Stock Risk.** Investment strategies focusing on large-cap companies may underperform other equity investment strategies as large cap companies may not experience sustained periods of growth in the mature product markets in which they operate.
- **Small/Mid-Cap Stock Risk.** Investment strategies focusing on small- and mid-cap stocks involve more risk than strategies focused on larger more established companies because small- and mid-cap companies may have smaller revenue, narrower product lines, less management depth, small market share, fewer financial resources and less competitive strength.
- **Fixed-Income Market Risk.** Economic and other market developments can adversely affect fixed-income securities markets in Canada, the United States, Europe and elsewhere. At times, participants in debt securities markets may develop concerns about the ability of certain issuers to make timely principal and interest payments, or they may develop concerns about the ability of financial institutions that make markets in certain debt securities to facilitate an orderly market which may cause increased volatility in those debt securities and/or markets.
- **Risks of Investment in Futures, Options and Derivatives.** Such strategies present unique risks. For example, should interest or exchange rates or the prices of securities or financial indices move in an unexpected manner, the Firm may not achieve the desired benefits of the futures, options and derivatives or may realize losses. Thus, the Client would be in a worse position than if such strategies had not been used. In addition, the correlation between movements in the price of the securities and securities hedged or used for cover will not be perfect and could produce unanticipated losses.
- **ETF Risk.** The returns from the types of securities in which an ETF invests may underperform returns from the various general securities markets or different asset classes. The securities in the underlying indexes (the "Underlying Indexes") may underperform fixed-income investments and stock market investments that track other markets, segments and sectors. Different types of securities tend to go through cycles of out-performance and underperformance in comparison to the general securities markets.

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FFAS Advisors subscribe to, and at times incorporate, industry-related research and/or recommendations when making investment recommendations. A mix of sources such as Morningstar, Navellier, and Valueline are utilized, among others.

Regardless of how any one portfolio is constructed, each Advisor maintains periodic communications with Clients to determine whether there have been any significant changes in circumstances and/or financial needs. On a periodic basis, FFAS monitors whether the Client account holdings remain consistent with the Client investment objectives and requirements. Moreover, FFAS recognizes that the successful management of any portfolio is a collaborative process between our firm and each Client and believes that the best way to ensure forward progress is to establish and maintain a dynamic, interactive habit of meaningful communication – whether it's an FFAS Advisor simply following up a quarterly review with a note or phone call, or whether it's a Client letting us know of a big change in their life.

FFAS expressly states in its Investment Management Agreement that the Client must be aware of possible losses inherent in the transactions in which FFAS will engage on behalf of the Client. The Client must be financially capable of bearing such losses and recognize that all trading and investments in the account(s) are at the Client's own risk.

Further, the value of the assets held in the account(s) is subject to a variety of factors, such as the liquidity and volatility of the securities markets. It is communicated to the Client that recommendations made by FFAS will inherently place the Client under some risk, and this risk can result, among other risks, in the Client losing investment capital, investment income, tax benefits, and/or purchasing power.

9.0 DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of FFAS or the integrity of FFAS's management team or Advisors. FFAS has no reportable information applicable to this Item.

10.0 OTHER FINANCIAL INDUSTRY ACTIVITIES

FFAS Advisors are also registered representatives of FA. As registered representatives of FA, FFAS Advisors receive commissions, including 12b-1 fees, as compensation for trades made for Clients as discussed in **Section 5.0**. FA also sponsors and hosts programs, conferences and other trips (collectively, "Programs") that are made available at no cost to its registered representatives based on trailing annual sales goals set by FA. For many of these trips FA pays or reimburses travel-related costs of FFAS Advisors and their spouses. FA also provides discounted subscriptions to certain software programs to help educate representatives. These practices create conflicts of interest in that they incentivize FFAS Advisors in their capacity as registered representatives of FA to choose FA as the broker-dealer or to purchase qualifying insurance products. FFAS minimizes the impact of these conflicts by ensuring the recommendation to choose FA as the broker-dealer or to purchase qualifying insurance products is in the best interest of the Client without regard to the receipt of travel and other non-monetary compensation.

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FFAS Advisors are also licensed insurance agents. They offer various insurance products for which they earn a sales commission. This presents a conflict of interest in that receiving these commissions give Advisors an incentive to recommend insurance products based on the compensation received, rather than on the Client's needs. However, all FFAS Advisors act in a fiduciary capacity and make the Client's needs paramount in their advisory recommendations. Insurance products may be available through other channels and as a Client you are not obligated to purchase insurance products recommended by our Advisors.

FFAS is under common control with Geraldine B. Cunningham Associates, LLC, which is a related firm providing office management services for FFAS.

11.0 CODE OF ETHICS

FFAS has adopted a Code of Ethics for all supervised persons of the firm. The code describes our high standard of business conduct, explains our fiduciary duty to our Clients, and includes provisions relating to issues such as:

- the confidentiality of Client information;
- prohibitions on insider trading and rumor-mongering;
- restrictions on the acceptance of significant gifts;
- reporting certain gifts and business entertainment items; and
- personal securities trading procedures.

All supervised persons at FFAS must acknowledge the terms of the Code of Ethics annually, and whenever it is amended. FFAS' employees and persons associated with FFAS are required to follow FFAS' Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of FFAS may trade for their own accounts in securities that are recommended to and/or purchased for FFAS' Clients. The Code of Ethics is designed to ensure that the personal securities transactions, activities, and interests of the employees of FFAS will not interfere with (i) making decisions in the best interest of advisory Clients, or (ii) implementing such decisions while still allowing employees to invest for their own accounts.

Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of our Clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to Client trading activity.

Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as Clients, there is a possibility that employees might benefit from market activity by a Client in a security held by an employee. Therefore, employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between FFAS and its Clients.

Certain affiliated accounts may trade in the same securities with Client accounts on an aggregated basis when consistent with FFAS' obligation of best execution. In such circumstances, the affiliated and Client accounts will share commission costs equally and will receive securities at a total average price. FFAS will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of

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the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

Our Clients or prospective Clients may request a copy of the firm's Code of Ethics by contacting Matthew J. Cunningham at (401)596-0193 or mcunningham@1stallied.com.

12.0 BROKERAGE PRACTICES

FFAS typically recommends that Clients open an account with FA and its clearing firm, Pershing LLC, through which accounts securities will be purchased and sold. We recommend this because our Advisors are also registered representatives (RRs) of FA. We believe the selection of FA will allow us to provide advice to Clients more efficiently in almost all cases. However, each Client should be aware that custodial services are available through other firms, and perhaps even at a lower cost.

Transaction and other brokerage charges are set forth in **Section 5.0**. We believe them to be reasonable. We evaluate our broker/dealer's "best execution" practices by examining a number of factors, including:

- commission costs and rates;
- qualitative execution;
- services provided;
- execution capability;
- Client responsiveness;
- financial strength; and
- reputation.

While we always strive for overall "best execution" for Client accounts, Clients may pay more or less for similar services at a different broker/dealer. In striving for best execution, FFAS' primary custodian (Pershing, LLC) selects certain market centers for routing non-directed orders that offer automated execution of substantially all electronically transmitted orders in over-the-counter (OTC) and exchange-listed securities. The designated market centers to which orders are routed are selected based on the following:

- The consistent high quality of their executions in one or more market segments
- Their ability to provide opportunities for executions at prices superior to the national best bid of offer (NBBO)
- Service, accessibility speed of execution
- Cost counterparty credit worthiness

Pershing regularly reviews reports for quality of execution. The Pershing Customer Execution Quality (CEQ) team rigorously monitors execution quality by submitting all non-conditional, system-routed equity and option orders and executions to one of two external, unaffiliated, third-party execution quality auditing firms on a daily basis.

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These firms compare the reported executions and unexecuted orders to the National Best Bids and Offers (NBBOs) at the time of order entry and identify a subset of items that require review.

The CEQ team measures the proportion of exceptions generated by each market center relative to the amount of orders routed to each market center and finally the number of adjustments deemed necessary by the CEQ team relative to the number of exceptions generated by the market center. In addition, the CEQ team monitors execution quality statistical data made available by every equity execution venue pursuant to SEC 605 (formerly SEC Rule 11Ac1-5). FFAS reviews, on a quarterly basis, the latest Execution Quality Scorecard and Fixed income Exception Statistics reported by Pershing. Current and historical reports are available for review online at <https://data.pershing.com/email/pdf/ArchiveTS-BestEx.html>.

In 2021, Mrs. Cunningham paid \$100,000 to purchase shares of stock in GC Two Holdings, Inc., a company that, in turn, owns indirect financial interests in Cetera Advisors. Mrs. Cunningham also serves on Cetera's "Chairman Emeritus Council." Under the Joinder Agreement Mrs. Cunningham signed with GC Two Holdings, Inc. in the event of a termination of the relationship between Mrs. Cunningham and Cetera Advisors, GC Two Holdings would acquire the right to purchase Mrs. Cunningham's shares at then fair-market value. If that occurs, Mrs. Cunningham could have to pay capital gains taxes on the shares she owns, and she would lose the benefit of any further price appreciation of the shares. These facts create conflicts of interest that might incline Mrs. Cunningham to remain associated with Cetera, as opposed to moving to another broker dealer through which her clients can obtain the same or similar services. The Firm manages those conflicts of interest by assuring that the services provided by Cetera are reasonable, meet the Firm's obligation to achieve "best execution," and are consistent with the clients' best interest.

In addition, Cetera loaned Mrs. Cunningham \$50,000 on September 19, 2022, as evidenced by a promissory note of that date. The loan bears interest at 3.5% and is due and payable on October 31, 2026. If Mrs. Cunningham defaults on the loan, the entire unpaid balance plus interest becomes due and payable. Among the events of default are Mrs. Cunningham ceasing to be registered as a representative of Cetera, or moving to another broker-dealer. At the same time, Cetera entered into an Incentive Bonus Agreement pursuant to which Cetera agreed to make certain bonus payments to Mrs. Cunningham (or to Mr. Cunningham if Mrs. Cunningham dies) on October 31 of 2023, 2024, 2025 and 2026. The annual payments range from \$12,937.50 to \$14,395.83, and the total payments equal \$54,520.83. As a condition of receiving the payments, Mrs. Cunningham must remain registered as a registered representative of Cetera and may not move any client accounts off Cetera's platform, among other things. Thus if Mrs. Cunningham meets those conditions, she may use the annual payments to repay the September 19, 2022 loan.

Mrs. Cunningham's service on Cetera's Chairman Emeritus Council and receipt of the payments from Cetera that she can use to repay the loan, all represent conflicts of interest. Specifically, these situations create incentives for Mrs. Cunningham to continue to place client assets for custody with FA/Cetera, for Mrs. Cunningham to remain associated with FA/Cetera, and for her to refrain from recommending that any accounts currently custodied at FA/Cetera be transferred to another custodian or broker-dealer. The Firm ameliorates the impact of this conflict of interest by disclosing these conflicts to clients so that clients can make an informed decision whether to accept or continue the Firm's services in light of such conflicts. The Firm also assures that the broker-dealer associations of its

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representatives and the continued use of FA/Cetera as custodian are consistent with the Firm's fiduciary responsibilities to its clients, based on all the circumstances.

FFAS receives investment research products, software, and other services from FA to assist Advisors in making investment decisions and monitoring all Client accounts. Some of those items or services are obtained at a discount. We receive a benefit because we do not have to produce or pay for these research, products, or services. This presents a conflict of interest in that the discounts received create an incentive to direct Client accounts to a specific custodian (i.e., in order to continue receiving such benefits). We address this conflict by always placing the Client's needs and best interests first when considering which recommendations to offer. We do not engage in mark-ups or mark-downs.

13.0 REVIEW OF ACCOUNTS

We will provide, either directly or through the broker/dealer, written quarterly evaluation reports to all Clients with advisory accounts. These reports analyze the performance of the Client's advisory account in relation to various market indices. See **Section 15.0** for additional information.

Additionally, we meet or communicate with Clients on a regular and ongoing basis (e.g., monthly, quarterly, and/or when an event occurs that may pertain to a Client's specific circumstances, situation, objective, or investment. We also routinely send Clients articles from various publications when we feel the Client might benefit from such information, as well as email communications containing broker-dealer compliance-approved monthly marketing insights and financial watch information.

14.0 CLIENT REFERRALS AND OTHER COMPENSATION

Neither FFAS, nor its representatives, offer, provide, or accept compensation in connection with Client referrals.

15.0 CUSTODY

We do not have direct custody of Client funds or securities. All accounts are held and maintained with a qualified custodian. All statements originate from custodians and are sent directly to Clients on a periodic basis (monthly, unless the account has no activity, in which case, at least quarterly. The account custodian for our fee-based accounts, Pershing LLC, typically debits our advisory fees directly from Client accounts unless an alternative payment method is established. Therefore, we urge Clients to carefully review all statements received from the custodian, especially in relation to quarterly advisory fee payments. Clients should notify us as soon as possible about any discrepancies they may detect.

16.0 INVESTMENT DISCRETION

We do not accept discretionary trading authority on any Client investment accounts.

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17.0 VOTING CLIENT SECURITIES

From time-to-time, the account custodian will mail proxy voting documents to the Client. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in their portfolios. FFAS does not request, accept, or exercise any authority to vote proxies on behalf of advisory Clients. However, we encourage Clients to call us with any questions they may have about voting proxies. The final decision on how to vote the proxy rests with the Client or plan sponsor.

18.0 FINANCIAL INFORMATION

As a registered investment advisor, FFAS is required, in this Item, to provide certain financial information or disclosures about our financial condition. As of this document's publication date, FFAS has no financial commitment that does, or might, impair our ability to meet contractual and fiduciary commitments to Clients. FFAS has not been the subject of a bankruptcy proceeding. Lastly, FFAS does not request fees in excess of \$1,200 more than six months in advance of services to be rendered.

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| first • financial | advisory *services*, [inc.]

a registered investment advisor



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