Fragasso Financial Advisors, Inc.

Firm Brochure
(Form ADV Part 2A)

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**This brochure provides information about the qualifications and business practices of Fragasso Financial Advisors. If you have any questions about the contents of this brochure please contact us at 412-227-3200. 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.**

**Fragasso Financial Advisors is a registered investment advisor. Registration does not imply any level of skill or training.**

**Additional information about Fragasso Financial Advisors also is available on the SEC's website at www.adviserinfo.sec.gov.**

## Item 2 – Material Changes

The following are the material changes made to this Firm Brochure since the date of our last annual update and brochure revision in January 2025. There were no material changes.

## Item 3 – Table of Contents


| | Page |
|---|---|
| **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……** | **6** |
| **Item 6 – Performance-Based Fees and Side-By-Side Management…….** | **12** |
| **Item 7 – Types of Clients……** | **12** |
| **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss…….** | **12** |
| **Item 9 – Disciplinary Information……..** | **15** |
| **Item 10 – Other Financial Industry Activities and Affiliations……** | **15** |
| **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading……..……..…** | **16** |
| **Item 12 – Brokerage Practices……..….** | **17** |
| **Item 13 – Review of Accounts……...** | **19** |
| **Item 14 – Client Referrals and Other Compensation……** | **20** |
| **Item 15 – Custody……...** | **21** |
| **Item 16 – Investment Discretion…….** | **21** |
| **Item 17 – Voting Client Securities…….** | **22** |
| **Item 18 – Financial Information……..…** | **22** |

## Item 4 – Advisory Business

Fragasso Financial Advisors, Inc. ("FFA", we" or "our") provides clients with various asset management programs and financial planning services as described below. The Fragasso Group, Inc. doing business under the name of FFA, became registered as an investment advisor in 1996. Robert Fragasso started as a sole practitioner in 1972, forming the Fragasso Group in 1979, and moved to an independent broker/dealer and investment advisor in 1996. The Fragasso Group, Inc. began operating under the name FFA in 2007, and changed its legal name to Fragasso Financial Advisors, Inc. in 2016. The primary owner of FFA is Fragasso Financial Advisors, Inc. Employee Stock Ownership Trust.

FFA also uses the following additional names when conducting its advisory business; Fragasso Investment Advisors, Fragasso Retirement Plan Advisors, and Fragasso Non-Profit Investment Advisors.

**Asset Management Services**

FFA offers discretionary asset management services through a program account (the "Program") based on the individual needs of clients ("client", "you" or "your"). Understanding your personal situation is very important to the services we provide. We will determine your financial goals and objectives, as well as your family responsibilities and tolerance for risk, through discussions with you. The investment objective you select, which could range from income with capital preservation to aggressive growth, will guide us in managing your account. In the Program we provide management services using a variety of investment types, including but not limited to, institutional no-load and load-waived mutual funds, exchange traded funds ("ETF"), variable annuity subaccounts, alternative investments, structured notes, real estate investment trusts, individual stocks and options.

In order for FFA to manage your assets, you will be required to establish a Program account in your name at an approved and qualified custodian. The custodian provides clearing, custody and other services for accounts established through the Program. You will retain all rights of ownership on your account, including the right to withdraw securities or cash, vote proxies, receive transaction confirmations and receive periodic account statements. In addition, you will also have the ability to impose restrictions on investing in certain securities or types of securities at the time you open the account.

In order to hire us to provide management services, you will be required to enter into a written investment advisory agreement with us. This agreement will set forth the terms and conditions of our relationship, including the amount of your investment advisory fee. You will also be required to complete an account application with the custodian.

When appropriate, we may also recommend a third-party portfolio manager, who will provide individual management to your Program account on a discretionary basis. In this situation, we will assist you in selecting an investment strategy and third-party portfolio manager. We also provide ongoing advice and monitoring of the portfolio manager services and act as a point of contact between you and the portfolio managers. In order to hire a third-party portfolio manager, you will be required to enter into an agreement with the third-party portfolio manager for such services, and we will also be a party to the agreement. We also encourage you to review the third-party portfolio manager's Form ADV Part 2A for additional information.

On an accommodation basis, FFA may also agree to handle certain accounts on a non-managed basis. In such cases, FFA will not be responsible for providing management on either a discretionary or non-discretionary basis.

**Retirement Plan Consulting Services**

FFA offers consulting services to retirement plan sponsors in some or all of the following areas as agreed upon between the plan sponsor and FFA in the written consulting services agreement.

- Investment Policy Statement – assist the plan sponsor in developing or revising the plan's investment policy statement based upon its objectives and constraints.
- Service Provider Liaison – act as a liaison between the plan and its service providers, product sponsors and vendors based solely on instructions from the plan on investment or administrative matters. FFA will not exercise judgment or discretion with regard to these matters.
- Investment Monitoring – perform ongoing monitoring of investments and/or investment managers based on written guidance provided by the plan.
- Performance Reports – prepare reports, based on statements provided by the plan, reflecting performance of investments and/or investment managers and comparing the performance to benchmarks.
- Investment Recommendations – recommend specific investments for plan sponsor to consider within the plan or to make available to plan participants (if applicable), and/or recommend replacement investments if an existing investment is deemed no longer suitable by the plan sponsor. All decisions regarding investment options to be made available to plan participants for purchase are the responsibility of the plan sponsor.
- When providing investment advice regarding your retirement plan account or IRA, we acknowledge our fiduciary status under the Employee Retirement Income Security Act (ERISA) and the Internal Revenue Code, and will act in your best interest when making recommendations, adhering to the standards outlined in the US Department of Labor ("DOL"), Prohibited Transaction Exemption ("PTE") 2020-02. The way we are compensated creates some conflicts with our clients' interests, so we at times operate under a special rule PTE 2020-02, which requires us to act in their best interest and not put our interests ahead of theirs. Under the PTE's provisions, we must:
    - Meet a professional standard of care when making investment recommendations (give prudent advice);
    - Never put our financial interests ahead of our clients' when making recommendations (give loyal advice);
    - Avoid misleading statements about conflicts of interest, fees and investments;
    - Follow policies and procedures designed to ensure that we give advice that is in the client's best interest;
    - Charge no more than is reasonable for our services; and
    - Give clients basic information about conflicts of interest.
- 404(c) Assistance – assist plan in identifying investment options under the "broad range" requirement of ERISA 404(c).
- Qualified Default Investment Alternative (QDIA) Assistance – assist client in identifying an investment alternative within the definition of QDIA under ERISA.
- Education Services to Plan Sponsor – provide training for members of the plan sponsor or any plan committee with regard to their services, including education with respect to their fiduciary responsibilities.
- Participant Enrollment – assist and/or provide resources to assist the plan in enrolling plan participants in the plan, including facilitating agreed upon enrollment meetings and providing participants with information about the plan such as terms and operation of the plan, benefits of plan participation, benefits of increasing plan contributions, and impact of preretirement withdrawals on retirement income.
- Participant Education – facilitate individual or group investment education meetings for plan participants providing information about investment options under the plan such as investment objectives and historical performance, explaining investment concepts such as diversification

and risk and return, and providing guidance as to how to determine investment time horizon and risk tolerance. This will not include individualized investment advice for a particular participant.

- Changes in Investment Options – assist in making changes to investment options under the plan upon the plan sponsor's direction. FFA will have no discretion over the changes made or be involved in trade execution.
- Vendor Analysis – assist plan with the preparation, distribution and evaluation of Requests for Proposals, finalist interviews and conversion support.
- Benchmarking Services – provide plan with comparisons of plan data such as fees, services, participant enrollment and participant contributions levels to data from the plan's prior years and/or similar plans.
- Fee Assessment – assist plan in identifying fees and other costs incurred by the plan for investment management, recordkeeping, participant education, participant communication and/or other services provided.

The plan sponsor is responsible for determining whether to implement any recommendations provided by FFA. FFA does not take discretion with respect to plan assets and FFA does not provide individualized advice to participants in the plan.

In some situations, where agreed to in writing by FFA and the client, certain specified investment management services may be provided to plan sponsors. These services include making investment selections and developing custom model portfolios. Clients will be required to enter into a retirement plan consulting investment manager agreement with FFA to engage us for these investment management services.

In certain situations, where requested by the plan sponsor and agreed to by FFA, FFA may provide individualized investment advice for a particular participant.

**Retirement Asset Advisory Services**

We offer assessments, recommendations and monitoring of a client's choice of investments for retirement plans held by a current or former employer. It is understood that the client will be solely responsible for making the changes to their retirement account(s) and to process any resulting transactions. FFA does not provide ongoing management as a part of this service. We will periodically monitor and advise of changes needed, based upon the changing nature of the investments available through the retirement plan.

At least once a quarter, having received the retirement account statements and/or account values as furnished by the retirement plan or duly authorized representative, we provide a performance calculation for the retirement account and review the account for compliance with the original asset allocation recommendations. We then advise the client if certain changes in asset allocation or in specific investment choices are recommended.

**Retirement Asset Modeling Services**

We provide the client with a one-time, non-fiduciary, service of investment and asset allocation advice in regard to their current or former employer sponsored retirement plan, based on the client's goals and risk tolerance. We provide asset allocation and investment recommendations to help the client meet the investment objectives as set forth in their Investment Policy Statement and Guidelines. FFA only advises the client of the recommendation based on the fact finding accomplished between us and the client. The client is responsible for making the decision to reallocate any changes within their retirement account and to process any resulting transactions. FFA does not provide ongoing management as part of this service. This one-time service may be requested by a client on more than one occasion;

however, this service does not hold itself out to be a regular or primary source for the client's investment decisions.

**Investment Account Advisory Services**

We offer assessments, recommendations and monitoring of a client's choice of investments for non-retirement investment accounts that must be held outside of our purview. It is understood that the client will be solely responsible for making the changes to their non-retirement account(s). Further, we will periodically monitor and advise of changes needed, based upon the changing nature of the client's investment objectives and risk tolerance.

At least once a quarter, having received the investment account statement and/or account values as furnished by the client, we provide a performance calculation and review of the account for compliance with the original asset allocation model. We then advise the client if certain changes in asset allocation or in specific investment choices are recommended.

**Assets Under Management**

As of December 31, 2025, FFA provides advice to client accounts with a total market value of $3,032,996,877 broken down as follows:

Discretionary Amount:

- $ 2,831,366,332 Management on a discretionary basis
- $ 201,600,545 Retirement plan assets, non-managed advice

Certain FFA advisory representatives also act as registered representatives of a securities broker/dealer in the sale of securities. In this role, FFA advisory representatives have provided guidance with respect to approximately $ 85,371,804 worth of client investments.

## Item 5 – Fees and Compensation

The amount of advisory fees will be disclosed prior to services being provided and agreed upon in the appropriate written investment advisory agreement. We will not require payment of more than $1,200 in fees more than six months in advance.

**Asset Management Services**

The annual advisory fee is based on a percentage of the market value of your accounts, including cash holdings, according to the schedule below. Advisory fee is blended by tier. In addition, multiple Program accounts for the same client or household (typically same decision maker) may be combined to reach the next level of advisory fee. Fees are negotiable at the discretion of FFA and will be as stated in the written investment advisory agreement.

| Advisory Fee | | Assets Under Management | | |
|---|---|---|---|---|
| 1.25% | on the first | $ 500,000 | | |
| 1.00% | on the amount from | $ 500,001 | to | $ 1,000,000 |
| 0.75% | on the amount from | $ 1,000,001 | to | $ 5,000,000 |
| 0.50% | on the amount from | $ 5,000,001 | to | $10,000,000 |

| | | | | |
|---|---|---|---|---|
| 0.45% | on the amount from | $ 10,000,001 | to | $20,000,000 |
| 0.30% | on the amount over | $20,000,000 | | |

Advisory fees are due quarterly in advance and calculated by FFA based on the account's market value on the last business day of the prior quarter. Instructions are provided to the custodian to deduct the advisory fees from your account. The advisory fee is shared between FFA and its advisory representatives.

In addition to the advisory fee you pay us for our services, you will pay certain transaction charges for trade execution. These transaction charges are paid to the custodian, vary based on the type of transaction (e.g., mutual fund, ETF, equity or option), and are communicated to you by FFA at the time you establish your account. We do not receive any portion of the transaction charges.

The transaction charges assessed by the custodian may be lower than the charges customarily imposed by the custodian when processing similar transactions for similar accounts. This is because FFA has entered into an arrangement based on the scope of business FFA engages in with the custodian, including the amount of FFA's client assets with the custodian. This presents an incentive for FFA to recommend that you use a specific custodian and executing broker/dealer for your account so that all of FFA's clients continue to receive favorable pricing. We believe this arrangement benefits you because the transaction charges may be lower than they would be normally. As a result, we believe that using the recommended custodian to execute transactions for your account is consistent with our duty to obtain best execution.

When you select a third-party portfolio manager to manage your Program account on a discretionary basis, we will pay a portion of our advisory fee noted above to the third-party portfolio manager for the management services. The fees we pay to the portfolio manager range from 0.16% to 0.40% annually, payable quarterly in arrears or in advance as required by the portfolio manager. Please note that in certain situations, the level of fee we pay to a third-party portfolio manager will decrease when aggregate assets our clients have under management with a portfolio manager reach certain thresholds. This presents a conflict of interest in that we have a financial incentive to recommend a portfolio manager where we will benefit from reduced fees.

In certain circumstances, you will also incur certain charges imposed by third parties other than FFA in connection with investments made through the account depending upon the type of investments made and type of account. FFA does not receive any portion of these fees. These charges include, but are not limited to, the following:

- Mutual funds - mutual fund 12b-1 fees, mutual fund management fees and administrative expenses, mutual fund transaction fees and redemption charges (if applicable) and deferred sales charges on previously purchased mutual funds transferred into the account.
- ETFs – fund management fees and expenses
- Variable annuities – mortality, expense and administrative charges, fees for additional riders purchased by you on the contract, and charges for excessive transfers within a calendar year if imposed by the variable annuity sponsor.
- Certain retirement accounts - IRA and qualified retirement plan fees
- Certain trust accounts - Administrative servicing fees for trust accounts
- Alternative investments - hedge fund and managed future investment management fees, and managed futures investor servicing fees
- Sweep money market funds and cash balances – 12b-1 fees or other fees based on average daily deposit balances.
- Custodian fees – service fees imposed by the custodian for specific additional services requested by the client and interest on the uninvested cash in your account in the custodian's cash features program.

- Other charges required by law and imposed by the executing broker/dealer or custodian.

If your account invests in mutual funds or ETFs, you will pay the fund a management fee as a shareholder of the fund in addition to paying us an advisory fee for managing the assets. As some of the funds available in the Program may be purchased directly, you could avoid the second layer of fees by not using our management services and by making your own fund investment decisions.

Certain advisory representatives of FFA are also separately registered as licensed securities representatives through Private Client Services, LLC ("PCS"). In this capacity, the advisory representatives can sell securities to clients and receive compensation in the form of commissions and 12b-1 fees or trails. However, such compensation will not be received in connection with investments made in Program accounts.

Certain FFA advisory representatives have entered into an agreement with FFA to purchase ownership of their client relationships that include a loan made by FFA that must be repaid by the advisory representative. As stated previously, FFA shares a portion of the client's advisory fee with its advisory representatives. The repayment of the loan is typically accomplished through deductions from these advisory fees paid to the advisory representative. This presents a conflict of interest because the advisory representative has a financial incentive to maintain their existing client accounts, obtain new client accounts, and raise the client's advisory fees to help repay any outstanding loan balance. To address this conflict of interest, FFA has established a fee schedule with a stated maximum fee level by asset level, obtains the client consent to any advisory fee or change to the advisory fee, maintains a centralized portfolio management team that provides oversight on management geared toward meeting the client's stated investment objectives, and has established procedures to provide oversight on its advisory representatives. Please note that FFA remains the registered investment advisor on all client accounts and the FFA advisory representative provides all investment advice through FFA even when a relationship of this nature exists. We encourage you to discuss this issue with your FFA advisory representative if you have any questions.

The Program may cost you more or less than if the assets were held in a commission-based brokerage account. In a brokerage account, you are charged commissions for each transaction, and we would have no duty to provide ongoing advice with respect to the account. If you plan to follow a buy and hold investment strategy for the account or do not wish to utilize our ongoing investment advice or management services, you should consider opening a commission-based account at an outside brokerage firm.

Clients have the option to purchase the individual investment products available within a Program account through other brokers or agents that are not affiliated with FFA. However, the asset management services of FFA would not be available in such an arrangement.

You may terminate the agreement for services with us at any time with written notice. Upon termination, any prepaid, unearned fees will be refunded.

For additional information, refer to Item 12 – Brokerage Practices.

Within the Program account, FFA uses mutual funds that the custodian makes available within their custodial platform. Mutual funds may offer multiple classes of shares for purchase in a fee-based investment advisory program. In certain instances, a mutual fund may offer only class A shares, but another similar mutual fund may be available that offers an institutional or fee-based advisory share class. When a Program account purchases class A shares, the custodian receives from the mutual fund a portion of the 12b-1 fees charged by the mutual fund. Neither FFA nor its advisory representatives receive any portion of these 12b-1 fees. Institutional or fee-based advisory share classes generally are not subject to 12b-1 fees. It is generally more expensive for a client to own class

A shares than an institutional or fee-based advisory share class. An investor in an institutional or fee-based advisory share class will pay lower fees over time and keep more of his or her investment returns than an investor who holds class A shares of the same fund. FFA takes care to identify the least expensive share class to the client. However, client should understand that in certain circumstances the share class offered for a particular mutual fund through the Program will not be the least expensive share class that the mutual fund makes available. In an advisory program, the appropriateness of a particular mutual fund share class should be determined based on a variety of different considerations, including but not limited to: the advisory fee that is charged; whether transaction charges are applied and the amount of the transaction charges applied to the purchase or sale of mutual funds; the anticipated frequency of transactions; the holding period for the mutual funds; the overall cost structure of the advisory program; share class eligibility or minimum requirements; and potential tax consequences.

As noted above, the custodian also charges clients a transaction charge for mutual fund purchases and sales. The transaction charge level, ranging from $0 to $45.00, varies depending on the amount of 12b-1 fees and/or sub transfer agent recordkeeping fees that the custodian receives from the mutual fund. Neither FFA nor its advisory representatives receive any portion of these transaction charges. Clients generally do not pay a transaction charge for class A share mutual fund transactions but generally do pay transaction charges for institutional and fee-based advisory share class transactions. Clients may avoid or lower the transaction charge by purchasing class A share mutual funds, however, the share class may be more expensive for the client over time because of the ongoing 12b-1 fee depending on the number of transactions in the account and the holding period. Clients may pay a higher transaction charge for institutional and fee-based advisory shares classes; however, the share class may be less expensive to the client over time.

Clients should consider the additional indirect expenses that exist as a result of the mutual fund fees when negotiating and discussing with the advisory representative the advisory fee to FFA and the advisory representative and the selection of share classes and mutual funds for the Program account.

There is a conflict of interest for individuals that currently invest in an employer-sponsored retirement plan or individual retirement account that are considering a roll out of assets from the retirement plan or account. A conflict of interest exists because FFA will be compensated only if the individual rolls over the proceeds into an IRA that is then managed by FFA. As a result, it can be construed that FFA has a financial incentive to recommend one option over another. Therefore, the individual should include in his/her decision making process, a thorough review of all options available; for example (i) remain invested in the current retirement plan or account (if available), (ii) transfer assets to a new employer-sponsored retirement plan (if available), (iii) transfer assets to an IRA with a financial institution, or (iv) withdraw assets directly which would be subject to federal and applicable state and local taxes and possibly subject to the IRS penalty of 10% depending upon the age of the individual.

**Retirement Plan Consulting Services**

Fees for services will be billed based on one or more of the following methods listed below and in the amount as agreed upon between FFA and the plan sponsor in the written consulting services agreement.

- Annual Flat Fee
- Annual Fee Based on a Percentage of Plan Assets
- Annual Tiered Fee Based on Percentage of Plan Assets
- One-Time Flat Rate Fee for Project Specific Work

The typical maximum flat rate fee per year is $50,000 per plan. The typical maximum percentage-based fee per year is 1.35% per plan. Fees are negotiable and the level of fees will be set based upon

the scope, nature and complexity of the services selected by the plan sponsor, the number of participants in the plan, and the overall size of the plan. Depending on these and/or other factors relating to the plan, the annual flat rate fee may be higher. Fees may be charged in advance or in arrears. Fees may be paid directly by the plan sponsor or out of plan assets by a service provider or other third party, as authorized by the plan sponsor. The fee is shared between FFA and its advisory representatives.

In addition, the plan sponsor will pay a transition expense fee for the first year after the plan transitions to a new platform/product provider. This fee is intended to cover the additional services (e.g., fund mapping, assistance with enrollment, additional education to plan committee members and participants, etc.) that FFA will provide as a result of a transition.

**Retirement Asset Advisory Services**

The annual advisory fee is based on a percentage of the market value of your accounts, including cash holdings, according to the schedule below. In addition, multiple Retirement Asset Advisory Services accounts and asset management Program accounts for the same client or household (typically same decision maker) may be combined in order to reach the next level of advisory fee. Advisory fee is blended by tier. Fees are negotiable at the discretion of FFA and will be as stated in the written investment advisory agreement.

Advisory fees are due quarterly in advance and calculated by FFA based on the account's market value on the last business day of the prior quarter as long as FFA receives automated downloads of the account's value from the account's custodian. In situations where FFA does not receive such automated download, advisory fees are calculated based on the account values reflected on the custodian's statement for the quarter end preceding the most recent quarter end. For example, fees calculated in April for the period April 1st through June 30th, would be based on account values as of December 31st if FFA does not receive automated downloads of account values.

| Advisory Fee | | Assets Under Advisement | | |
|---|---|---|---|---|
| 1.25% | on the first | $ 500,000 | | |
| 1.00% | on the amount from | $ 500,001 | to | $ 1,000,000 |
| 0.75% | on the amount from | $ 1,000,001 | to | $ 5,000,000 |
| 0.50% | on the amount from | $ 5,000,001 | to | $10,000,000 |
| 0.45% | on the amount from | $ 10,000,001 | to | $20,000,000 |
| 0.30% | on the amount over | $20,000,000 | | |

Any written cancellation of the contract during the quarter by either party will result in a pro-rate refund to the client of the unused portion of that quarter's fee.

**Retirement Asset Modeling Services**

The fee schedule is a flat dollar figure based upon the scope of the work involved, is payable in advance each time the service is requested by the client and is only refundable if the client cancels their request before services have been completed. Fees will fall into the following range:

| Number of Investment Choices In Retirement Plan | Advisory Fee |
|---|---|
| 0 – 5 | $100.00 |
| 6 – 10 | $250.00 |
| 11 + | $450.00 |

**Investment Account Advisory Services**

The fee is payable in quarterly installments, in advance, for the upcoming quarter, according to the table below. Advisory Fee is blended by tier. Fees are negotiable at the discretion of FFA and will be as stated on the written investment advisory agreement. Fees may be discounted for active-duty military or reserves, non-profit organizations and employee family related accounts, at the discretion of FFA.

Advisory fees are due quarterly in advance and calculated by FFA based on the account's market value on the last business day of the prior quarter as long as FFA receives automated downloads of the account's value from the account's custodian. In situations where FFA does not receive such automated download, advisory fees are calculated based on the account values reflected on the custodian's statement for the quarter end preceding the most recent quarter end. For example, fees calculated in April for the period April 1st through June 30th, would be based on account values as of December 31st if FFA does not receive automated downloads of account values.

| Advisory Fee | | Assets Under Advisement | | |
|---|---|---|---|---|
| 1.25% | on the first | $ 500,000 | | |
| 1.00% | on the amount from | $ 500,001 | to | $ 1,000,000 |
| 0.75% | on the amount from | $ 1,000,001 | to | $ 5,000,000 |
| 0.50% | on the amount from | $ 5,000,001 | to | $10,000,000 |
| 0.45% | on the amount from | $ 10,000,001 | to | $20,000,000 |
| 0.30% | on the amount over | $20,000,000 | | |

Any written cancellation of the contract during the quarter by either party will result in a pro rata refund to the client of the unused portion of that quarter's fee.

**Additional Information for Retirement Asset Advisory Services, Retirement Asset Modeling Services, and Investment Account Advisory Services**

The specific manner in which fees are charged by FFA is established in a client's written agreement with FFA. FFA will generally bill its fees on a quarterly basis. Clients are billed directly for fees. The advisory fee is shared between FFA and its advisory representatives. Advisory fees shall not be prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

FFAs' fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. In certain circumstances, clients will incur certain charges imposed by custodians, brokers, third party investment and other third parties such as 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 and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to FFAs' fee, and FFA shall not receive any portion of these commissions, fees, and costs.

For additional information, refer to Item 12 – Brokerage Practices.

## Item 6 – Performance-Based Fees and Side-By-Side Management

This Item is not applicable as FFA does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## Item 7 – Types of Clients

FFA provides services to individuals, trusts, corporations, retirement plan sponsors, municipal pension plans, charitable institutions, foundations and endowments.

In general, individual clients interested in hiring FFA to provide investment advice typically must have a minimum of $250,000 of investable assets for the household and retirement plans must have a minimum of $500,000 in plan assets. Exceptions may be made by certain advisory representatives at the sole discretion of FFA.

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

FFA offers the investment advisory services described in this brochure through its advisory representatives. For more information about the individual advisory representative managing or handling your account, refer to the brochure supplement for the advisory representative, a copy of which you should have received along with this brochure.

Within a Program account, the FFA portfolio management department constructs portfolios using a diversified global asset allocation strategy driven by the unique objectives of each client. This strategy helps quantify expectations of risk and reward for the client. Our portfolio management department screens individual securities and predominantly institutional, no-load mutual funds for proper placement in each of the determined asset sectors within the portfolio. The portfolio is then monitored and stress-tested under a variety of possible economic conditions. We continue to re-allocate portfolios on a quarterly basis for variances from the model percentages to help keep the portfolio in line with objectives and stated risk/reward parameters. We may make further allocation adjustments if warranted based on transitions through the market and economic cycles, as well as based on considering the client's individual tax situation and potential capital gains and losses.

We typically manage Program accounts or otherwise provide investment advice focusing on one of the following investment objectives based on the client's goals and risk tolerance;

- income with capital preservation
- income with moderate growth
- growth with income
- growth
- aggressive growth

The initial allocation and rebalancing of assets to different mutual funds or other securities in a Program account will be made based on these overall objectives.

We generally use the following types of investment vehicles within Program accounts:

- mutual funds (including institutional funds, international funds, emerging market funds, alternative asset funds, funds that short the market, foreign bond funds and high yield bond funds)
- ETFs

- variable annuity subaccounts
- alternative investments (including structured products, real estate investment trusts, and other traded and non-traded products)
- individual stocks
- options (including writing covered calls, purchasing calls and puts, and use of various protective option strategies including collars)

The particular investments selected for your Program account will depend upon your investment objective, level of risk tolerance, sensitivity to taxes, and other factors.

It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns. Investing in securities can involve risks and clients should be prepared to bear those risks when investing. The following list describes some of the risks associated with the types of investments that may be purchased for your account:

- Investing in international markets presents additional risks including currency fluctuations, the potential for diplomatic and political instability, regulatory and liquidity risks and foreign taxation among others. The risks of foreign investing are generally greater in emerging markets.
- High yield bonds carry greater risks than bonds rated as investment grade. For example, they are issued by organizations that do not qualify for an investment grade rating by one of the rating agencies because of the potential for higher default by the issuer. Another risk is that further financial difficulties by the issuer may result in a decrease in the market value, and this may make it impossible to liquidate the bond prior to maturity.
- Funds designed to short the market, or inverse funds, have a goal of providing the opposite or inverse of the return for the underlying index. Inverse funds may have higher expense ratios and be less tax-efficient than a traditional mutual fund or ETF. They may also be riskier. We may use inverse mutual funds or ETFs as a short-term holding when deemed appropriate.
- ETFs are typically investment companies that are legally classified as open end mutual funds or UITs. However, they differ from traditional mutual funds, in particular, in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly traded companies. Although many ETFs are registered as an investment company under the Investment Company Act of 1940 like traditional mutual funds, some ETFs, in particular those that invest in commodities, are not registered as an investment company.
- Structured products are securities derived from another asset, such as a security or a basket of securities, an index, a commodity, a debt issuance, or a foreign currency. Structured products frequently limit the upside participation in the reference asset. Structured products are senior unsecured debt of the issuing bank and subject to the credit risk associated with that issuer. This credit risk exists whether or not the investment held in the account offers principal protection. The creditworthiness of the issuer does not affect or enhance the likely performance of the investment other than the ability of the issuer to meet its obligations. Any payments due at maturity are dependent on the issuer's ability to pay. In addition, the trading price of the security in the secondary market, if there is one, may be adversely impacted if the issuer's credit rating is downgraded. Some structured products offer full protection of the principal invested, others offer only partial or no protection. Investors may be sacrificing a higher return to obtain the principal guarantee. In addition, the principal guarantee relates to nominal principal and does not offer inflation protection. An investor in a structured product never has a claim on the underlying investment, whether a security, zero coupon bond, or option. There may be little or no secondary market for the securities and information regarding independent market pricing for the securities may be limited. This is true even if the product has a ticker symbol or has been approved for listing on an exchange. Tax treatment of structured products may be different from other investments held in the account (e.g., income may be taxed as ordinary income even

though payment is not received until maturity). Structured CDs that are insured by the FDIC are subject to applicable FDIC limits.

- FFA recommends real estate investment trusts ("REITs"), the shares of which exist in the form of either publicly traded or privately placed securities. REITs are collective investment vehicles with portfolios comprised primarily of real estate and mortgage related holdings. Many REITs hold heavy concentrations of investments tied to commercial and/or residential developments, which inherently subject REIT investors to the risks associated with a downturn in the real estate market. Investments linked to certain regions that experience greater volatility in the local real estate market may give rise to large fluctuations in the value of the vehicle's shares. Mortgage-related holdings may give rise to additional concerns pertaining to interest rates, inflation, liquidity and counterparty risk.
- Non-traded products do not trade on a securities exchange and are not publicly traded. As a result, non-traded products can be riskier than products that are publicly traded because the product cannot be sold readily in the market by the investor. The non-traded product may offer to redeem shares from investors, but such share redemptions are typically subject to limitations. Share redemptions may also require that shares be redeemed at a discount and there is no guarantee that an investor will be able to redeem the security during the repurchase offer. In addition, non-traded products may lack share value transparency because there is no market price readily available. Without share price transparency, investors may not be able to assess the value or performance of the non-traded product.
- We may also purchase call options, which gives the right to purchase the underlying stock for your account at a specified price within a specified period of time if we deem it appropriate. You should be aware that the use of options involves additional risks. The risk of covered call options includes the possibility that the market will rise sharply and the investment upon which the covered call was placed will be called away. In this case you will no longer own this investment. The risk of purchasing put options is limited to the loss of the premium paid for the option unless the Program account exercises or sells the investment. The risk of purchasing call options is limited to the loss of the amount paid for the call option. You will be asked to authorize the use of options within a Program account by signing an option agreement and approval form with the custodian. Additional disclosures of risk will be made to you at that time.
- Management Risk. The advisor's investment approach may fail to produce the intended results. If the advisor's assumptions regarding the performance of a specific asset class or fund are not realized in the expected time frame, the overall performance of the Client's portfolio may suffer.
- Cybersecurity Risk. FAA and its service providers may be subject to operational and information security risks resulting from cyberattacks. Cyberattacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cybersecurity breaches. Cybersecurity attacks affecting ABC and its service providers may adversely impact Clients. For instance, cyberattacks may interfere with the processing of transactions, cause the release of private information about Clients, impede trading, subject ABC to regulatory fines or financial losses, and cause reputational damage. Similar types of cybersecurity risks are also present for issuers of securities in which Clients may invest in, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions. Cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost and reputational damages, and loss from damage or interruption of systems. Although ABC has established its systems to reduce the risk of these incidents from coming to fruition, there is no guarantee that these efforts will always be successful, especially considering that ABC does not directly control the cybersecurity measures and policies employed by third party service providers.
- Market Risks. Turbulence in the financial markets and reduced liquidity may negatively affect the Companies, which could have an adverse effect on each of them. If the securities of the Companies experience poor liquidity, investors may be unable to transact at advantageous times or prices, which may decrease the Company's returns. In addition, there is a risk that

policy changes by central governments and governmental agencies, including the Federal Reserve or the European Central Bank, which could include increasing interest rates, could cause increased volatility in financial markets, which could have a negative impact on the Companies. Furthermore, local, regional, or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, or other events could have a significant impact on the Companies. For example, the rapid and global spread of COVID-19, resulted in extreme volatility in the financial markets and severe losses; reduced liquidity of many Companies' securities; restrictions on international and, in some cases, local travel; significant disruptions to business operations (including business closures); strained healthcare systems; disruptions to supply chains, consumer demand and employee availability; and widespread uncertainty regarding the duration and long-term effects of this pandemic. Some sectors of the economy and individual issuers experienced particularly large losses. In addition, the COVID-19 pandemic resulted in increased volatility and/or decreased liquidity in the securities markets. The Companies' values could decline over short periods due to short-term market movements and over longer periods during market downturns.

**The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment with FAA.**

We use a fundamental method for analyzing investment opportunities for Program accounts. Fundamental analysis means that the overall business is considered by reviewing a business' financial statements and financial health, its management and competitive advantages, and its competitors and markets. Of course, past performance does not guarantee future results.

We consider the overall economy, both domestically and globally, when selecting specific investments and making asset allocation decisions. We also consider current and recent market levels and volatility when making management decisions. We use a variety of sources of data to conduct our economic, investment and market analysis, such as financial newspapers and magazines, economic and market research materials prepared by others, conference calls hosted by mutual funds, corporate rating services, annual reports, prospectuses, and company press releases.

We may also provide certain financial planning-related services or analysis (e.g., retirement or estate planning, budget planning, tax planning, insurance needs analysis) to our existing investment advisory clients, depending upon the specific needs of the client. These services are included as part of our overall relationship with the client and assist us in better understanding the client's goals and objectives.

With respect to our Retirement Plan Consulting Services, we strive to recommend diversified investment alternatives that retirement plan sponsors may consider for investment or to make available to plan participants. If a retirement plan sponsor has engaged us for investment management services, we will strive to select diversified investment and/or model portfolio alternatives to be made available with the plan.

## Item 9 – Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of our advisory business or the integrity of our management. We have no information applicable to this Item.

## Item 10 – Other Financial Industry Activities and Affiliations

FFA is only in the business of providing investment advice as described above. However, as also noted above, certain advisory representatives of FFA are registered representatives of PCS, an SEC

registered broker/dealer and member of the Financial Industry Regulatory Authority and may have occasion to recommend non-managed brokerage accounts and, therefore, may receive commissions or other types of compensation for the sale of securities. The potential for the receipt of commissions may give the registered representative an incentive to recommend investment products based on the compensation received, rather than on the client's needs. However, your registered representative may only recommend securities that he or she believes are suitable for you. If you have any questions regarding the compensation to be received when recommending a security, you should ask your advisory representative. You are under no obligation to purchase investments through your advisory representative.

Certain advisory representatives are also licensed as independent insurance agents and appointed through various insurance companies to offer a variety of types of insurance depending upon the individual. The types of insurance that may be available include life insurance, long term care insurance, fixed annuities, health insurance and disability insurance. Independent insurance agents may receive commissions or other type of compensation for the sale of insurance. The potential for the receipt of commissions may give the insurance agent an incentive to recommend insurance products based on the compensation received, rather than on the client's needs. However, your insurance agent may only recommend insurance that he or she believes is appropriate for you. If you have any questions regarding the compensation to be received when recommending insurance, you should ask your advisory representative. You are under no obligation to purchase insurance through your advisory representative.

Certain advisory representatives of FFA are also licensed as Certified Public Accountants ("CPA's") and provide accounting services that are separate and distinct from the services provided by FFA. This may present a conflict of interest to the extent that an advisory representative recommends clients engage a CPA for accounting services, which results in the receipt of compensation to the CPA. To address this conflict, we do not actively solicit advisory clients for these accounting services and FFA and its advisory representatives of FFA that are not CPA's do not receive any compensation or benefit for clients of FFA that choose to hire the CPA for accounting services.

As discussed previously, certain advisory representatives of FFA are registered representatives of PCS. As a result of this relationship, PCS may have access to certain confidential information (for example, financial information, investment objectives, transactions and holdings) about FFA's clients, even if the client does not establish any account through PCS. If you would like a copy of PCS's privacy policy, please contact your FFA advisory representative to request a copy.

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

FFA has adopted a Code of Ethics which establishes standards of conduct for its supervised persons. The Code of Ethics includes general requirements that such supervised persons comply with their fiduciary obligations to clients and other applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires supervised persons to report their personal securities transactions and holdings quarterly to FFA, and requires FFA to review those reports. Each supervised person receives a copy of the Code of Ethics and must acknowledge in writing having received the materials. Clients and prospective clients may obtain a copy of the Code of Ethics by contacting FFA.

It is our policy not to affect any principal trades for client accounts. Principal trades are generally defined as transactions where an advisor, acting for its own account, buys from or sells a security to an advisory client. It is also our policy not to cross trades between your account and the account of another client.

FFA and its advisory representatives may buy or sell securities for our personal accounts identical to those recommended to clients. This creates a potential conflict of interest. It is our policy that all persons associated with us in any manner must place the interests of clients ahead of their own when making personal investments. In addition, we require that client transactions be placed before our own transactions. We also monitor trading with our advisory representatives.

## Item 12 – Brokerage Practices

### Charles Schwab

FFA has entered into a relationship with Charles Schwab & Co., Inc. ("Schwab"). Schwab is a registered broker/dealer and qualified custodian. Schwab offers independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. FFA receives some benefits from Schwab. These benefits are described below and under Item 14.

FFA receives certain client referrals from Schwab as described in Item 14 below. When these referrals occur, FFA will require that the referred client establish a brokerage account with Schwab to maintain custody of client's assets and to effect trades for their accounts. FFA may also recommend that other clients consider Schwab as a custodian. Schwab provides brokerage and custodial services to clients of independent investment advisory firms, including FFA. Schwab and FFA are separate and unaffiliated.

FFA seeks to make available a custodian who will hold your 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, but not limited to, the following: ability to execute, clear and settle transactions and provide custody services, availability of a range of investment products, availability of technological tools and investment research to assist us in managing assets, competitive pricing, reputation, financial strength, and stability.

While FFA believes that Schwab has execution procedures designed to obtain the best execution possible, there can be no assurance that best execution will be achieved. While FFA recommends that you use Schwab as the custodian, clients decide whether to do so and open an account with Schwab by entering into an account agreement directly with Schwab. FFA does not open the account, although FFA will assist in the process. Clients should understand that not all advisors require their clients to direct brokerage. By directing brokerage, clients may be unable to achieve the most favorable execution of client transactions. Therefore, directed brokerage may cost clients more money.

FFA receives support services and/or products from Schwab, which assist FFA to better manage and administer client accounts. Some of these services assist FFA to better monitor and service client accounts, however, many of these services benefit only FFA, for example, services that assist FFA in growing its business. These support services and/or products may be received without cost, at a discount, and/or at another negotiated rate, and may include the following. These services may be provided by Schwab or a third-party vendor.

- investment-related research and tools
- pricing information and market data
- software and other technology that provide access to client account data
- technology to facilitate trade execution, payment of FFA's fees from client accounts, and client reporting
- receipt of duplicate client statements and confirmations

- assist with back-office functions
- recordkeeping
- compliance and/or practice management-related publications or services
- consulting services
- attendance at conferences, meetings, and other educational and/or social events
- marketing support
- other products used by FFA in furtherance of its investment advisory business operations

Where such services are provided by a third-party vendor, Schwab will pay the third-party vendor directly on behalf of FFA.

There is no direct link between FFA's participation in the Schwab program and the investment advice it provides to its clients, although FFA receives economic benefits through its participation in the program that are typically not available to Schwab retail investors.

The receipt of these benefits creates potential conflicts of interest between FFA and its clients. For example, the receipt of the benefits by FFA may indirectly influence our decision to recommend Schwab for custody, brokerage and execution. Notwithstanding, FFA takes its responsibility to clients seriously, and will recommend a custodian to clients only if it believes it is in the client's best interest.

The products and services described above are provided to FFA as part of its overall relationship with Schwab. While as a fiduciary FFA strives to act in its clients' best interests, the receipt of these benefits creates a conflict of interest because FFA's requirement that clients' custody their assets at Schwab is based in part on the benefit to FFA of the foregoing products and services and not solely on the nature, cost or quality of custody or brokerage services provided by Schwab. FFA's receipt of some of these benefits is based on the amount of advisory assets custodied on the Schwab platform. Clients do not pay more for services as a result of this arrangement. The benefits do not depend on the amount of transactions through the custodian. There is no corresponding commitment made by FFA to the custodian or any other entity to invest any specific amount or percentage of client assets in any specific securities as a result of this arrangement.

**Interactive Brokers**

In certain limited situations as an accommodation to client, FFA may permit the use of Interactive Brokers LLC ("IB") as a custodian instead of Schwab. In such cases, FFA requires that the client establish a brokerage account with IB to maintain custody of the client's assets and to effect trades for their accounts.

While FFA believes that IB has execution procedures designed to obtain the best execution possible, there can be no assurance that best execution will be achieved. Clients should understand that not all advisors require their clients to direct brokerage. By directing brokerage, clients may be unable to achieve the most favorable execution of client transactions. Therefore, directed brokerage may cost clients more money.

FFA also receives support services and/or products from IB, which assist FFA to better manage and administer client accounts. Some of these services assist FFA to better monitor and service Program accounts, however, many of these services benefit only FFA. These support services and/or products may be received without cost, at a discount, and/or at another negotiated rate. For additional information, refer to the listing and discussion on the prior page.

**Aggregation**

Due to the individual nature of our account management services, we do not typically aggregate transactions for a client with other client transactions. On an exception basis, we may aggregate transactions for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. We may determine not to aggregate transactions, for example, based on the size of the trades, the number of client accounts, the timing of the trades, the liquidity of the securities, and the discretionary or non-discretionary nature of the trades. If we do not aggregate orders, some clients purchasing securities around the same time may receive a less favorable price than other clients. This means that this practice of not aggregating may cost clients more money.

**Additional Information**

FFA does not allow directed brokerage.

Within Retirement Plan Consulting Services, FFA may assist with investment recommendations to the retirement plan sponsor. This could include research and recommendations, for consideration and selection by the plan sponsor, of specific investments to be held in the plan or, in the case of a participant-directed defined contribution plan, to be made available as an investment option under the plan. The plan sponsor is responsible for the selection of any vendor, broker/dealer or custodian for plan assets, and is responsible for placing any transactions deemed appropriate.

## Item 13 – Review of Accounts

The portfolio management department conducts a review of Program accounts on a quarterly basis to determine if rebalancing is warranted. In addition, advisory representatives conduct annual account reviews to help maintain consistency of the client's stated investment objective as well as other service related factors. Client account reviews may also be triggered in the event of a material change in the client's financial situation.

FFA will also monitor Program accounts on a periodic basis based on criteria such as performance, trading activity and position concentration.

During any month that there is activity in a Program account, you will receive a periodic account statement from the custodian showing account activity as well as positions held in the account at month end. Additionally, you will receive a confirmation of each transaction that occurs unless the transaction is a result of a systematic purchase, redemption or exchange. You will also receive a detailed performance report prepared by FFA during your annual review with your FFA advisory representative. All account data and statements are also available through an online client portal.

For Retirement Plan Consulting Services, plan sponsors receive a quarterly report from FFA regarding information on plan holdings. The report may contain some or all of the following elements, among others, as agreed upon between the plan sponsor and FFA: investment performance, changes in fund management or practices, benchmarking to a peer group and market indices, and potential concerns for plan holdings.

For Retirement Asset Advisory Services and Investment Account Advisory Services, you will receive a quarterly report from FFA that details your positions, performance and recommended asset allocation.

For Retirement Asset Modeling Services, asset allocation recommendations will be provided at the request of the client as discussed in Item 4 – Advisory Business.

## Item 14 – Client Referrals and Other Compensation

FFA may from time to time compensate, either directly or indirectly, any person for client referrals. These individuals are referred to as promoters and FFA pays them either a portion of the advisory fee paid by the client or a flat fee. Disclosures are made to the client by the promoter at the time of any referral.

FFA also receives client referrals from Schwab through our participation in the Schwab Advisor Network ("the Service"). The Service is designed to help clients find an independent investment advisor. Schwab is a broker/dealer independent of and unaffiliated with FFA. Schwab does not supervise FFA and has no responsibility for our management of client's portfolios or other advice and services. FFA pays Schwab fees to receive client referrals through the Service. FFA's participation in the Service raises potential conflicts of interest described below.

FFA pays Schwab a participation fee on all referred client accounts that are maintained in custody at Schwab. The participation fee paid by FFA is a percentage of the value of the assets in the client's account. FFA pays Schwab the participation fee for so long as the referred client's account remains in custody at Schwab. The participation fee is paid by FFA and not the client. FFA has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs FFA charges clients with similar portfolios who were not referred through the Service.

The participation fees are based on assets in accounts of FFA's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, FFA will have incentives to recommend that client accounts and household members of clients referred through the Service maintain custody of their accounts at Schwab.

As a result of our relationship with account custodians, we may receive free or reduced-cost attendance at sales conferences or top producer forums and events. Such compensation may be based on overall business produced and/or on the amount of assets serviced through the custodian. Thus, there is a financial incentive for us to recommend that you establish a Program account so that we will receive these benefits. We take our responsibilities to clients very seriously and we will only recommend that clients hire us for management services if we believe it is appropriate and in the client's best interests.

In certain circumstances FFA will receive compensation from product sponsors. This compensation may not be contingent upon the sale of any products. Compensation may include such items as nominal gifts, an occasional dinner or ticket to a sporting event, or reimbursement in connection with education or training meetings with FFA and its advisory representatives and employees, client workshops or events, marketing events or advertising initiatives.

FFA also receives from Schwab certain additional economic benefits that may or may not be offered to any other independent investment advisors. Specifically, the additional services include access to technology (e.g., Orion Advisor and Salesforce) that provide access to client account data and assist with back-office functions such as client reporting and fee billing, among other items. Schwab provides the additional services to FFA in its sole discretion and at its own expense, and FFA does not pay any fees to Schwab for the additional services. These additional services are important to FFA in that they keep down the costs to the firm. FFA and Schwab have entered into a separate agreement ("Additional Services Addendum") to govern the terms and provision of the additional services.

FFA's receipt of the additional services raises potential conflicts of interest. In providing additional services to FFA, Schwab most likely considers the amount and profitability to Schwab of the assets in, and trades placed for, FFA's client accounts maintained with Schwab. Schwab has the right to terminate the separate agreement with FFA, in its sole discretion, provided certain conditions are met.

Consequently, in order to continue to obtain the additional services from Schwab, FFA has an incentive to recommend to its clients that the assets under management by FFA be held in custody with Schwab and to place transactions for client accounts with Schwab. FFA's receipt of the additional services does not diminish its duty to act in the best interests of its clients, including to seek best execution of trades for client accounts.

Robert Fragasso, Chairman of the Board of FFA, serves on the Schwab Advisor Services Advisory Board (the "Advisory Board"). As described under Item 12 of this brochure, FFA generally requires that clients establish accounts with Charles Schwab & Co., Inc. ("Schwab") and or its affiliates to maintain custody of clients' assets and effect trades for their accounts. The Advisory Board consists of representatives of independent investment advisory firms who have been invited by Schwab management to participate in meetings and discussions of Schwab Advisor Services' services for independent investment advisory firms and their clients. Advisory Board members enter into nondisclosure agreements with Schwab under which they agree not to disclose confidential information shared with them. This information generally does not include material nonpublic information about the Charles Schwab Corporation, whose common stock is listed for trading on the New York Stock Exchange (symbol SCHW). The Advisory Board meets in person or virtually approximately twice per year and has periodic conference calls scheduled as needed. Advisory Board members are not compensated by Schwab for their service, but Schwab does pay for or reimburse Advisory Board members' travel, lodging, meals and other incidental expenses incurred in attending Advisory Board meetings.

We receive an economic benefit from Schwab in the form of support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices).

## Item 15 – Custody

Physical custody for funds and securities in all Program accounts is maintained by a qualified custodian. For Program accounts you will receive account statements from the custodian directly at least quarterly. We encourage you to carefully review these statements upon receipt.

Custody for assets receiving services through Retirement Asset Advisory Services, Retirement Asset Modeling Services and Investment Account Advisory Services is maintained at a custodian selected either by the client or by the sponsor of the investment program through which the client is invested. You should receive statements directly from the account's custodian at least quarterly, and we encourage you to carefully review these statements upon receipt.

We may provide you with additional, customized reporting from time to time and upon request. This additional reporting does not take the place of the official statements that you receive from the account's custodian.

## Item 16 – Investment Discretion

Upon your written authorization in our investment advisory agreement, we will provide discretionary investment advisory services for your Program account. Our discretionary authority is limited only to affecting trades in your accounts; we will determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each trade. To the extent you select a third-party portfolio manager for your Program account, the portfolio manager will maintain discretion and responsibility for account management.

We do not exercise any discretionary authority when providing Retirement Plan Consulting Services, except where the plan sponsor has engaged us for investment manager services.

We do not exercise any investment discretion when providing services through Retirement Asset Advisory Services, Retirement Asset Modeling Services and Investment Account Advisory Services. We simply provide asset allocation recommendations, and the client is responsible for deciding whether or not to implement the recommendations.

We will not have access to your funds or securities with the exception of having advisory fees deducted from your account and paid to us by the custodian. Any fee deduction will be done pursuant to your prior written authorization.

## Item 17 – Voting Client Securities

FFA does not have any authority to vote client securities or proxies on your behalf. The client retains the right to vote all proxies. Proxy information for any securities which are held in your accounts will be sent to you by the custodian of your funds and securities. We will not be providing you with this information. However, if you have any questions about a particular solicitation, you may contact us for general information.

If you select a third-party portfolio manager to provide discretionary management in your account, you may delegate the portfolio manager with the authority to vote proxies and in some cases the portfolio manager will be responsible for voting proxies unless you direct otherwise. The agreement you enter into with the third-party portfolio manager will state who is responsible for voting the proxies.

## Item 18 – Financial Information

FFA is required to provide clients with certain information or disclosures about its financial condition. We have no financial commitment that impairs our ability to meet contractual or fiduciary commitments to clients, and we have not been the subject of a bankruptcy petition.