

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

February 16, 2022

### **Focused Alpha, LLC**

SEC No. 801-119482

1401 Lawrence Street, Suite 1600  
Denver, CO 80202

phone: 303-529-5100  
email: [info@focusedalpha.com](mailto:info@focusedalpha.com)  
website: [www.focusedalpha.com](http://www.focusedalpha.com)

This brochure provides information about the qualifications and business practices of Focused Alpha, LLC. If you have any questions about the contents of this brochure, please contact us at 303-529-5100 or email to [info@focusedalpha.com](mailto:info@focusedalpha.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. Registration with the SEC or state regulatory authority does not imply a certain level of skill or expertise.

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

## Item 2. Material Changes

At this time there are no material changes to report.

## Item 3. Table of Contents

Item 1.	Cover Page.....	1
Item 2.	Material Changes.....	2
Item 3.	Table of Contents.....	2
Item 4.	Advisory Business.....	3
Item 5.	Fees and Compensation.....	5
Item 6.	Performance-Based Fees and Side-by-Side Management.....	7
Item 7.	Types of Clients.....	8
Item 8.	Methods of Analysis, Investment Strategies, and Risk of Loss.....	8
Item 9.	Disciplinary Information.....	17
Item 10.	Other Financial Industry Activities and Affiliations.....	17
Item 11.	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	19
Item 12.	Brokerage Practices.....	20
Item 13.	Review of Accounts.....	26
Item 14.	Client Referrals and Other Compensation.....	27
Item 15.	Custody.....	27
Item 16.	Investment Discretion.....	28
Item 17.	Voting Client Securities.....	28
Item 18.	Financial Information.....	29

## Item 4. Advisory Business

### A. Ownership/Advisory History

Focused Alpha, LLC ("FA" and/or the "firm") is a limited liability company organized in the state of Delaware. The firm was established in August 2020 and approved to conduct business in March 2021. Daniel Barotz is the sole owner and Managing Member of FA.

Kevin Goldin, an investment advisory representative of FA, conducts investment advisory activities through a separate unaffiliated entity titled Goldin Wealth Management. He is registered through FA and performs investment advisory activities through and under the supervision of FA.

### B. Advisory Services Offered

#### Asset Management Services

FA provides a complete portfolio management service, primarily on a discretionary basis, but provides non-discretionary services upon mutual consent between FA and the client. This includes the purchase, sale, and continuous supervision of all assets under management. Generally, we invest in stocks, exchange-traded funds, and bonds, although stock options and convertible securities, among other investments, may be used in the customization of client portfolios or asset allocation programs. FA may also engage sub-advisors to manage all or a portion of the client's portfolio.

FA offers four primary investment strategies to retail clients, which are described in detail under Item 8 of this Brochure:

- Alpha Leaders US Equity
- Alpha Tailrisk Managed Core (Alpha Tr MC)
- TreSpy
- HiTre

FA offers mutual fund and asset allocation portfolios to its clients. The firm seeks to meet the client's particular investment needs by developing a customized investment strategy based upon guidelines that are jointly established by the client and FA. At the commencement of services, the firm reviews the client's investment objectives and risk tolerance. Based upon that review and other information provided by the client, FA makes a subsequent recommendation to the client as to which investment style the firm believes is best suited for the client. The client makes the final decision as to which investment style is chosen for the client's account.

For its discretionary asset management services, FA receives a limited power of attorney to effect securities transactions on behalf of its clients that include securities and strategies described in Item 8 of this brochure. In addition, pursuant to the terms of its investment advisory agreement with clients, FA will remind clients of their obligation to inform FA of any modifications or restrictions that should be imposed on the management of the client's account.

FA will also contact clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives and tolerance for risk.

### **Financial Planning Services**

FA offers financial planning as part of our investment management services or as a standalone service. Clients will receive a written or oral report (depending on the client's preference) providing a basic financial plan designed to help achieve their stated financial goals and objectives. Based on the client's needs, financial planning services may include (but are not limited to) the following:

- Preparation of a recommended asset allocation that serves to diversify the client's portfolio among different categories of investments, such as domestic and international small, medium, and large capitalization securities; corporate and government fixed income (short-, intermediate-, and long-term maturities); emerging market securities (i.e., foreign issuers); real estate investment trusts; and such other alternative asset categories that are suitable in light of the client's investment goals, objectives, and risk tolerance.
- Preparation of an investment policy statement setting forth the client's investment plan, with specific direction in terms of diversification requirements, tax issues, estate planning issues, risk tolerance, retirement, and other identified objectives of the client, including a targeted rate-of-return objective.
- Preparation of a retirement plan that serves to identify whether the client is saving enough and investing in a way that meets retirement objectives in light of the client's financial circumstances and risk tolerance.
- Preparation of cash flow projections to ensure that the client can meet daily living expenses and obligations.
- Insurance planning to meet the needs of the client, taking into account family, business, and other financial objectives of the client.
- General family office and business consulting:
  - Retirement objectives
  - Philanthropy
  - Estate planning
  - Wealth transition
  - Business succession and related issues
  - Recommendation of third-party managers for use by the client

FA gathers required information through in-depth personal interviews and questionnaires. Information gathered includes a client's current financial status, investment objectives, future goals, and attitudes toward risk. Related documents supplied by the client are carefully reviewed, and a report is prepared covering one or more of the above-mentioned topics as directed by the client.

## **C. Client-Tailored Services and Client-Imposed Restrictions**

Each client's account will be managed on the basis of the client's financial situation and investment objectives and in accordance with any reasonable restrictions imposed by the client on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio.

## **D. Wrap Fee Programs**

FA offers its portfolio management services exclusively through a wrap fee program, where services are offered for one all-inclusive fee. For information, please refer to Appendix 1 of Part 2A: Focused Alpha, LLC Wrap Fee Program Brochure.

## **E. Client Assets Under Management**

As of December 31, 2021, FA has \$284.1 million of discretionary assets under management.

# **Item 5. Fees and Compensation**

## **A. Methods of Compensation and Fee Schedule**

### **Asset-Based Fee Schedule**

FA offers its portfolio management services exclusively through a wrap fee program, where services are offered for one all-inclusive fee. For information, please refer to Appendix 1 of Part 2A: Focused Alpha, LLC Wrap Fee Program Brochure.

### **Hourly and Fixed Fee Arrangements**

FA's financial planning fees range from \$500 to \$5,000 on a fixed fee basis, and will depend upon the level and scope of the services required. Fixed fees are computed based upon a good faith estimate of hours required to perform services. For fixed fee arrangements, FA will provide the prospective client with an estimate of the fixed charges prior to finalizing the financial planning agreement. FA also offers a fixed rate fee and a reduced asset-based fee, billed quarterly in advance.

FA also provides hourly financial planning at a rate of \$350 per hour. The client will be billed directly for such services. Invoices will be mailed out on a periodic basis reflecting completed work performed.

Typically, one-half of FA's fees are due upon signing of the initial financial planning engagement, with the balance due upon presentation of the firm's recommendations.

## **B. Client Payment of Fees**

FA generally requires fees to be prepaid on a quarterly basis. FA will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least

quarterly, indicating all amounts disbursed from the account. The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation. Clients may withdraw this authorization for direct billing of these fees at any time by notifying us or their custodian in writing.

A client investment advisory agreement may be canceled at any time by the client, or by FA with 30 days' prior written notice to the client. Upon termination, any unearned, prepaid fees will be promptly refunded.

### **C. Additional Client Fees Charged**

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by exchange-traded funds, mutual funds, separate account managers, private placement, pooled investment vehicles, broker-dealers, and custodians retained by clients. Such fees and expenses are described in each exchange-traded fund and mutual fund's prospectus, each separate account manager's Form ADV and Brochure and Brochure Supplement or similar disclosure statement, each private placement or pooled investment vehicle's confidential offering memoranda, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using FA may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian.

Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

### **D. External Compensation for the Sale of Securities to Clients**

FA advisory professionals are compensated primarily through a salary and bonus structure. FA's advisory professionals may receive commission-based compensation for the sale of insurance products. Please see Item 10.C. for detailed information and conflicts of interest.

### **E. Important Disclosure – Custodian Investment Programs**

Please be advised that the firm utilizes certain custodians/broker-dealers. Under these arrangements we can access certain investment programs offered through such custodian(s) that offer certain compensation and fee structures that create conflicts of interest of which clients need to be aware. Please note the following:

***Limitation on Mutual Fund Universe for Custodian Investment Programs:*** There are certain programs in which we participate where a client's investment options may be limited in certain of these programs to those mutual funds and/or mutual fund share classes that pay 12b-1 fees and other revenue sharing fee payments, and the client should be aware that the firm is not selecting from among all mutual funds available in the marketplace when recommending mutual funds to the client.

***Conflict Between Revenue Share Class (12b-1) and Non-Revenue Share Class Mutual Funds:*** Revenue share class/12b-1 fees are deducted from the net asset value of the mutual fund and

generally, all things being equal, cause the fund to earn lower rates of return than those mutual funds that do not pay revenue sharing fees. The client is under no obligation to utilize such programs or mutual funds. Although many factors will influence the type of fund to be used, the client should discuss with their investment adviser representative whether a share class from a comparable mutual fund with a more favorable return to investors is available that does not include the payment of any 12b-1 or revenue sharing fees given the client's individual needs and priorities and anticipated transaction costs. In addition, the receipt of such fees can create conflicts of interest in instances where the custodian receives the entirety of the 12b-1 and/or revenue sharing fees and takes the receipt of such fees into consideration in terms of benefits it may elect to provide to the firm, even though such benefits may or may not benefit some or all of the firm clients.

***Additional Disclosure Concerning Wrap Programs:*** To the extent that we either sponsor or recommend wrap fee programs, please be advised that certain wrap fee programs may (i) allow our investment adviser representatives to select mutual fund classes that either have no transaction fee costs associated with them but include embedded 12b-1 fees that lower the investor's return ("sometimes referred to as "A-Shares," depending on the mutual fund issuer), or (ii) allow the use of mutual fund classes that have transaction fees associated with them but do not carry embedded 12b-1 fees (sometimes referred to as "I-Shares," depending on the mutual fund sponsor). Wrap fee programs offer investment services and related transaction services for one all-inclusive fee (except as may be described in the applicable wrap fee program brochure). The trading costs are typically absorbed by the firm and/or the investment representative. If a client's account holds A-Shares within a wrap fee program, the firm and/or its investment adviser representative avoids paying the transaction fees charged by other mutual fund classes, which in effect decreases the firm's costs and increases its revenues from the account. Effectively, the cost is transferred to the client from the firm in the form of a lower rate of return on the specific mutual fund. This creates an incentive for the firm or investment adviser representative to utilize such funds as opposed to those funds that may be equally appropriate for a client but do not carry the additional cost of 12b-1 fees. As a policy matter, the firm does not allow funds that impose 12b-1 or revenue sharing fees on the client's investment within its wrap fee programs. Clients should understand and discuss with their investment adviser representative the types of mutual fund share classes available in the wrap fee program and the basis for using one share class over another in accordance with their individual circumstances and priorities.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

FA does not charge performance-based fees nor engage in side-by-side management, and therefore has no economic incentive to manage clients' portfolios in any way other than what is in their best interests.

## Item 7. Types of Clients

FA offers its investment services to various types of clients including high-net-worth individuals, trusts, corporations, partnerships, retirement plans, tax exempt, public hospitals, municipalities, and other legal entities.

FA generally requires a minimum account size of \$250,000. FA, in its sole discretion, may waive the required minimum.

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

### A. Methods of Analysis and Investment Strategies

The methods of analysis may include fundamental and technical analysis; computer-based risk/return analysis; and statistical and/or computer models utilizing long-term economic criteria. FA may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

#### Key Tenets to Portfolios Managed by Focused Alpha

**Tail Risk Management.** Avoiding tail risks in the portfolio is the most important part of risk management. It allows us to protect the capital, and the goal of avoiding crippling loss when the market has multi-standard deviation moves to the downside. Avoiding downside tail risk hopefully allows us to protect capital and to live to fight another day.

**Behavior Finance, Investing Using “ESP”.** Focused Alpha Portfolios are designed to avoid common behavior finance mistakes that can result in disastrous investment outcomes. The goal is to take the emotion out of the investment process and remove investment biases. This is hopefully accomplished by having well-defined rules about how the portfolio is built, how the market is disengaged (cash raised), and how the market is reengaged. Focused Alpha employs an ESP approach to investing.

- *Emotion Free Investing.* For most individuals, their emotion is their worst enemy when it comes to investing. Typically when it feels the best, it's time to sell, and when it feels the worst it's time to buy. Focused Alpha goes into the battle with a plan that is well defined so we know how and when we should react to potentially improve the investment outcome.
- *Simple to Execute.* Changes and trades in the portfolio need to be executed in a timely manner and while not under duress. When the portfolio is overly complex, the ability to execute can be diminished due to liquidity, time, and behavior finance issues.
- *Process Driven.* The process or rules have to be well defined. This allows a roadmap for all market conditions, takes some of the investment biases, and emotion out of the decision-making process.



## Focused Alpha Portfolios

**Alpha Leaders US Equity.** Alpha Leaders is a Concentrated Core US Equity Portfolio that uses a rules-based strategy. The portfolio is a style (growth stocks verse value stocks) and sector rotational portfolio. The portfolio is constructed using a quant strategy that combines Big Data, Behavioral Finance, and Tail Risk Management.

- *Implementation:* The portfolio is built using individual equities and is rebalanced and reconstituted on a quarterly basis. This portfolio is not designed to be tax efficient.
- *Goal:* To ebb and flow between growth and to beat the growth or value style – whichever one is outperforming. To be between the better performing growth or value and the core index on an after-tax basis.

**Alpha Tailrisk Managed Core (Alpha Tr MC).** Alpha Tr MC is a passive strategy with a quant overlay that is designed to mitigate extreme tail-risk events in the underlying index.

- *Implementation:* The portfolio is built using ETFs. Each passive index has the exit point established to start off each quarter. If the downside level is breached, the index is exited. The index is re-engaged at the start of the next quarter.
- *Goal:* To provide index performance on the upside with known downside risk.

**TreSpy.** TreSpy is an alternative strategy designed to not only avoid, but has the potential to profit off of, large drawdowns in the US Equity or Bond Market. The strategy will own either 100% Long Dated US Treasury (Risk-Off) or 100% Equities (Risk-On). It uses a proprietary algorithm that primarily relies on Relative Price Momentum between Long Dated US Treasuries and the US Equities to make allocation decisions.

- *Implementation:* The portfolio is built using ETFs, and when the algorithm signals a change in asset class, the portfolio will move from Risk-On to Risk-Off and vice versa.
- *Goal:* To provide 60% of the upside of the S&P or Long Treasuries over a market cycle with a significantly lower maximum drawdown than either the US equity markets.

**HiTre.** HiTre is a dynamic fixed income portfolio that ebbs and flows between High Yield Bonds when investors are being compensated for the risk, and owns US Treasuries when investors are not. It uses a proprietary algorithm that primarily relies on Credit Spreads between US Treasuries and the US High to make allocation decisions.

- *Implementation:* The portfolio is built using ETFs, and when the algorithm signals a change in asset class, the portfolio will move from high yield bonds into US treasuries and vice versa.
- *Goal:* To have 70% of the upside in the high yield bond market and have negative downside capture (positive performance when the high yield bond index is negative) over market cycles.

FA and its investment adviser representatives are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria.

- Optimization involves the use of mathematical algorithms to determine the appropriate mix of assets given the firm's current capital market rate assessment and a particular client's risk tolerance.
- Quantitative methods include analysis of historical data such as price and volume statistics, performance data, standard deviation and related risk metrics, how the security performs relative to the overall stock market, earnings data, price to earnings ratios, and related data.
- Technical analysis involves charting price and volume data as reported by the exchange where the security is traded to look for price trends.
- Computer models may be used to derive the future value of a security based on assumptions of various data categories such as earnings, cash flow, profit margins, sales, and a variety of other company specific metrics.

In addition, FA reviews research material prepared by others, as well as corporate filings, corporate rating services, and a variety of financial publications. FA may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear. There is no guarantee that any specific investment or strategy will be profitable for a particular client.**

### **Exchange-Traded Funds and Individual Securities**

FA may recommend exchange-traded funds (ETFs) and individual securities (including fixed income instruments). FA uses ETFs to gain exposure to certain industry groups or asset classes in the core portfolio. The use of ETFs, which are low-cost and generally tax-efficient vehicles, plays a significant role in our ability to build asset allocation programs for our clients. In developing asset allocation programs for clients, FA generally uses the core or dividend portfolios in a separate account format as the large-cap centerpiece and then invests in ETFs to gain exposure to various other asset classes such as small- and mid-cap, international, emerging markets, or fixed income. For portfolios where the assets are not large enough to build a separate account portfolio of individual stocks or bonds, we use ETFs to build the portfolio asset allocation. FA generally has low portfolio turnover and manages the portfolios as tax efficiently as possible.

A description of the criteria to be used in formulating an investment recommendation in ETFs and individual securities (including fixed-income securities) is set forth below.

FA has formed relationships with third-party vendors that perform certain other administrative tasks. FA may utilize additional independent third parties to assist it in recommending and monitoring individual securities as appropriate under the circumstances.

### **Material Risks of Investment Instruments**

FA may invest in open-end mutual funds and exchange-traded funds for the vast majority of its clients. In addition, for certain clients, FA may effect transactions in the following types of securities:

- Equity securities

- Mutual fund securities
- Exchange-traded funds
- Fixed income securities
- Municipal securities
- U.S. government securities
- Corporate debt obligations
- Structured products
- Private placements
- Pooled investment vehicles
- Digital Assets

### **Equity Securities**

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

### **Mutual Fund Securities**

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

### **Exchange-Traded Funds ("ETFs")**

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs<sup>®</sup>, DIAMONDS<sup>SM</sup>, NASDAQ 100 Index Tracking Stock<sup>SM</sup> ("QQQs<sup>SM</sup>"), and iShares<sup>®</sup>. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro-rata portion of the other investment company's advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more

frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF.

As a general business practice, the firm does not invest in ETFs that use leverage. To the extent the firm may utilize leveraged ETFs, please note the following: Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral. Further, the use of leverage (i.e., employ the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF. Leveraged ETFs are only to be held for a very short period of time, generally a day or two. We strongly advise you carefully review the prospectus for additional risk and disclosure information.

### **Fixed Income Securities**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S or foreign), and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds have liquidity and currency risk.

### **Municipal Securities**

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax-free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

### **U.S. Government Securities**

U.S. government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. government securities may be supported by the full faith and credit of the United States.

### **Corporate Debt Obligations**

Corporate debt obligations include corporate bonds, debentures, notes, commercial paper, and other similar corporate debt instruments. Companies use these instruments to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest and must repay the amount borrowed at maturity. Commercial paper (short-term unsecured promissory notes) is issued by companies to finance their current obligations and normally has a maturity of less than nine months. In addition, the firm may also invest in corporate debt securities

registered and sold in the United States by foreign issuers (Yankee bonds) and those sold outside the U.S. by foreign or U.S. issuers (Eurobonds).

### **Structured Products**

Structured products are designed to facilitate highly customized risk-return objectives. While structured products come in many different forms, they typically consist of a debt security that is structured to make interest and principal payments based upon various assets, rates or formulas. Many structured products include an embedded derivative component. Structured products may be structured in the form of a security, in which case these products may receive benefits provided under federal securities law, or they may be cast as derivatives, in which case they are offered in the over-the-counter market and are subject to no regulation.

Investment in structured products includes significant risks, including valuation, liquidity, price, credit and market risks. One common risk associated with structured products is a relative lack of liquidity due to the highly customized nature of the investment. Moreover, the full extent of returns from the complex performance features is often not realized until maturity. As such, structured products tend to be more of a buy-and-hold investment decision rather than a means of getting in and out of a position with speed and efficiency.

Another risk with structured products is the credit quality of the issuer. Although the cash flows are derived from other sources, the products themselves are legally considered to be the issuing financial institution's liabilities. The vast majority of structured products are from high investment grade issuers only. Also, there is a lack of pricing transparency. There is no uniform standard for pricing, making it harder to compare the net-of-pricing attractiveness of alternative structured product offerings than it is, for instance, to compare the net expense ratios of different mutual funds or commissions among broker-dealers.

### **Private Placements**

Private placements carry significant risk in that companies using the private placement market conduct securities offerings that are exempt from registration under the federal securities laws, which means that investors do not have access to public information and such investors are not provided with the same amount of information that they would receive if the securities offering was a public offering. Moreover, many companies using private placements do so to raise equity capital in the start-up phase of their business, or require additional capital to complete another phase in their growth objective. In addition, the securities issued in connection with private placements are restricted securities, which means that they are not traded on a secondary market, such as a stock exchange, and they are thus illiquid and cannot be readily converted to cash.

### **Pooled Investment Vehicles**

A pooled investment vehicle, such as a commodity pool or investment company, is generally offered only to investors who meet specified suitability, net worth and annual income criteria. Pooled investment vehicles sell securities through private placements and thus are illiquid and subject to a variety of risks that are disclosed in each pooled investment vehicle's confidential private placement memorandum or disclosure document. Investors should read these

documents carefully and consult with their professional advisors prior to committing investment dollars. Because many of the securities involved in pooled investment vehicles do not have transparent trading markets from which accurate and current pricing information can be derived, or in the case of private equity investments where portfolio security companies are privately held with no publicly traded market, the firm will be unable to monitor or verify the accuracy of such performance information.

### **Digital Assets**

Digital assets (digital money, electronic money, or electronic currency) is a balance or a record stored in a distributed database on the Internet, in an electronic computer database, within digital files, or within a stored-value card. Examples of digital currencies include cryptocurrencies, virtual currencies, central bank digital currencies, and e-Cash. Digital currencies exhibit properties similar to other currencies, but do not have a physical form of banknotes and coins. Not having a physical form, they allow for nearly instantaneous transactions. Usually not issued by a governmental body, virtual currencies are not considered a legal tender and they enable ownership transfer across governmental borders. These types of currencies may be used to buy physical goods and services, but may also be restricted to certain communities such as for use inside an online game or use on a particular platform. One type of digital currency may be traded for another digital currency using arbitrage strategies and techniques.

Digital assets can either be centralized, where there is a central point of control over the money supply, or decentralized, where the control over the money supply can come from various sources.

Digital assets are loosely regulated and there is no central marketplace for currency exchange. Supply is determined by a computer code, not by a central bank, and prices have been extremely volatile. digital asset exchanges have been closed due to fraud, failure, or security breaches. Any of the clients' funds that reside on an exchange that shuts down may be lost.

Several factors may affect the price of digital assets, including, but not limited to, supply and demand, investors' expectations with respect to the rate of inflation, interest rates, currency exchange rates, or future regulatory measures (if any) that restrict the trading of digital assets or the use of digital assets as a form of payment. There is no assurance that digital assets will maintain their long-term value in terms of purchasing power in the future, or that acceptance of digital asset payments by mainstream retail merchants and commercial businesses will continue to grow.

## **B. Investment Strategy and Method of Analysis Material Risks**

Our investment strategy is custom-tailored to the client's goals, investment objectives, risk tolerance, and personal and financial circumstances.

### **Margin Leverage**

Although FA, as a general business practice, does not utilize leverage, there may be instances in which exchange-traded funds, other separate account managers and, in very limited circumstances, FA will utilize leverage. In this regard please review the following:

The use of margin leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment.

The use of margin leverage entails borrowing, which results in additional interest costs to the investor.

Broker-dealers who carry customer accounts require a minimum equity requirement when clients utilize margin leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of margin leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

### **Short-Term Trading**

Although FA, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard, please read the following:

There is an inherent risk for clients who trade frequently in that high-frequency trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

### **Short Selling**

FA generally does not engage in short selling but reserves the right to do so in the exercise of its sole judgment. Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is effected, the investor is expecting the price of the security to decline in value so that a purchase or closeout of the short sale can be effected at a significantly lower price. The primary risks of effecting short sales is the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the security.

### **Technical Trading Models**

Technical trading models are mathematically driven based upon historical data and trends of domestic and foreign market trading activity, including various industry and sector trading

statistics within such markets. Technical trading models, through mathematical algorithms, attempt to identify when markets are likely to increase or decrease and identify appropriate entry and exit points. The primary risk of technical trading models is that historical trends and past performance cannot predict future trends, and there is no assurance that the mathematical algorithms employed are designed properly, updated with new data, and can accurately predict future market, industry, and sector performance.

### **Option Strategies**

Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the underlying security. Options entail greater risk but allow an investor to have market exposure to a particular security or group of securities without the capital commitment required to purchase the underlying security or groups of securities. In addition, options allow investors to hedge security positions held in the portfolio. For detailed information on the use of options and option strategies, please contact the Options Clearing Corporation for the current Options Risk Disclosure Statement.

FA as part of its investment strategy may employ the following option strategies:

- Covered call writing
- Long call options purchases
- Long put options purchases

#### **Covered Call Writing**

Covered call writing is the sale of in-, at-, or out-of-the-money call option against a long security position held in the client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

#### **Long Call Option Purchases**

Long call option purchases allow the option holder to be exposed to the general market characteristics of a security without the outlay of capital necessary to own the security. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss, including loss of the entire option premium (100% of your option investment).

#### **Long Put Option Purchases**

Long put option purchases allow the option holder to sell or "put" the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long put option increases. In this way long puts are often used to hedge



a long stock position. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss, including loss of the entire option premium (100% of your option investment).

### **C. Concentration Risks**

There is an inherent risk for clients who have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

## **Item 9. Disciplinary Information**

### **A. Criminal or Civil Actions**

There is nothing to report on this item.

### **B. Administrative Enforcement Proceedings**

There is nothing to report on this item.

### **C. Self-Regulatory Organization Enforcement Proceedings**

There is nothing to report on this item.

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

### **A. Broker-Dealer or Representative Registration**

Neither FA nor its affiliates, employees, or independent contractors are registered broker-dealers and do not have an application to register pending.

### **B. Futures or Commodity Registration**

Neither FA nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator or commodity trading advisor and do not have an application to register pending.

### **C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

Daniel Barotz is involved in the following business activities, to which he spends less than 10% of his time:

**Tailored Catering Solutions dba OfficeFeeder:** CO-Founder, Advisor, Board Member

- OfficeFeeder provides meal planning and delivery coordination for offices and events.
- FA may use the service; and recommend the service to its asset managers and wholesalers which could present a service in that FA could favor such asset managers and wholesalers in its recommendations to clients.

**EcoMark Solar:** Advisory Board Member, Investor

- EcoMark Solar offers solar panel consultation and design to financing, solar installation, and aftercare.
- Please be advised that EcoMark Solar may be recommended to clients and such recommendations pose a conflict of interest in that the recommendation of EcoMark Solar may be viewed as being in the best interests of FA. In addition, current clients may own EcoMark and such ownership presents its own conflict in that there is an economic incentive for FA to favor such clients in terms of investment opportunities, trade allocation and allocation of its time.

**PackBack:** Investor

- PackBack enables inquiry-based online discussion at scale. Using AI, the platform acts as a Digital TA to coach students to ask their open-ended questions, auto-moderate the discussion, and help instructors amplify the impact of their feedback.
- Please be advised that PackBack may be recommended to clients and such recommendations pose a conflict of interest in that the recommendation of PackBack may be viewed as being in the best interests of FA.

**SMRxt:** Investor

- SMRxt's medication adherence system, Nomi, captures data to reveal how patients take medication.
- Please be advised that SMRxt may be recommended to clients and such recommendations pose a conflict of interest in that the recommendation of SMRxt may be viewed as being in the best interests of FA.

**Insurance Sales**

- Daniel Barotz is a licensed insurance agent and may recommend insurance products offered by such carriers for whom he functions as an agent and receive a commission for doing so. Please be advised there is a conflict of interest in that there is an economic incentive to recommend insurance and other products of such carriers. Please also be advised that FA strives to put its clients' best interests first and foremost, and clients always have the right to decide whether to purchase insurance recommended by FA and to purchase insurance at the agency of their choosing.

## **D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest**

FA does not receive any additional remuneration from advisers, investment managers, or other service providers that it recommends to clients. However, the firm may engage sub-advisers to manage FA client accounts.

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

### **A. Code of Ethics Description**

In accordance with the Advisers Act, FA has adopted policies and procedures designed to detect and prevent insider trading. In addition, FA has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of FA's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer of FA. FA will send clients a copy of its Code of Ethics upon written request.

FA has policies and procedures in place to ensure that the interests of its clients are given preference over those of FA, its affiliates and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

### **B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

FA does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, FA does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

### **C. Advisory Firm Purchase or Sale of Same Securities Recommended to Clients and Conflicts of Interest**

FA, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase or sell the same securities as are purchased or sold for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees raise conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which FA specifically prohibits. FA has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client’s best interest
- prohibit fraudulent conduct in connection with the trading of securities in a client account
- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions
- prohibit the firm or its employees from frontrunning client transactions
- prohibit the advisor from receiving more favorable pricing on portfolio transactions when client and advisor are trading simultaneously.
- allocate investment opportunities in a fair and equitable manner
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow FA’s procedures when purchasing or selling the same securities purchased or sold for the client.

#### **D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

FA, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other FA clients. FA will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation (please refer to Item 12.B.3 Order Aggregation). It is the policy of FA to place the clients’ interests above those of FA and its employees.

### **Item 12. Brokerage Practices**

#### **A. Factors Used to Select Broker-Dealers for Client Transactions**

##### **Custodian Recommendations**

FA may recommend that clients establish brokerage accounts with Fidelity Institutional Wealth Services (“Fidelity” and/or “custodian”), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients’ assets and to effect trades for their accounts. In order to participate in the FA Wrap Fee Program, clients are required to establish a Fidelity brokerage account.

Although FA may recommend that clients establish accounts at the custodian, it is the client’s decision to custody assets with the custodian. FA is independently owned and operated and not affiliated with custodian. For FA client accounts maintained in its custody, the custodian generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodian or that settle into custodian accounts.

FA considers the financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, and related factors in recommending broker-dealers or custodians to advisory clients.

In certain instances and subject to approval by FA, FA will recommend to clients certain other broker-dealers and/or custodians based on the needs of the individual client, and taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by FA will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

#### **How We Select Brokers/Custodians to Recommend**

FA seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, the following:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear, and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength, and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below

#### **Soft Dollar Arrangements**

FA utilizes soft dollar arrangements. These are considered soft dollar arrangements by our principal state regulator because our custodian provides additional services (described below) based upon the size of client portfolio assets placed with such custodian. Generally, the more assets placed with a custodian results in more revenue to the custodian. The firm does not direct brokerage transactions to executing brokers for research and brokerage services.

### **Institutional Trading and Custody Services**

The custodian provides FA with access to its institutional trading and custody services, which are typically not available to the custodian's retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain minimum amount of the advisor's clients' assets are maintained in accounts at a particular custodian. The custodian's brokerage services include the execution of securities transactions, custody, research, 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.

### **Other Products and Services**

Custodian also makes available to FA other products and services that benefit FA but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of FA's accounts, including accounts not maintained at custodian. The custodian may also make available to FA software and other technology that

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing and other market data
- facilitate payment of FA's fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

The custodian may also offer other services intended to help FA manage and further develop its business enterprise. These services may include

- compliance, legal and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers

The custodian may also provide other benefits such as educational events or occasional business entertainment of FA personnel. In evaluating whether to recommend that clients custody their assets at the custodian, FA may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a conflict of interest.

### **Independent Third Parties**

The custodian may make available, arrange, and/or pay third-party vendors for the types of services rendered to FA. The custodian may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to FA.

### **Additional Compensation Received from Custodians**

FA may participate in institutional customer programs sponsored by broker-dealers or custodians. FA may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between FA's participation in such programs and the investment advice it gives to its clients, although FA receives economic benefits through its participation in the programs that are typically not available to retail investors. These benefits may include the following products and services (provided without cost or at a discount):

- Receipt of duplicate client statements and confirmations
- Research-related products and tools
- Consulting services
- Access to a trading desk serving FA participants
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts)
- The ability to have advisory fees deducted directly from client accounts
- Access to an electronic communications network for client order entry and account information
- Access to mutual funds with no transaction fees and to certain institutional money managers
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to FA by third-party vendors

The custodian may also pay for business consulting and professional services received by FA's related persons, and may pay or reimburse expenses (including client transition expenses, travel, lodging, meals and entertainment expenses for FA's personnel to attend conferences). Some of the products and services made available by such custodian through its institutional customer programs may benefit FA but may not benefit its client accounts. These products or services may assist FA in managing and administering client accounts, including accounts not maintained at the custodian as applicable. Other services made available through the programs are intended to help FA manage and further develop its business enterprise. The benefits received by FA or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

FA also participates in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and its continued participation may require FA to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, FA will typically receive benefits similar to those listed above, including research, payments for business consulting and professional services received by FA's related persons, and reimbursement of expenses (including travel, lodging, meals and entertainment expenses for FA's personnel to attend conferences sponsored by the broker-dealer or trust company).

As part of its fiduciary duties to clients, FA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by FA or its related persons in and of itself creates a conflict of interest and may indirectly influence

FA's recommendation of broker-dealers for custody and brokerage services. To mitigate this risk, FA discloses all benefits it receives from our custodian, and at least every two years reviews other custodian platforms' service and cost structures to determine whether there is a material benefit to considering a change in custodians.

### **Brokerage for Client Referrals**

FA does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

### **Directed Brokerage**

#### **FA Recommendations**

FA typically recommends Fidelity as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.

#### **Client-Directed Brokerage**

Occasionally, clients may direct FA to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage FA derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. FA loses the ability to aggregate trades with other FA advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

## **B. Aggregating Securities Transactions for Client Accounts**

### **Best Execution**

FA, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold, the amount of such securities, and the executing broker to effect such transactions. FA recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. FA will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance and settlement



- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, FA seeks to ensure that clients receive best execution with respect to clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of FA's knowledge, these custodians provide high-quality execution, and FA's clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, FA believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

### **Security Allocation**

Since FA may be managing accounts with similar investment objectives, FA may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by FA in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

FA's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. FA will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

FA's advice to certain clients and entities and the action of FA for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines and circumstances. Thus, any action of FA with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of FA to or on behalf of other clients.

### **Order Aggregation**

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating

in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if FA believes that a larger size block trade would lead to best overall price for the security being transacted.

### **Allocation of Trades**

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation.

FA acts in accordance with its duty to seek best price and execution and will not continue any arrangements if FA determines that such arrangements are no longer in the best interest of its clients.

## **Item 13. Review of Accounts**

### **A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Accounts are reviewed by FA's Manager. The frequency of reviews is determined based on the client's investment objectives, but reviews are conducted no less frequently than semi-annually. More frequent reviews may also be triggered by a change in the client's investment objectives, tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in the underlying investment, or changes in macro-economic climate. FA will also contact clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives, and tolerance for risk.

Financial planning clients receive their financial plans and recommendations at the time service is completed. There are no post-plan reviews unless engaged to do so by the client. Clients may request a review of their plan at any time.

### **B. Review of Client Accounts on Non-Periodic Basis**

FA may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how FA formulates investment advice.

## **C. Content of Client-Provided Reports and Frequency**

FA reports to the client on a quarterly basis or at some other interval agreed upon with the client, information on contributions and withdrawals in the client's investment portfolio, and the performance of the client's portfolio measured against appropriate benchmarks (including benchmarks selected by the client).

The client's independent custodian provides account statements directly to the client no less frequently than quarterly. The custodian's statement is the official record of the client's securities account and supersedes any invoices or reports created on behalf of the client by FA.

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

### **A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

Other than what is disclosed in Item 12 regarding benefits the firm receives from its custodian(s), FA does not receive economic benefits for referring clients to third-party service providers.

### **B. Advisory Firm Payments for Client Referrals**

FA does not pay for client referrals.

## **Item 15. Custody**

FA is considered to have custody of client assets for purposes of the Advisers Act for the following reasons:

- The client authorizes us to instruct their custodian to deduct our advisory fees directly from the client's account. The custodian maintains actual custody of clients' assets.
- Our authority to direct client requests, utilizing standing instructions, for wire transfer of funds for first-party money movement and third-party money movement (checks and/or journals, ACH, Fed-wires). The firm has elected to meet the SEC's seven conditions to avoid the surprise custody exam, as outlined below:
  1. The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
  2. The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.

3. The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
4. The client has the ability to terminate or change the instruction to the client's qualified custodian.
5. The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
6. The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Individual advisory clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances, and portfolio holdings in their accounts. Clients are urged to compare the account balance(s) shown on their account invoices and reports to the quarter-end balance(s) on their custodian's monthly statement. The custodian's statement is the official record of the account.

## **Item 16. Investment Discretion**

Clients may grant a limited power of attorney to FA with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In those cases, FA will exercise full discretion as to the nature and type of securities to be purchased and sold, the amount of securities for such transactions, and the executing broker to be used. Investment limitations may be designated by the client as outlined in the investment advisory agreement. In addition, subject to the terms of its investment advisory agreement, FA may be granted discretionary authority for the retention of independent third-party investment management firms. Investment limitations may be designated by the client as outlined in the investment advisory agreement. Please see the applicable third-party manager's disclosure brochure for detailed information relating to discretionary authority.

## **Item 17. Voting Client Securities**

FA does not take discretion with respect to voting proxies on behalf of its clients. FA will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of FA supervised and/or managed assets. In no event will FA take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, FA will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. FA has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. FA also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, FA has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where FA receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

## **Item 18. Financial Information**

### **Balance Sheet**

FA does not require the prepayment of fees of \$1200 or more, six months or more in advance, and as such is not required to file a balance sheet.

### **Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

FA does not have any financial issues that would impair its ability to provide services to clients.

### **Bankruptcy Petitions During the Past Ten Years**

The firm has never been the subject of a bankruptcy petition.