



# **Fearless Solutions, LLC**

## **Db a Best Invest**

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**March 27, 2023**

This Brochure provides information about the qualifications and business practices of Fearless Solutions, LLC dba Best Invest ("Best Invest", "us", "we", "our"). If you have any questions about the contents of this Brochure, please contact us at (210) 888-2820 or via email at [Lori@Bestinvestsa.com](mailto:Lori@Bestinvestsa.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Best Invest is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number, known as a CRD number. The CRD number for Best Invest is 297599. The SEC's website also provides information about any persons affiliated with Best Invest who are registered, or are required to be registered, as Investment Adviser Representatives of Best Invest.

Best Invest is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information that you may use to determine whether to hire or retain them.

## Item 2    Material Changes

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Since our last annual amendment filing on March 22, 2022, we have made the following material changes to our ADV Part 2:

- We have updated Item 5 Fees and Compensation

In the future, this section of the Brochure will discuss only the specific material changes that were made to the Brochure and will provide you with a summary of all material changes that have occurred since the last filing of this Brochure. This section will also identify the date of our last annual Brochure update.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year end which is December 31. We will provide other ongoing disclosure information about material changes as they occur. We will also provide you with information on how to obtain the complete brochure. Currently, our Brochure may be requested at any time, without charge, by contacting Lori Barker at (210) 888-2820.

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## Item 4 – Advisory Business Introduction

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### Our Advisory Business

Best Invest is a registered investment adviser with the Securities and Exchange Commission (“SEC”) which provides investment advice regarding securities and other financial services to clients. We provide management services to individuals, high net worth individuals, small businesses, corporations, and retirement plan sponsors.

We provide our investment advice through Investment Adviser Representatives (“IAR”) associated with us. These individuals are appropriately licensed, qualified, and authorized to provide advisory services on our behalf.

Best Invest was formed in July 2018 by John Fosdick. John serves as the President and CEO. Brad Dobson CFP® serves as Executive Vice President. Lori Barker serves as the Chief Compliance Officer (CCO). Best Invest is committed to the precept that by placing the client’s interests first, we will add value to the asset management process and earn the client’s trust and respect. We value long-term relationships with our clients whom we regard as strategic partners in our business.

### Services

Best Invest offers asset management, financial planning, and consulting services, with an emphasis on building portfolios designed to meet the needs of our clients. Our focus is on helping you develop and execute a plan that is designed to build and assist in preserving your wealth. We are available during normal business hours either by telephone, email, or in person by appointment to answer your questions.

### Wrap Fee Program

We currently do not participate in a wrap fee program.

### Asset Management Services

Asset management is the professional management of securities (stocks, bonds, and other securities) and assets (e.g., real estate) to meet your specified investment goals. With an Asset Management Account, you engage us to assist you in developing a custom-tailored portfolio designed to meet your unique investment objectives. The investments in the portfolio account may include Mutual Funds, ETFs, ETNs, Stocks, Bonds, Options, Closed End Funds, etc.

As part of the active asset management process, we will meet with you to discuss your financial circumstances, investment goals and objectives, and to determine your risk tolerance. We will ask you to provide statements summarizing current investments, income and other earnings, recent tax returns, retirement plan information, other assets and liabilities, wills and trusts, insurance policies, and other pertinent information.

Based on the information you share with us we will analyze your situation and tailor a portfolio with appropriate asset allocations and investment strategies. Our recommendations and ongoing management are based upon your investment goals, objectives, and risk tolerance. We will monitor the account, trade as necessary, and communicate regularly with you.

We will work with you on an ongoing basis to evaluate your asset allocation as well as rebalance your portfolio as necessary to keep it in line with your goals. We will be reasonably available to help you with questions about your account.

We will:

- Review your present financial situation
- Monitor and track assets under management
- Advise on asset selection
- Determine market divisions through asset allocation models
- Provide research and information on performance and fund management changes
- Build a risk management profile for you
- Assist you in setting and monitoring goals and objectives, and
- Provide personal consultations as necessary upon your request or as needed.

You are obligated to notify us promptly when your financial situation, goals, objectives, or needs change.

You shall have the ability to impose reasonable restrictions on the management of your account, including the ability to instruct us not to purchase certain mutual funds, stocks, or other securities. These restrictions may be a specific company security, industry sector, asset class, or any other restriction you select.

Under certain conditions, securities from outside accounts may be transferred into your advisory account; however, we may recommend that you sell any security if we believe that it is not suitable for the current recommended investment strategy. Additionally, trading may be required to meet initial allocation targets, after substantial cash deposits that require investment allocation, and/or after a request for a withdrawal that requires liquidation of a position.

If you decide to implement our recommendations, we will help you open a custodial account(s). The funds in your account will be held in a separate account, in your name, at an independent custodian, and not with us. We require our clients to use Charles Schwab & Co., Inc. for all client accounts.

You will enter into a separate custodial agreement with the custodian which authorizes the custodian to take instructions from us regarding all investment decisions for your account. We will select the securities to be bought and sold as well as the amount to be bought and sold within the parameters of the objectives and risk tolerance of your account. You will be notified of any purchases or sales through trade confirmations and statements that are provided by the custodian. These statements list the total value of the account, itemize all transaction activity, and list the types, amounts, and total value of securities held. You will at all times maintain full and complete ownership rights to all assets held in your account, including the right to withdraw securities or cash, proxy vote, and receive transaction confirmations.

We manage accounts on a discretionary basis. This means you have given us the authority to determine the following without your consent:

- Securities to be bought or sold for the account;
- Amount of securities to be bought or sold for the account;

- Broker-dealer to be used for a purchase or sale of securities for your account, and
- Commission rates to be paid to a broker or dealer for your securities transactions.

Trading may be required to meet initial allocation targets, after substantial cash deposits that require investment allocation, and/or after a request for a withdrawal that requires liquidation of a position. Additionally, your account may be rebalanced or reallocated periodically to reestablish the targeted percentages of your initial asset allocation. This rebalancing or reallocation will occur on the schedule we have determined together.

You will be responsible for any and all tax consequences resulting from any rebalancing or reallocation of the account. We are not tax professionals and do not give tax advice. However, we will work with your tax professionals to assist you with tax planning.

### **Financial Planning and Consulting**

We provide services such as investment planning, general financial planning, income tax planning, college education funding, business succession planning, retirement planning, educational fund planning, risk management, and business planning. Fee based financial planning is a comprehensive relationship which incorporates many different aspects of your financial status into an overall plan that meets your goals and objectives. The financial planning relationship consists of face-to-face meetings and ad hoc meetings with you and/or your other advisors (attorneys, accountants, etc.) as necessary.

In performing financial planning services, we typically examine and analyze your overall financial situation, which may include issues such as taxes, insurance needs, overall debt, credit, business planning, retirement savings, and the review of your current investment program. Our services may focus on all or only one of these areas depending upon the scope of our engagement with you.

It is essential that you provide the information and documentation we request regarding your income, investments, taxes, insurance, estate plan, etc. We will discuss your investment objectives, needs and goals, and you are obligated to inform us of any changes. We do not verify any information obtained from you, your attorney, accountant, or other professionals.

If you engage us to perform these services, you will receive a written agreement detailing the services, fees, terms, and conditions of the relationship. You will also receive this Brochure. You are under no obligation to implement recommendations through us. You may implement your financial plan through any financial organization of your choice.

We obtain information from a wide variety of publicly available sources. We do not have any inside private information about any investments that are recommended. All recommendations developed by us are based upon our professional judgment. We cannot guarantee the results of any of our recommendations. Choosing which advice to follow is your decision.

### **ERISA**

Although we do not currently exercise investment discretion over ERISA plan assets, we do provide discretionary asset management to participants in employer sponsored retirement plans.

## ***Reporting***

We do not generate or provide any reports. The custodian will send statements at least quarterly reflecting the value, holdings and activity in the client's account(s).

## **Best Invest Assets Under Management**

As of December 31, 2022, we had \$169,601,273 in assets under management, with 713 clients.

## **Item 5 – Fees and Compensation**

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We provide asset management and financial planning services for a fee.

The Client can terminate the relationship without penalty within the first five (5) days after signing the Advisory Agreement. After the initial five days, the Advisory Agreement will continue in effect until terminated by either party with a thirty (30) day written notice to the other, in person or by mail to the address of record.

### **Asset Management Fee Schedule**

Best Invest does not impose a minimum account balance for the opening of an account with the Adviser. The fee charged is based upon the amount of money invested. Multiple accounts of immediately-related family members, at the same mailing address, may be considered one consolidated account for billing purposes. Fees are charged monthly in arrears. Payments are due and will be assessed on the last day of each month, based on the average daily balance of the account(s) under management for the preceding month. The Adviser will pro rate for deposits and withdrawals in the account during the billing period. Fees will be calculated as follows:

**Tiered fee Schedule**

AUM	Fee
Up to \$200,000	1.50%
From \$200,001 to \$500,000	1.25%
From \$500,001 to \$1,500,000	1.00%
Over \$1,500,000	0.90%

The fees shown above are annual fees and may be negotiable based upon certain circumstances at the sole discretion of the Adviser.

No increase in the annual fee shall be effective without prior written notification. Best Invest believes the advisory fee is reasonable considering the fees charged by other investment advisers offering similar services/programs.

## **Automatic Payment of Fee**

The Client agrees to authorize the Custodian to pay directly to Best Invest upon receipt of notice, the Account's investment advisory services fee. Fee withdrawals will occur no more frequently than monthly from the Client's Account, unless specifically instructed otherwise by the Client.

The Custodian will send to the Client a statement, at least quarterly, indicating all amounts disbursed from the Account including the fee paid directly to Best Invest. Best Invest's access to the assets of the account will be limited to trading and the withdrawals authorized above.

## **Third Party Fees**

Our fees do not include brokerage commissions, transaction fees, and other related costs and expenses. You may incur certain charges imposed by custodians, third party investment companies, and other third parties. These include fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds, money market funds, and exchange-traded funds (ETFs) also charge internal management fees, which are disclosed in the fund's prospectus. These fees may include, but are not limited to, a management fee, upfront sales charges, and other fund expenses. Certain strategies offered by us may involve investment in mutual funds and/or ETFs. Load and no-load mutual funds may pay annual distribution charges, sometimes referred to as "12(b)(1) fees." These 12(b)(1) fees come from fund assets, and thus indirectly from clients' assets. We do not receive any compensation from these fees. All of these fees are in addition to the management fee you pay us. You should review all fees charged to fully understand the total amount of fees you will pay. Services similar to those offered by us may be available elsewhere for more or less than the amounts we charge. Our brokerage practices are discussed in more detail under Item 12 – Brokerage Practices.

## **Financial Planning and Consulting Fees**

We charge an hourly fee of \$250 per hour for financial planning and consulting services, which may be negotiable depending upon the nature and complexity of the client's circumstances. An estimate for total hours will be determined at the start of the advisory relationship. The financial planning agreement will terminate once you receive the final plan. The Financial Planning Agreement will show the fee you will pay. Lower fees for comparable services may be available from other sources.

We can help you with investment planning, general financial planning, income tax planning, college education funding, business succession planning, retirement planning, educational fund planning, individual tax planning, risk management, and business planning. Based upon your needs, we may also provide consultations throughout the year to advise and counsel you about other financial issues. All recommendations developed by us are based upon our professional judgment. We cannot guarantee the results of any of our recommendations.

## **Item 6 – Performance Based Fee and Side-by-Side Management**

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We do not charge any performance-based fees. These are fees based on a share of capital gains or capital appreciation of the assets of a client. We do not perform side-by-side management.



## **Item 7 – Types of Client(s)**

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We provide investment advisory services to individuals, high net worth individuals, employer sponsored plan participants, small businesses, and corporations. We have no minimum account opening balance.

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

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### **Methods of Analysis**

We use Fundamental Analysis, Modern Portfolio Theory, and Technical Analysis as part of our overall investment management discipline.

#### **Fundamental Analysis**

Fundamental analysis is a technique that attempts to determine a security's value by focusing on the underlying factors that affect a company's actual business and its future prospects. Fundamental analysis is about using real data to evaluate a security's value. It only refers to the analysis of the economic well-being of a financial entity as opposed to its price movements.

The end goal of performing fundamental analysis is to produce a value that we can compare with the security's current price, with the aim of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short).

#### **Modern Portfolio Theory (MPT)**

We use Modern Portfolio Theory to select the funds we use for your account.

Modern portfolio theory views the market as a whole rather than looking for what makes each investment opportunity unique. Investments are described statistically in terms of their expected long-term return rate and their expected short-term volatility. The volatility is equated with "risk," measuring how much worse than average an investment's bad years are likely to be. The end goal is to identify your acceptable level of risk tolerance, and then to find a portfolio with the maximum expected return for that level of risk.

#### **Technical Analysis**

Technical Analysis is a technique that attempts to determine a security's value by developing models and trading rules based upon price and volume transformation. Technical analysis assumes that a market's price reflects all relevant information, so the analysis focuses on the history of a security's trading behavior rather than external drivers such as economic, fundamental, and news events. The practice of technical analysis incorporates the importance of understanding how market participants perceive and act upon relevant information rather than focusing on the information itself. Ultimately, technical analysts develop trading models and rules by evaluating factors such as market trends, market participant behaviors, supply and demand, and pricing patterns and correlations.

As with other types of analysis, the predictive nature of technical analysis can vary greatly; models and rules are often modified and updated as new patterns and behaviors develop. Past performance is not an indicator of future return.

## Investment Strategies

In order to perform this analysis, we use many resources, such as:

- *Morningstar*
- *Barron's*
- *Fly on the Wall*
- Schwab Research
- In-House Research
- *Cypress Capital*
- Sundial Capital Reserve
- Financial newspapers and magazines (e.g., *Wall Street Journal*, *Forbes*, etc.)
- Annual reports, prospectuses, and filings

The investment strategies we use to implement any investment advice given to you include, but are not limited to:

- Long term purchases - securities held at least a year
- Short term purchases - securities sold within a year
- Trading - securities sold within 30 days
- Speculative trading – high reward, high risk investment opportunities such as IPOs and potential mergers/acquisitions
- Income Producing Strategies – investments intended to produce income rather than capital appreciation, e.g., bonds, dividend producing stocks, etc.
- Margin Transactions
- Option writing including covered options, uncovered options, or spreading strategies

## Risk of Loss

We cannot guarantee our analysis methods will yield a return. In fact, a loss of principal is always a risk. Investing in securities involves a risk of loss that you should be prepared to bear. You need to understand that investment decisions made for your account by us are subject to various market, currency, economic, political, and business risks. The investment decisions we make for you will not always be profitable, nor can we guarantee any level of performance.

A list of all risks associated with the strategies, products, and methodologies we offer are listed below:

### ***Bond Fund Risk***

Bond funds generally have higher risks than money market funds, largely because they typically pursue strategies aimed at producing higher yields. The risks associated with bond funds include:

- Call Risk - The possibility that falling interest rates will cause a bond issuer to redeem—or call—its high-yielding bond before the bond's maturity date

- **Credit Risk** — the possibility that companies or other issuers whose bonds are owned by the fund may fail to pay their debts (including the debt owed to holders of their bonds). Credit risk is less of a factor for bond funds that invest in insured bonds or U.S. Treasury bonds. By contrast, those that invest in the bonds of companies with poor credit ratings generally will be subject to higher risk.
- **Interest Rate Risk** — the risk that the market value of the bonds will go down when interest rates go up. Because of this, you can lose money in any bond fund, including those that invest only in insured bonds or Treasury bonds.
- **Prepayment Risk** — the chance that a bond will be paid off early. For example, if interest rates fall, a bond issuer may decide to pay off (or "retire") its debt and issue new bonds that pay a lower rate. When this happens, the fund may not be able to reinvest the proceeds in an investment with as high a return or yield.

### ***Fundamental Analysis Risk***

Fundamental analysis, when used in isolation, has a number of risks:

- There are an infinite number of factors that can affect the earnings of a company and its stock price over time. These can include economic, political, and social factors, in addition to the various company statistics.
- The data used may be out of date.
- It is difficult to give appropriate weightings to the factors.
- It assumes that the analyst is competent; and
- It ignores the influence of random events such as oil spills, product defects being exposed, acts of God, and so on.

### ***Modern Portfolio Theory (MPT) Risk***

Modern Portfolio Theory views the market as a whole and measures market risk in an attempt to reduce the inherent risks of investing in the market. However, with every financial investment strategy there is a risk of a loss of principal. Not every investment decision will be profitable, and there can be no guarantee of any level of performance.

### ***Cyclical Analysis Risk***

Looking at market cycles in conjunction with other investment strategies can be useful when making investment decisions; however, market cycles are not always predictable. Each financial investment strategy has benefits and risks. Not every investment decision will be profitable, and there can be no guarantee of any level of performance.

### ***Exchange Traded Fund ("ETF") Risk***

Most ETFs are passively managed investment companies whose shares are purchased and sold on a securities exchange. An ETF represents a portfolio of securities designed to track a particular market segment or index. ETFs are subject to the following risks that do not apply to conventional funds:

- The market price of the ETF's shares may trade at a premium or a discount to their net asset value.
- An active trading market for an ETF's shares may not develop or be maintained.

- There is no assurance that the requirements of the exchange necessary to maintain the listing of an ETF will continue to be met or remain unchanged.

### ***Exchange Traded Notes ("ETN") Risk***

ETN's are a type of unsecured, unsubordinated debt security. Similar to ETFs, ETNs are traded on a major exchange. ETNs are subject to the following risks:

- The repayment of principal depends, in part, on how the underlying index performs. If the underlying index goes down or does not go up enough to cover the fees involved in the transaction, then the investor will receive less at maturity than what he originally invested.
- The issuer of the ETN may be unable to pay the principal or extra return on time or may default on the loan.
- Because the secondary market may be limited, and because the underlying index may change rapidly, selling an ETN before maturity may result in a large loss.

### ***Mutual Funds Risk***

The following is a list of some general risks associated with investing in mutual funds:

- Country Risk - The possibility that political events (a war, national elections), financial problems (rising inflation, government default), or natural disasters (an earthquake, a poor harvest) will weaken a country's economy and cause investments in that country to decline;
- Currency Risk -The possibility that returns could be reduced for Americans investing in foreign securities because of a rise in the value of the U.S. dollar against foreign currencies (also called exchange-rate risk)
- Income Risk - The possibility that a fixed-income fund's dividends will decline due to overall falling interest rates
- Industry Risk - The possibility that a group of stocks in a single industry will decline in price due to developments in that industry
- Inflation Risk - The possibility that increases in the cost of living will reduce or eliminate a fund's real inflation-adjusted returns
- Manager Risk -The possibility that an actively managed mutual fund's investment adviser will fail to execute the fund's investment strategy, effectively resulting in the failure of stated objectives
- Market Risk -The possibility that stock fund or bond fund prices overall will decline over short or even extended periods (stock and bond markets tend to move in cycles with periods of rising and falling prices)
- Principal Risk -The possibility that an investment will go down in value or "lose money" from the original or invested amount

### ***Stock Fund Risk***

Overall "market risk" poses the greatest potential danger for investors in stocks funds. Stock prices can fluctuate for a broad range of reasons, such as the overall strength of the economy or demand for particular products or services.

### ***Technical Analysis risk***

- Technical analysis is derived from the study of market participant behavior, and its efficacy is a matter of controversy.
- Methods vary greatly and can be highly subjective; different technical analysts can sometimes make contradictory predictions from the same data.
- Models and rules can incur sufficiently high transaction costs.

### ***Overall Risks***

Clients need to remember that past performance is no guarantee of future results. All funds carry some level of risk. You may lose some or all of the money you invest, including your principal, because the securities held by a fund go up and down in value. Dividend or interest payments may also fluctuate or stop completely as market conditions change.

Before you invest, be sure to read a fund's prospectus and shareholder reports to learn about its investment strategy and the potential risks. Funds with higher rates of return may take risks that are beyond your comfort level and are inconsistent with your financial goals.

While past performance does not necessarily predict future returns, it can tell you how volatile (or stable) a fund has been over a period of time. Generally, the more volatile a fund, the higher the investment risk. If you will need your money to meet a financial goal in the near-term, you probably cannot afford the risk of investing in a fund with a volatile history because you will not have enough time to ride out any declines in the stock market.

## **Item 9 – Disciplinary Information**

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Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. We do not have any information to disclose concerning Best Invest or any of our IARs. We adhere to high ethical standards for all IARs and associates.

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

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Neither Best Invest nor any of its management persons are registered as a broker-dealer or as a representative of a broker-dealer, nor do we have any pending application to register. In addition, neither Best Invest nor its management personnel are affiliated with any broker-dealer.

Best Invest and its management personnel are not registered as a commodity pool operator, futures commission merchant, or commodity trading advisor.

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

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### **General Information**

We have adopted a Code of Ethics for all supervised persons of the firm describing the firm's high standards of business conduct and fiduciary duty to you, our client. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures. All of our IARs must acknowledge the terms of the Code of Ethics annually or as amended.

### **Participation or Interest in Client Accounts**

Our Compliance policies and procedures prohibit anyone associated with Best Invest from having an interest in a client account or participating in the profits of a client's account without the approval of the CCO.

The following acts are prohibited:

- Employing any device, scheme, or artifice to defraud
- Making any untrue statement of a material fact
- Omitting to disclose a material fact that is necessary to fully understand the options
- Engaging in any fraudulent or deceitful act, practice, or course of business
- Engaging in any manipulative practices

Clients and prospective clients may request a copy of the firm's Code of Ethics by contacting the CCO.

### **Personal Trading**

The Personal Securities Transactions Policy applies to all officers, directors, and employees and covers any personal accounts held by those officers, directors, and employees, their immediate family, any other adult members of their household, and any trust for which they are trustee or beneficiary. Such officer, director, or employee accounts are required to be operated consistently with the Firm's fiduciary duty.

Advisory agents of the Firm will buy or sell for themselves securities that they also recommend to you. Transactions for associated person of the advisor may be executed independent of transactions executed inside of our managed client portfolios. Processing transactions outside of the firm's managed account processes may result in an associated person of the adviser receiving better or worse execution prices than our managed accounts. In all instances, the transactions may be so small they would have no impact on the pricing or performance of the security. We do everything possible to mitigate these conflicts and put the interest of our clients first however due to the intricate due diligence processes conducted by the firm it is possible that an associated person may decide to make their personal investment before the firm completes its due diligence processes and include a particular investment into suitable client portfolios. This delay in making the decision to include various investment options into our managed account portfolios may result in an associated person receiving a more favorable execution price on their personal

transaction than our advisory clients receive on transactions in managed accounts. Associated persons may also place personal trades in securities that do not get included in our client portfolios. Records of all advisory agent's proprietary trading activities are reviewed and kept by us. We and our advisory agents will act in a fiduciary manner, understand the prohibitions against the use of any insider information and will always act in your best interest. We have established policies and procedures on compliance with insider trading that are distributed to all associated persons and employees of our Firm. The procedures include provisions for defining "insider" material, monitoring associated persons and employee securities accounts, restricting access to affiliates sensitive material and restrictions on trading.

Our officers, directors, and employees are required to disclose any securities accounts to us and to either provide or arrange for their brokerage firm to provide duplicate account statements and confirms necessary to allow us to keep the records required by the Advisers Act and rules. This is done to guard against any potential conflicts of interest with our clients. The CCO will maintain personal trading and transaction records.

## **Privacy Statement**

We are committed to safeguarding your confidential information and hold all personal information provided to us in the strictest confidence. These records include all personal information that we collect from you or receive from other firms in connection with any of the financial services they provide. We also require other firms with whom we deal to restrict the use of your information. Our Privacy Policy is available upon request.

## **Conflicts of Interest**

Best Invest 's IARs may employ the same strategy for their personal investment accounts as it does for its clients. However, IARs may not place their orders in a way to benefit from the purchase or sale of a security.

We act in a fiduciary capacity. If a conflict of interest arises between us, we shall make every effort to resolve the conflict in your favor. Conflicts of interest may also arise in the allocation of investment opportunities among the accounts that we advise. We will seek to allocate investment opportunities according to what we believe is appropriate for each account. We strive to do what is equitable and in the best interests of all the accounts we advise.

## **Item 12 – Brokerage Practices**

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### **Factors Used to Select Custodians**

In recommending a custodian/broker-dealer, we look for a company that offers relatively low transaction fees, access to desired securities, trading platforms, and support services. We require our clients to use a custodian of our choosing as the qualified custodian for their accounts when utilizing our asset management services.

## Soft Dollars

### Economic Benefits

Best Invest requires that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. The final decision to custody assets with Schwab is at the discretion of the Advisor's clients, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. Best Invest is independently owned and operated and not affiliated with Schwab.

Schwab provides Best Invest with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis at no charge to them. Schwab's services include brokerage services that are related to the execution of securities transactions; custody; research, including that in the form of advice; analyses and reports; and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For Best Invest client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts. Most trades are placed through Schwab since they charge clients a separate "trade away" fee for any trades executed by a different broker-dealer.

Schwab also makes available to Best Invest other products and services that benefit Best Invest but may not benefit its clients' accounts. These benefits may include national, regional or Best Invest specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of Best Invest by Schwab Advisor Services personnel, including meals; invitations to sporting events, including golf tournaments; and other forms of entertainment; some of which may accompany educational opportunities. Some of the other products and services assist Best Invest in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of Best Invest's fees from its clients' accounts; and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of Best Invest's accounts, including accounts not maintained at Schwab Advisor Services. Schwab Advisor Services also makes available to Best Invest other services intended to help Best Invest manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, and marketing. In addition, Schwab may make available, arrange, and/or pay vendors for these types of services rendered to Best Invest by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Best Invest. While, as a fiduciary, Best Invest endeavors to act in its clients' best interests, Best Invest's recommendation/requirement that



clients maintain their assets in accounts at Schwab may be based in part on the benefit to Best Invest of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

## **Best Execution**

We have an obligation to seek best execution for you. In seeking best execution, the determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, transfer and payment capabilities, commission rates, reputation and responsiveness, and availability of products and services that benefit us. Therefore, we will seek competitive commission rates, but we may not obtain the lowest possible commission rates for account transactions.

## **Brokerage for Client Referrals**

In selecting and/or recommending broker-dealers, we do not take into consideration whether we will receive client referrals from the broker-dealer or third party.

## **Directed Brokerage**

We do not permit directed brokerage. We will require you to use the custodian of our choosing as the custodial firm.

## **Trading**

Transactions for each client account will generally be effected independently unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may (but are not obligated to) combine or "batch" such orders together to obtain best execution, negotiate more favorable commission rates, or allocate equitably among our clients any differences in prices and commission or other transaction costs. Under this procedure, the average price of the transactions will be allocated among our clients in proportion to the purchase and sale orders placed for each client account on any given day.

## **Item 13 – Review of Accounts**

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### **Reviews**

Reviews are conducted at least annually or as agreed to by us. Reviews will be conducted by our Chief Compliance Officer, Lori Barker. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. Generally, we will monitor for changes and shifts in the economy, changes to the management and structure of a mutual fund or company in which client assets are invested, and market shifts and corrections.

### **Reports**

We do not provide any additional statements to clients; the only statements clients will receive are those provided by the custodian(s).

## Item 14 – Client Referrals and Other Compensation

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We receive an economic benefit from Schwab in the form of the support of products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services are described in Item 12-Brokerage Practices above. The availability of Schwab's products and services is not based on our giving particular investment advice.

We do not receive any economic benefit from someone who is not a client for providing investment advice or other advisory services to our clients, nor do we directly or indirectly pay any compensation to another person if they refer clients to us.

## Item 15 – Custody

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We do not have physical custody of any accounts or assets. However, we are deemed to have constructive custody of your account if we have the ability to deduct your advisory fees from the custodian. We use Charles Schwab & Co., Inc. (Schwab) as the custodian and/or broker-dealer for all of your accounts. You will receive quarterly statements from Schwab which show all disbursements from your account, including the amount of the advisory fee. We urge you to review such statements carefully and notify us of any issues.

We require that the client authorize direct deduction of our fee from Schwab at our instruction.

## Item 16 – Investment Discretion

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We manage assets on a discretionary basis. The decision as to whether to grant discretionary authority is made by you at the time of account opening and is detailed in the Advisory Agreement. Prior to the Adviser assuming discretionary authority, clients must execute the Advisory Agreement.

Discretionary authority means you have given us the authority to determine the following without your consent:

- Securities to be bought or sold for your account
- Amount of securities to be bought or sold for your account
- Broker-dealer to be used for a purchase or sale of securities for your account
- Commission rates to be paid to a broker or dealer for your securities transactions

In all cases, however, this discretion is exercised in a manner consistent with the stated investment objectives for your account and in accordance with any restrictions placed on the account. When active asset management services are provided on a discretionary basis, the client will enter into a separate custodial agreement with the custodian. The custodian agreement will include a limited power of attorney to trade in the client's account which authorizes the custodian to take instructions from us regarding all investment decisions for your account.

If you have not given us the authority to manage your account on a discretionary basis, then we cannot trade in your account without your express permission.

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

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As a matter of Adviser policy and practice, the Adviser does not have any authority to, and does not vote proxies on behalf of advisory clients. The Client retains the responsibility for receiving and voting proxies for any and all securities maintained in their portfolios. Further, the Adviser will not be required to take any action or render any advice with respect to any securities held in the Account, which are named in or subject to class action lawsuits. The Adviser will, however, forward to the Client any information we receive regarding class action legal matters involving any security held in the Client's Account.

## **Item 18 – Financial Information**

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We are required to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that would impair our ability to meet any contractual and fiduciary commitments to you, our client. We have not been the subject of any bankruptcy proceedings. In no event shall we charge advisory fees that are both in excess of twelve hundred dollars and more than six months in advance of advisory services rendered.