

Item 1 – Cover Page



# StrategicPoint

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## Firm Brochure (Part 2A of Form ADV)

March 26, 2018

This Brochure provides information about the qualifications and business practices of StrategicPoint Investment Advisors, LLC (hereinafter “SPIA”). If you have any questions about the contents of this Brochure, please contact us at (401) 273-1500 or [info@strategicpoint.com](mailto:info@strategicpoint.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.

SPIA is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about SPIA also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year (December 31<sup>st</sup> of each year). We may further provide other ongoing disclosure information about material changes as necessary. We will further provide you with a new Brochure as necessary based on material changes or new information, at any time, without charge.

This section discusses only material changes since the last annual update filed on March 31, 2017.

In an interim updating amendment, we disclosed a change in the ownership of our parent, Focus Financial Partners, LLC, and revised Items 5, 10 and 12 of the Brochure in light of the cessation of operations of our affiliated broker-dealer, StrategicPoint Securities.

Item 4 (Advisory Business) of this Brochure has been updated to reflect the assets under management as of December 31, 2017.

Item 5 (Fees and Compensation) of this Brochure has been updated to reflect the elimination of the minimum fee under Portfolio Management Services.

Item 15 (Custody) of this Brochure has been updated to include custody information as it relates to Standing Letters of Authorizations ("SLOAs").

The foregoing is only a summary of the material changes to the Brochure. It does not purport to identify every change to the Brochure since the last annual update. Clients are encouraged to read the Brochure in detail and contact their advisor with any questions.

Our Brochure may be requested by contacting Richard J Anzelone, J.D., Managing Director and Chief Compliance Officer at (401) 273-1500 or [ranzelone@strategicpoint.com](mailto:ranzelone@strategicpoint.com). Our Brochure is also available on our website at [www.strategicpoint.com](http://www.strategicpoint.com), free of charge.

Additional information about SPIA is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with SPIA who are registered, or are required to be registered, as investment adviser representatives of the firm. You can search this site by a unique identifying number, known as a CRD number. The CRD number for SPIA is 124636.

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## **Item 4 – Advisory Business**

SPIA provides portfolio management services and financial planning and advisory services to its clients. The services include, but are not limited to, personal financial planning and consulting, asset allocation, investment management and retirement planning.

FOCUS OPERATING, LLC and FOCUS FINANCIAL PARTNERS, LLC

SPIA, founded in 1989, is part of the Focus Financial Partners, LLC ("Focus") partnership. As such, SPIA is a wholly-owned subsidiary of Focus Operating, LLC ("Focus Operating"), which is a wholly-owned subsidiary of Focus. Focus also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms and other financial service firms (the "Focus Partners"), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADVs.

Focus is primarily owned by investment vehicles managed by Stone Point Capital LLC ("Stone Point"). Investment vehicles managed by Kohlberg Kravis Roberts & Co. L.P. ("KKR") are minority owners of Focus. Because SPIA is an indirect, wholly-owned subsidiary of Focus, the Stone Point and KKR investment vehicles are indirect owners of SPIA.

As of December 31, 2017, discretionary assets under management were approximately \$624,000,000.

### **PORTFOLIO MANAGEMENT SERVICES:**

#### **Investment Management Services ("IMS")**

SPIA's Investment Management Services ("IMS") provides proactive investment management including asset allocation, security selection, broker-dealer and custodial recommendations and ongoing portfolio management for a client's retirement and non-retirement accounts. This includes a personalized portfolio and management structure geared to a client's stated goals, along with proactive account management on an ongoing basis with rebalancing whenever economic, market and geopolitical conditions deem it advisable. IMS also provides clients with unlimited access to a SPIA financial advisor, general financial planning and a customized web page for investment performance and account reporting.

SPIA begins by evaluating the risk-assessment questionnaire completed by the client, which helps the advisor determine the client's overall investment experience, financial goals, targeted retirement date and tolerance for market risk. Based on this information, SPIA recommends a model investment portfolio for its clients' account(s). After reviewing the financial information provided by the client and based on the client's long-term goals, risk tolerance and time horizons, SPIA will develop an investment strategy for each account that the client maintains. An account typically consists of, but is not limited to, equity mutual funds, exchange traded funds, commodities, alternatives and/or bond mutual funds, which hold only the client's securities and allows the client to have his/her own cost basis in each of the securities in the account.

If SPIA is managing a client's variable annuity under the IMS program, SPIA will be limited by the fund options available by the variable annuity product. Variable annuities will be managed under similar policies and procedures as we manage the Retirement Management Services ("RMS") program as explained below.

SPIA generally offers five portfolio models, each with a range of investment risk. As a SPIA client, you are placed in a portfolio model based on measurements of your risk tolerance. Before selecting a portfolio model, we talk to you about your understanding of, and ability to accept, risk. The goal is to select a portfolio model where you can feel comfortable in both good times and bad.

The portfolios are generally built around the following major strategies: Income, Conservative, Balanced, Growth, and Aggressive Growth. SPIA actively monitors each strategy and shifts assets and sector rotations within a specified range, based on our market and economic analyses. As the investment manager, SPIA will invest/reinvest client assets in accordance with the Investment Policy Statement ("IPS") created by SPIA for each client.

Clients may change portfolio models at any time by signing a new IPS. However, we encourage those changes only after careful discussion between client and client's advisor to ensure that life events are driving the request and not emotional reactions to temporary market conditions. SPIA will rebalance the portfolio's investments as necessary, to remain consistent with the client's stated financial goals and objectives.

SPIA will provide annual updates to the investment strategy as needed by meeting with clients in person or conference call. In addition, clients will have daily access to a web-based portfolio reporting system offered through Envestnet® by accessing SPIA's website.

### **Retirement Management Services ("RMS")**

SPIA also offers Retirement Management Services ("RMS") which provides ongoing investment management at the participant level for employer-sponsored retirement plans (e.g. 401(k), 403(b) or 457 plans). Under RMS, management of an employer-sponsored retirement plan ("Plan") account is incorporated into a client's overall financial plan and investment planning. If the client is a participant in a Plan that permits participants to direct investments into one or more investment alternatives, SPIA will assist the client in selecting among these investment options. If the client chooses and the Plan permits, SPIA will exercise direct control and discretion in managing the client's Plan account. This requires internet access along with a password and username provided by the client. Should the login process no longer work at some point during the management of the Plan account, the client will be notified that in order to continue to manage their Plan account, SPIA will need new login information, and it is incumbent on client to get SPIA the new login information, and also keep SPIA up to date on any Plan account changes and/or security enhancements to their Plan account.

Under RMS, SPIA begins by evaluating the risk-assessment questionnaire completed by the client, which helps the advisor determine the client's overall investment experience, financial goals, and targeted investment portfolio for a client's Plan account. After reviewing the financial information provided by the client and based on the client's long-term goals, risk tolerance and time horizons, SPIA will develop an investment strategy for the Plan account. The portfolios are generally built around the following major strategies: Income, Conservative, Balanced, Growth, and Aggressive Growth. SPIA actively

monitors each strategy and shifts assets and sector rotations within a specified range, based on our market and economic analyses. As the investment manager, SPIA will invest/reinvest client assets in accordance with the Investment Policy Statement ("IPS") created by SPIA for each client.

If SPIA is managing an employer-sponsored retirement plan account through the internet with full discretion, it will access the client's Plan account using the client provided username and password. Once the Plan account is accessed, SPIA will evaluate the current investments and/or allocations to make sure they are aligned correctly with the client's portfolio model (e.g. growth or balanced) based on client's specified risk level. Quarterly rebalancing along with rebalancing when deemed necessary by SPIA will be done on a random custodian rotation, and then again randomly on a Plan account level within a custodian. This is done so that no one Plan account is rebalanced in the same order all the time. Due to the labor-intensive nature of logging into Plan accounts to make investment and/or allocation changes pursuant to the portfolio models, it could take a few days or longer for all Plan accounts to be completed. If circumstances warrant SPIA to make changes in RMS accounts based on unique economic conditions, it will use its discretion in choosing an implementation strategy at the participant level. For example, if rebalancing needs to be done immediately due to some geopolitical or economic crisis, custodian rotation may not be used.

Whenever the Portfolio Management Committee ("PMC") makes changes to the portfolio models, these changes will cycle through to the Plan accounts where applicable. Wherever possible, SPIA will work to match the allocation of its portfolio models under IMS with each corresponding Plan account; however, not all Plans offer exact matches of investment choices (e.g. we may be purchasing an energy fund in our portfolio models in IMS accounts held at a custodian, such as Fidelity, but some Plans may not offer an energy sector fund). In this instance, to meet the required allocation according to the portfolio model of the client, SPIA will attempt to find a corresponding investment that will keep the overall allocation of equities to fixed income to cash in proper proportion.

In addition to the rebalancing of the Plan accounts as needed, at the instruction of the Chief Investment Officer, a minimum of quarterly reviews will also be conducted if there were no trades effected over the previous 90 days. SPIA will review the current allocations in the Plan accounts to ensure that they are within SPIA's recommended percentages for the portfolio model chosen by the client. If it is determined that the current allocation percentages are in line with the recommended portfolio model, no rebalancing is necessary. If the current allocation percentages are not in line with the portfolio model, SPIA will execute those exchanges between investments (e.g. mutual funds) that will bring the allocations as close as possible to the percentages of the portfolio model. SPIA has the discretion to determine if the Plan account is within acceptable portfolio model allocation percentages.

Once the Plan account is rebalanced or it is determined that no action is required, SPIA will review and confirm that the client's selections for future allocations of salary deductions are in line with SPIA's current recommended portfolio model selected by the client. If the future allocations of salary deductions are in line with the recommended portfolio model percentages, no further action is required. If the future allocation selections are not in line with the recommended portfolio model percentages, SPIA will change the future allocation percentages to align them with the model.

SPIA's ability to manage a Plan account pursuant to a client's investment objective, as compared to the management of accounts under IMS as mentioned above, is limited due to Plan rules, restrictions, investment choices and the labor-intensive nature of logging into each client's Plan account separately.

Under IMS, the client opens an account with a custodian (i.e. SPIA recommends Fidelity as broker-dealer and custodian) allowing SPIA greater flexibility in rebalancing an account along with a greater number of investment choices as opposed to what is usually offered by an employer-sponsored retirement plan.

Except for certain web-based Plan restrictions, most RMS clients will receive web-based portfolio reporting from SPIA offered through Envestnet® with respect to their employer-sponsored retirement plan. However, clients should always make sure that they receive at least quarterly statements from the custodian of their Plan account (e.g. 401(k) or 403(b)).

As mentioned previously, if SPIA is managing a client's variable annuity under the IMS program, SPIA will be limited by the fund options available by the variable annuity product. Variable annuities will be managed under similar policies and procedures as we manage the RMS program

Accounts under IMS and RMS are managed on a discretionary basis, which means that SPIA has the authority to make ongoing investment decisions within accounts without prior consent for individual transactions, unless mutually agreed to otherwise by SPIA and client. SPIA actively discourages client-directed trading within a managed account; however, clients will have the opportunity to place reasonable restrictions on SPIA management authority. As mentioned previously, clients may change portfolio model at any time by signing a new IPS. However, we encourage those changes only after careful discussion between client and client's advisor to ensure that life events are driving the request and not emotional reactions to temporary market conditions.

Under limited circumstances, as mutually agreed to by SPIA and client, SPIA may advise clients on a non-discretionary basis or an investment consulting basis

### **RETIREMENT PLAN ADVISOR SERVICES ("REPAS")**

SPIA provides advisory services to retirement plans ("REPAS") subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), including participant-directed defined contribution plans, such as 401(k) plans ("ERISA Plan Clients"). Each ERISA Plan Client is required to enter into an investment advisory or management agreement with SPIA describing the services that SPIA will perform for the ERISA plan and its participants. SPIA provides both ERISA fiduciary services and non-fiduciary services to ERISA Plan Clients.

***Fiduciary Services:*** SPIA provides REPAS fiduciary services either as a discretionary investment manager or a non-discretionary investment adviser.

***Investment Management Services:*** SPIA provides investment management services to ERISA Plan Clients on a discretionary basis as an investment manager under ERISA § 3(38) and in that capacity, SPIA's investment decisions are made in its sole discretion without the ERISA Plan Client's prior approval. Each ERISA Plan Client who engages SPIA to perform investment management services is required to enter into an investment management agreement. SPIA's investment management services include developing and implementing an investment policy statement, selecting a broad range of investment options consistent with ERISA § 404(c), making decisions about the selection, retention, removal and addition of investment options and if the ERISA Plan Client has determined that the Plan should have a qualified default investment alternative (a "QDIA") for participants who fail to make an investment election, selecting the investment that will serve as a QDIA. The investment options and/or

QDIA selected by SPIA may include managed portfolios developed by SPIA that use the Plan's investment options. SPIA's managed portfolios consist of but are not limited to: Conservative, Balanced, Growth, and Aggressive Growth. SPIA has full discretionary authority over investment management of the Plan assets invested in the SPIA managed portfolios including, but not limited to, determination of the asset class allocations and selection of the underlying investments for each portfolio, adjustment of the asset class allocations, and the addition, removal or modification of the underlying investments. However, ERISA Plan Clients will have the opportunity to place reasonable restrictions on SPIA management authority. If SPIA managed portfolios are offered as Plan investment options and/or a QDIA, it will not result in additional compensation to SPIA. The managed portfolios are made available to retirement plans by the record-keeper through Mid-Atlantic Trust Company's ("MATC") ModelxChange® platform.

**Investment Advisory Services:** SPIA also provides investment advisory services on a non-discretionary basis and in that capacity, the ERISA Plan Client retains, and exercises, final decision-making authority and responsibility for the implementation (or rejection) of SPIA's recommendations or advice. Each ERISA Plan Client who engages SPIA to perform non-discretionary investment advisory services is required to enter into an investment advisory agreement. SPIA's non-discretionary investment advisory services include assisting the ERISA Plan Client in developing and implementing an investment policy statement, assisting the ERISA Plan Client in selecting a broad range of investment options consistent with ERISA § 404(c), assisting the ERISA Plan Client in making decisions about the selection, retention, removal and addition of investment options, and if the ERISA Client has determined that the Plan should have a QDIA for participants who fail to make an investment election, assisting in the selection of the investment that will serve as a QDIA. SPIA also provides asset allocation services that enable participants to allocate the money in their Plan account among the Plan's designated investment alternatives. The asset allocation service is not an investment itself, but instead a service to help participants to decide how to invest their Plan account.

**Non-Fiduciary Services:** SPIA's non-fiduciary services to ERISA Plan Clients include assisting in educating plan participants about general investment principles and the investment alternatives under the plan and educating the ERISA Plan Client as to its fiduciary responsibilities. SPIA's non-fiduciary services also include assisting the ERISA Plan Client in monitoring, selecting and supervising service vendors. In carrying out this service, SPIA will introduce Sentinel Benefits & Financial Group ("Sentinel") as a potential third-party administrator and/or record-keeper. Recommending Sentinel creates a conflict of interest due to the fact that Sentinel and SPIA are both owned by Focus. However, SPIA and Sentinel do not share in any fees and SPIA does not earn any additional revenue if Sentinel is used as the third-party administrator and/or record-keeper. The ERISA Plan Client is not obligated to use Sentinel as the third-party administrator and/or record-keeper.

For a more detailed description of SPIA's fiduciary and non-fiduciary services, the ERISA Plan Client should refer to the investment advisory agreement or investment management agreement.

### **FINANCIAL PLANNING SERVICES**

SPIA will provide a Financial Check-Up ("Check-Up") or hourly financial planning to clients in accordance with the practice standards provided by the Certified Financial Planner Board of Standards, Inc.

The Check-Up may include, without limitations, an analysis of the following financial planning topics as applicable to the client's current situation:

- a balance sheet, retirement projections
- a review of life/disability and long-term care insurance coverage
- college funding/savings
- a risk tolerance assessment

The Check-Up will cover those areas of financial planning that SPIA determines are applicable to the client based solely on the information provided to SPIA by the client.

SPIA's Financial Check-Up Agreement is a one-time contract and provides no implementation and monitoring unless the client hires SPIA in an ongoing arrangement.

SPIA will not be responsible for the implementation or the monitoring of the findings of the Check-Up or for day to day management or supervision of any client funds, securities or other assets unless the client has also selected one or more of SPIA's Portfolio Management Services, as described above. SPIA will not have any control over, or custody of any client funds, securities or other assets pursuant to the Financial Check-Up agreement and is not authorized by the client to take any actions with respect to the disposal or use of client's funds, securities or other assets. Any implementation of recommendations or day to day management of client funds, securities or other assets will require the signing of a Discretionary Investment Advisory Services Agreement.

Financial Planning and/or other consulting not covered under the Check-Up are available to all clients and prospective clients at an hourly rate.

During SPIA's hourly financial planning engagement and/or as part of SPIA's Portfolio Management Services, the financial planning process will include:

1. A discussion between SPIA's financial planning team and the client with regard to the client's goals, needs and objectives.
2. The gathering of data needed to complete the planning. Personal data will be provided by the client while professional resources to complete the plan will be supplied by SPIA's financial planning team.
3. Analysis of the data by SPIA's financial planning team.
4. Results presented by SPIA's financial planning team to the client and a discussion of recommendations and alterations to the plan that may or may not change the client's current course of action.
5. Implementation of the plan, if mutually agreed upon between SPIA and client.
6. Monitoring of the plan, as remains relevant, by the SPIA financial planning team and the client.

SPIA's financial planning team includes advisors and associates of the firm engaged in supporting SPIA's financial planning services. SPIA, with written permission by the client, could also consult with various professionals such as the client's accountant or estate planning attorney.

## Item 5 – Fees and Compensation

### **PORTFOLIO MANAGEMENT SERVICE FEES**

StrategicPoint Investment Advisors’ annual investment management fee for services provided under IMS and RMS shall be based upon a percentage (%) of the market value of the assets under management in accordance with the following fee schedule (the “Fee Schedule”):

<u>Assets under Management (End-of-Quarter)</u>	<u>Quarterly Fee</u>	<u>Annual Rate</u>
Under \$500,000	.3125%	1.25%
\$500,001-\$1,000,000	.2500%	1.00%
\$1,000,001-\$1,500,000	.2125%	0.85%
\$1,500,001-\$2,000,000	.1875%	0.75%
\$2,000,001-\$3,000,000	.1500%	0.60%
\$3,000,001-\$5,000,000	.1250%	0.50%
Over \$5,000,000	Negotiable	Negotiable

Clients will pay annually a percentage of assets under management as indicated in the Fee Schedule, payable quarterly in arrears based on the aggregate net value of the assets in the managed account, valued as of the last business day of the calendar quarter.

The aggregate net value of the managed account(s) shall be determined on the basis of such asset statements as are provided by the custodian(s) of the account(s) or by any investment vehicle utilized in the account(s). The investment management fee will be prorated for any period in which services are provided for less than a full calendar quarter. In the event that services cease to be provided other than on the last business day of a calendar quarter, the investment management fee will be based on the aggregate net value of the assets in the account(s) on the last business day that services are provided.

The investment management fee due SPIA hereunder is deducted from the account(s), if applicable, upon notification to the custodian. SPIA shall provide client with an invoice reflecting the amount of any fees due for a given period while at the same time providing such notice to the custodian. The amount deducted from the account(s) for any investment management fee will also be shown as a disbursement on any account statement given to client by the custodian. The invoice will show the amount of the investment management fee, how it was calculated and the value of the assets on which the invoice was based. Client agrees to inspect promptly all invoices, and to promptly notify SPIA in writing concerning any complaint or objection.

The investment management fee may be paid by check, credit card (via PayPal) or by debiting the client's account. If the client does not maintain an account with Fidelity, client agrees to pay fees by credit card (via PayPal) or check unless SPIA can debit a client's account established somewhere other than Fidelity.

SPIA generally requires a minimum of \$250,000 of assets under management for each client relationship.

The standard investment management fee shown in our Fee Schedule is subject to negotiation between SPIA and the client. SPIA also may agree to payment arrangements different from our standard fee arrangements. In addition, existing advisory clients are subject to legacy fee arrangements that are lower than current standard fee schedule. Accordingly, while we strive to be consistent, fees vary from client to client based on a number of factors, including, but not limited to: the type and size of account, the services provided to the account, the client's other accounts with SPIA, the accounts of the client's family with SPIA, the expectation that the client will add additional funds to their account, account composition or SPIA's overall assessment of the client relationship. Certain fees are waived for SPIA employees and may be waived or discounted for certain family members or friends of employees.

In addition to SPIA's investment management fee, clients are also responsible for the fees and expenses charged by custodians and imposed by broker-dealers. Such fees may include, but are not limited to, any transaction charges, fees for duplicate statements and transaction confirmations, and fees for electronic data feeds and reports.

Where mutual funds are included within a portfolio, in addition to the investment management fees paid to SPIA for Portfolio Management Services, clients are responsible for the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a 12b-1 fee. SPIA's Portfolio Management Committee seeks to utilize no-load mutual funds. However, if SPIA does choose to use a mutual fund that imposes a sales charge, also known as a load, SPIA ensures this sales charge is waived by the fund company. A client could invest in a mutual fund directly, without the services of SPIA. In that case, the client would not receive the services provided by SPIA which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, SPIA encourages the client to review both the fees charged by the funds and the investment management fees charged by SPIA to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

### **Fidelity as Broker-Dealer and Custodian**

As described in greater detail in the brokerage practices section below, in connection with the transactional based fee schedule offered to SPIA clients, Fidelity paid certain SPIA expenses related to the transition of client accounts to Fidelity ("Support Services Agreement") from SPIA's previous custodian, Pershing, which was completed in September 2017. Fidelity additionally agreed to provide SPIA with research and brokerage services as defined under Section 28(e) of the Securities Exchange Act of 1934 ("Soft Dollar Agreement")(collectively, "the Agreements")

The Agreements present a conflict of interest and incentivize SPIA to recommend that clients custody their assets with Fidelity based on the compensation SPIA receives from Fidelity rather than on a client's needs. SPIA addressed this conflict by comparing the pricing of fees, expenses and quality of services offered by Fidelity with the pricing of fees, expenses and quality of services offered by Pershing, and through other means described in the brokerage practices section below.

**Item 12 further describes the factors that SPIA considers in recommending financial institutions for custody of client assets and securities transactions.**

**RETIREMENT PLAN ADVISOR SERVICE (“REPAS”) FEES**

SPIA is a fiduciary under ERISA with respect to the investment management and advisory services described in the investment management or advisory agreement, as the case may be, between SPIA and the ERISA Plan Client. As such, SPIA is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include, among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, SPIA may only charge fees for investment advice about products for which SPIA and/or its affiliates do not receive any commission, 12b-1 fees or other compensation.

The annual investment management fee or investment advisory fee for SPIA’s REPAS shall be based upon a percentage (%) of included plan assets as reported by the plan custodian or record-keeper under the schedule set forth below. Included plan assets are the plan assets for which SPIA provides services as described in the investment advisory or management agreement.

<u>Market Value of Included Plan Assets (End-of-Quarter)</u>	<u>Quarterly Fee</u>	<u>Annual Rate</u>
Under \$5,000,000	.125% or (minimum*)	.50% or (\$2500.00 minimum*)
\$5,000,001-\$10,000,000	.10%	.40%
\$10,000,001-\$20,000,000	.075%	.30%
Over \$20,000,000	Negotiable	Negotiable

\*If agreed to as between SPIA and ERISA Plan Client

Fees are payable quarterly in arrears (the “Fee Period”). The initial fee is the amount, prorated for the number of days remaining in the initial Fee Period from the effective date of the investment advisory or management agreement, based upon the market value of the included assets on the last business day of the initial Fee Period. Thereafter, the fee is based upon the market value of the included assets on the last business day of the Fee Period (without adjustment for anticipated withdrawals by plan participants or other anticipated or scheduled transfers or distributions of assets). The ERISA plan is obligated to pay SPIA’s fee. As agreed to under the investment management or advisory agreement between SPIA and the ERISA Plan Client, the ERISA Plan Client may authorize the plan custodian to automatically deduct the fee from the plan or the plan sponsor of the ERISA Plan Client may choose to pay the fee. All fees paid to SPIA are separate and distinct from the fees and expenses charged by mutual funds and other parties such as third-party administrators, record-keepers and custodians. For example, if MATC is selected as the custodian, such fees will include regular custodial fees along with ModelxChange® fees for the plan participants utilizing the SPIA managed portfolios. The fees charged by MATC are independent of SPIA’s fees.

SPIA’s fee is subject to negotiation upon the prior written agreement between SPIA and the ERISA Plan Client. SPIA, in its discretion, may negotiate a different fee in appropriate circumstances for similarly-situated ERISA Plan Clients and/or waive the minimum fee. Accordingly, fees vary from client to client although we strive to be consistent. The fee may be based on a number of factors, including, but not limited to: the type and size of the plan, the services provided to the ERISA Plan Client, the expected growth in assets of the plan or SPIA’s overall assessment of the client relationship. Therefore, minimum

fees required, and investment advisory or management fee percentage rates may differ among ERISA Plan Clients and differ from the standard fees.

Either SPIA or the ERISA Plan Client can terminate the investment management or advisory agreement at any time, without penalty, by sending the other party 30 days prior written notice. Both parties remain responsible for obligations arising under any transactions initiated before the agreement was terminated. SPIA is entitled to a fee, prorated for the number of days in the Fee Period prior to the effective date of termination, based on the market value of the included assets on the effective date of termination.

### **FINANCIAL PLANNING SERVICE FEES**

The fee for a Financial Check-Up is \$300.00 per hour with a minimum of two hours billed. If SPIA determines that a Check-Up will take more than two hours to complete, SPIA and the client will agree on the amount of hours needed to complete the Check-Up at the time of entering into a written agreement. Fees are payable at the time of presentation of the Check-Up to the client. The fee can be paid by check or credit card (via PayPal), as selected by the client. If a client enters into a Discretionary Investment Advisory Services Agreement within one year of signing a written agreement for a Check-Up, fifty percent (50%) of the paid fee will be credited toward the initial quarter's investment management fee. If the client is not satisfied with the Check-Up for any reason, the fee paid will be refunded.

All financial planning and consulting is billed at \$300.00 per hour and total hours billed for the planning and/or consulting may be agreed to by SPIA and client prior to entering into a written agreement.

### **GENERAL INFORMATION ON FEES & SERVICES**

**Termination of Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason upon receipt of prior written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement. In the event of withdrawal of funds or the termination of any account, any fees, commissions or other expenses associated with rebalancing or liquidating the account holdings may be assessed to the client's account.

From time to time, portions of positions will be sold to bring the cash account balance to the level required for automatic deduction of fees. It is understood that the payment of these fees will reduce the total investment return.

The specific manner in which fees are charged by SPIA is established in a client's written agreement with SPIA. Clients may elect to be billed directly for fees or to authorize SPIA to directly debit fees from applicable client accounts. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any accounts, any prepaid, unearned fee will be promptly refunded, and any earned, unpaid fees will be due and payable.

**Class Actions, Bankruptcies, and Other Legal Proceedings:** Clients should note that SPIA will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held or previously were held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct SPIA to transmit copies of class action

notices to the client or a third party. Upon such direction, SPIA will make commercially reasonable efforts to forward such notices in a timely manner.

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

SPIA does not charge any performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client).

## **Item 7 – Types of Clients**

SPIA provides services for a variety of clients including individuals, high net worth individuals and retirement plans under ERISA.

SPIA generally requires a minimum of \$250,000 of assets under management for each client relationship. Exceptions to the minimum amount may be separately negotiated on a case by case basis.

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

SPIA's Portfolio Management Committee ("PMC") is led by Betsey Purinton, CFP®, Managing Partner and Chief Investment Officer, and also includes Richard Anzelone, JD, Managing Director and Chief Compliance Officer, Derek Amey, Managing Director and Portfolio Manager and Aaron Reynolds, Associate Portfolio Manager. SPIA's PMC generally meets weekly to discuss existing and prospective investments, with research being conducted between meetings. Investments are evaluated independently, as well as in the context of clients' existing holdings and sector exposures.

The PMC works together to conduct fundamental analysis on all securities selected for client accounts. This analysis varies depending on the security in question.

For mutual funds and exchange traded funds ("ETFs") the analysis generally includes a review of:

- The fund's management team;
- The fund's historical risk and return characteristics;
- The fund's exposure to sectors and individual issuers;
- The fund's fee structure; and
- Any other factors considered relevant

### **Tactical Asset Allocation**

SPIA employs a proactive, tactical asset allocation process that incorporates our analysis of macro global economic data and industry/sector trends. Tactical asset allocation does not mean "market timing," but it is fundamentally different than the "buy and hold" strategy or passive reallocation based on fixed formulas.

Tactical asset allocation requires the manager to establish ranges for the weighting of each asset class in the portfolio. SPIA determines actual percentage allocations within the established ranges based on our economic and market analysis.

Tactical asset allocation is an active investment strategy. It means ongoing review of data, markets and specific assets. That does not mean that we trade every day, but it means that we must be ready to trade every day. Trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

### **Portfolio Construction**

The following steps are used in the formation and management of our portfolios:

*Establishing Macroeconomic Trends:* Our portfolios are constructed and monitored by our Portfolio Management Committee (“PMC”) which consists of key members of the StrategicPoint executive team and supporting staff. In building and reviewing our portfolios, the PMC first compiles the data necessary to formulate a thesis about where we believe we are in the business cycle. This “top-down” analysis includes, but is not limited to, such domestic and international data points such as: monetary policy, inflation, corporate profits, forward P/E, employment, GDP, business cycle trends, consumer sentiment and spending, productivity, mutual fund inflows, fiscal policy and geopolitical events.

*Practicing Risk Diversification:* Different asset classes work best with different risk scenarios. Unlike traditional diversification, which only requires investing in a variety of assets, SPIA encourages risk diversification, whereby we place assets within different risk parameters and then emphasize or de-emphasize the holdings based on our macroeconomic view of the economy.

*Selecting Timely Asset Allocation:* Through our understanding of macroeconomic trends and risk diversification, SPIA’s PMC revises its overall asset allocation for each portfolio model with regard to equities, commodities, alternatives, fixed income, cash or any other type of asset class within the models.

The PMC then looks to purchase or sell individual holdings within each of the asset classes based on:

- *Identifying Sectors.* Tactical asset allocators believe that certain sectors of the economy and markets can outperform in different segments of the business cycle.
- *Balancing Income and Growth.* Our performance is based on total return, a combination of yield and appreciation. Our more conservative portfolios tend to hold more income producing assets while our more aggressive portfolios most often focus on appreciation over yield.
- *Determining Attractive Valuations.* It is not enough to identify a strong asset class in a particular market environment. We must also look at the asset’s valuation to avoid buying too high or holding at prices which are no longer attractive to us.

### **Risks**

All investing involves a risk of loss that clients should be prepared to bear.

All investments present the risk of loss of principal – the risk that the value of securities (e.g. mutual funds and ETFs), when sold or otherwise disposed of, may be less than the price paid for the securities. Even when the value of the securities when sold is greater than the price paid, there is the risk that the

appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment.

## **Mutual Funds and ETFs**

### General Background Information

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Transactions in open-ended mutual fund shares take place directly between investors and the fund company. There is no limit to the number of shares the fund can issue; as more investors buy into the fund, more shares are issued. Federal regulations require a daily valuation process, or "marked to market", which adjusts the fund's per-share price to reflect changes in portfolio (asset) value. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The value of the individual's shares is not affected by the number of shares outstanding. For closed-end funds, only a specific number of shares are issued, and the fund does not issue new shares as investor demand grows. Prices are driven by investor demand. Purchases of shares are often made at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). More information about the risks of any market sector can be reviewed in the prospectus for each fund.

### SPIA Strategy

The mutual funds and ETFs utilized by SPIA may include funds invested in domestic and international equities, including real estate investment trusts ("REITs"), corporate and government fixed income securities and commodities. Equity securities may include large capitalization, medium capitalization and small capitalization stocks. Mutual funds and ETF shares invested in fixed income securities are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings.

Among the riskiest mutual funds used in SPIA's investment strategies funds are the U.S. and International small capitalization and small capitalization value funds, emerging market funds, and commodity funds. Conservative fixed income securities generally have lower risk of loss of principal, but most bonds (with the exception of Treasury Inflation Protected Securities or TIPS) present the risk of loss of purchasing power through lower expected returns. This risk is greatest for longer-term bonds.

Certain funds utilized by SPIA may contain international securities. Investing outside the United States involves additional risks, such as currency fluctuations, periods of illiquidity and price volatility. These risks may be greater with investments in developing countries.

SPIA may use funds that provide alternative strategies to traditional equity and fixed income investing. These funds are designed to hedge some of the pricing risks of equities and bonds. However, hedging strategies sometimes fail, and turn out to be a risk to portfolio's returns.

More information about the risks of any market sector can be reviewed in mutual fund prospectuses within each applicable sector.

### **Cybersecurity**

The computer systems, networks and devices used by SPIA and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities to prevent any cybersecurity breaches in the future.

## **Item 9 – Disciplinary Information**

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

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

### **Financial Industry Affiliations**

SPIA is part of the Focus Financial Partners, LLC (“Focus”) partnership. SPIA is a wholly-owned subsidiary of FI Services Holdings, LLC (“FIS Holdings”), formerly known as StrategicPoint Holdings, LLC (“SPH”), which is a wholly-owned subsidiary of Focus Operating, LLC (“Focus Operating”), which is a wholly-owned subsidiary of Focus. Focus also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, and other financial service firms (the “Focus Partners”). The Focus Partners provide wealth management and benefit and investment consulting services, serving individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds or limited liability companies as disclosed on their respective Form ADVs.

As noted above in response to Item 4, certain investment vehicles managed by Stone Point collectively are principal owners of Focus, and certain investment vehicles managed by KKR collectively are minority owners of Focus. Because SPIA is an indirect, wholly-owned subsidiary of Focus, the Stone Point and KKR investment vehicles are indirect owners of SPIA. None of KKR, Stone Point, or any of their affiliates participates in the management or investment recommendations of SPIA’s business.

In addition to SPIA, FIS Holdings is the holding company for StrategicPoint Insurance Services, LLC (“SPIS”), a licensed insurance producer and FI Services, LLC (“FIS”), an unregistered entity. FIS was established to provide operational and back office support, such as accounting, billing and compliance services, to newly formed SEC registered investment advisers, including firms which intend to become Focus partners. Certain employees of SPIA will also provide services to FIS during regular business hours. The fact that employees of SPIA are performing services for FIS may create a conflict because it can lead to those employees spending less time on providing services to SPIA and its clients. This conflict will be mitigated by the Managing Partner of SPIA monitoring the work load of the employees to ensure that this arrangement does not materially affect SPIA’s ability to fulfill its fiduciary responsibilities to its clients. If necessary, additional staff will be hired to allocate additional resources to FIS.

StrategicPoint Insurance Services (“SPIS”), an affiliate of SPIA, provides insurance review and consultation services and products. SPIS is a licensed insurance producer which may act as an agent for various insurance companies. The principal executive officers and other employees of SPIA, in their individual capacities, may be agents for various insurance companies. As such, these individuals, in their separate capacity as insurance agents, have the ability to purchase insurance products (e.g. fixed annuities, equity indexed annuities or life insurance) for clients, for which SPIS will receive separate, yet customary compensation. Clients, however, are not under any obligation to engage these individuals when considering implementation of transactions.

The implementation of any or all insurance products is solely at the discretion of the client. The investment management fee paid to SPIA does not cover any commissions or other compensation resulting from transactions effected through SPIS or any other insurance agency.

As previously mentioned in Item 4 under REPAS, SPIA’s non-fiduciary services also include assisting the ERISA Plan Client in monitoring, selecting and supervising service vendors. In carrying out this service, SPIA will introduce Sentinel Benefits & Financial Group (“Sentinel”) as a potential third -party administrator and/or record-keeper. Recommending Sentinel creates a conflict of interest due to the fact that Sentinel and SPIA are both owned by Focus. However, SPIA and Sentinel do not share in any fees and SPIA does not earn any additional revenue if Sentinel is used as the third -party administrator

and/or record-keeper. The ERISA Plan Client is not obligated to use Sentinel as the third -party administrator and/or record-keeper.

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

SPIA has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. SPIA's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients and sets forth SPIA's practice of supervising the personal securities transactions of employees with access to client information. Individuals associated with SPIA may buy or sell securities for their personal accounts identical or different than those selected for clients. It is the expressed policy of SPIA that no person employed by the firm shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on investment decisions of advisory clients.

To supervise compliance with its Code of Ethics, SPIA requires that anyone associated with this advisory practice with access to advisory recommendations provide annual securities holding reports and quarterly transaction reports to the firm's Chief Compliance Officer. SPIA also requires such access persons to receive approval from the Chief Compliance Officer prior to investing in any IPO's, private placements (limited offerings) or placing any trades in an account not managed by SPIA.

SPIA's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information and protecting the confidentiality of client information. SPIA requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to discipline.

SPIA will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

## **Item 12 – Brokerage Practices**

### **PORTFOLIO MANAGEMENT SERVICE ACCOUNTS**

#### **SPIA as Adviser and Fidelity as Broker-Dealer and Custodian**

#### **Recommendation of Fidelity as Broker-Dealer and Custodian**

SPIA routinely recommends to clients that they select Fidelity Brokerage Services LLC, a registered broker-dealer (“FBS”) as the broker-dealer for their accounts and National Financial Services LLC (“NFS” together with FBS, “Fidelity”) an affiliate of FBS, as custodian of securities held in their accounts. NFS, also a registered broker-dealer, provides execution and clearance for securities transactions for SPIA accounts. In its role as broker-dealer and custodian, Fidelity will maintain custody of client assets, and provide securities transaction execution and clearance.

While not all advisers recommend that clients utilize the services of a particular custodian or broker-dealer for custody clearing and brokerage services, SPIA routinely recommends that clients select the custody, brokerage and clearing services of Fidelity for client accounts. Clients are not required to select

Fidelity and are free to select a different broker-dealer and custodian for their account. If a client selects a broker-dealer or custodian other than Fidelity, the client will negotiate terms and arrangements for the account with that financial institution and SPIA will not seek better custody or execution services or prices from such other financial institutions or be able to “aggregate” client transactions for execution through other financial institutions with orders for other accounts managed by SPIA (as described below). This may result in clients paying higher fees, higher commissions or other transaction costs, greater spreads or receive less favorable prices as a result of choosing another financial institution.

Factors which SPIA considers in recommending Fidelity to clients include its respective financial strength, reputation, securities transaction execution, pricing, research and service and the range of mutual funds available on Fidelity’s platform. The commissions and/or transaction fees charged by Fidelity may be higher or lower than those charged by other financial institutions.

Clients may pay commissions that are higher than another qualified financial institution might charge to effect the same transaction where SPIA determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a financial institution’s services, including among others, the value of research provided, execution capability, commission rates and responsiveness. SPIA seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions. SPIA has implemented compliance procedures related to the selection of mutual fund share classes which are designed to assist the Firm in its efforts to maximize the value of the client’s portfolio.

#### **Software and Support Provided by Fidelity**

SPIA receives without cost from Fidelity computer software and related systems support, which allows SPIA to better monitor client accounts maintained at Fidelity. SPIA receives the software and related support without cost because SPIA renders investment management services to clients that maintain assets at Fidelity. The benefits SPIA receives may include, but are not limited to:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that services its institutional traders;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and
- Access to an electronic communication network for client order entry and account information.

The software and support is not provided in connection with securities transactions of clients (i.e., not “soft dollars”). However, the software and related systems support may benefit SPIA but not its clients directly. Clients should be aware that SPIA’s receipt of economic benefits from Fidelity as previously mentioned and further described below creates a conflict of interest since these benefits may influence SPIA’s recommendation of Fidelity over another financial institution that does not furnish similar software, systems support or services.

### **Financial Arrangements with Fidelity**

As noted in response to Item 5 above, Fidelity paid certain SPIA expenses related to the transition of client accounts to Fidelity pursuant to a Support Services Agreement. To assist SPIA's clients with the transition, Fidelity agreed, in its Transaction-Based Fee Schedule, to reimburse up to \$170,000 for account close out fees charged to SPIA's client accounts in conjunction with the transfer of those accounts to Fidelity.

Fidelity has additionally agreed, under a Soft Dollar Agreement, to provide SPIA with research and brokerage services as defined under Section 28(e) of the Securities Exchange Act of 1934. Fidelity is providing these benefits to SPIA based on the expectation that SPIA clients will convert to the Fidelity platform an expected level of total assets commensurate with the total level of assets previously held by clients at Pershing, including assets that would pay 12b-1 fees to Fidelity, securities-transaction related charges, and other revenues that Fidelity expects to receive from SPIA clients.

### **Support Services Agreement**

In the Support Services Agreement, Fidelity agreed to provide up to \$50,000 of transition-related invoices submitted by SPIA and approved by Fidelity. These expenses primarily relate to legal fees related to the updating of documents and compliance with regulatory requirements related to implementation of the Soft Dollar Arrangement. Transition assistance also may potentially be used to pay for other transition-related expenses incurred by SPIA. The Support Services Agreement presents a conflict of interest because it will be used for the payment of expenses that do not directly benefit client accounts.

### **Soft Dollar Agreement**

In the Soft Dollar Agreement, Fidelity agreed to make payment from the Section 28(e) Commission Credit Pool for each 28(e) Qualifying Transaction, as designated by SPIA, of up to \$240,000 of invoices submitted by SPIA and approved by Fidelity for research and/or brokerage services providers. Research and brokerage services may include, for example, access to trading platforms and automated trading systems, performance analysis software to the extent used in investment decision making for client portfolios, access to proprietary research created by Fidelity and research created by third parties, such as BCA and Ned Davis Research. The research provided by Fidelity may benefit all client accounts, even for those that do not select Fidelity as their custodian. The Soft Dollar Agreement provides a benefit to SPIA because SPIA does not have to pay for the products and services described above.

The financial benefits received from Fidelity do not reduce the investment management fees clients pay to SPIA. The arrangement may incentivize SPIA to recommend that client accounts transition to Fidelity based on SPIA's receipt of financial benefits rather than clients' interest in receiving the best prices and services and most favorable execution. Additionally, clients who are invested in mutual funds which pay 12b-1 fees will pay more in expenses and likely will have lower returns than clients who are invested in mutual funds that have similar investment strategies and holdings but do not pay 12b-1 fees.

SPIA has adopted compliance procedures to address these conflicts and to act in the best interest of clients. SPIA compared the pricing of fees, expenses and quality of services offered by Fidelity with the

pricing of fees, expenses and quality of services offered by Pershing. SPIA has additionally adopted compliance procedures related to best execution and the selection of mutual fund share classes.

### **Brokerage for Client Referrals**

SPIA does not participate in any client referral programs sponsored by Fidelity, or any other broker-dealer.

### **Directed Brokerage**

As discussed above, SPIA routinely recommends that clients select FBS as the broker-dealer for SPIA accounts and, NFS as custodian for those accounts. SPIA generally does not facilitate client requests for transactions to be executed by a broker-dealer other than the broker-dealer that also is maintaining, either directly or in the case of FBS, indirectly through an affiliate, custody of the account. Clients should be aware that if a client's request to use a different broker-dealer for the execution of securities transactions is accommodated by SPIA, the client will negotiate terms and arrangements for the transaction with that other broker-dealer and SPIA will not seek better execution services or prices from such other broker-dealers or be able to "aggregate" client transactions for execution through other broker-dealers with orders for other accounts managed by SPIA (as described below). Clients may pay higher commissions or other transaction costs, greater spreads or receive less favorable prices as a result of choosing another broker-dealer.

### **Trade Aggregation**

The principals of SPIA and/or other employees of SPIA buy or sell for their own personal accounts securities which have also been selected by SPIA for clients. In fact, in most cases, SPIA manages employees' portfolios in a manner identical to that of our clients. Any implementation of securities transactions in employees' portfolios is likely to be statistically insignificant in relation to the market as a whole. However, in all cases, SPIA seeks to avoid or mitigate any conflict of interest. SPIA may aggregate trades for its employees with client trades, providing that the general aggregation policy set forth below is satisfied:

- 1) SPIA will not aggregate transactions unless it believes that aggregation is consistent with its duty to seek best execution (which includes the duty to seek best price) for its clients and is consistent with the terms of SPIA's Discretionary Investment Advisory Services Agreement with each client for which trades are being aggregated.
- 2) If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with an Allocation Statement; if the order is partially filled, it will be allocated pro rata based on the Allocation Statement.
- 3) SPIA will prepare, before entering an aggregated order, a written statement ('Allocation Statement') specifying the participating client accounts and employees and how it intends to allocate the order among those clients.
- 4) Each client that participates in an aggregated order will participate at the average share price for all SPIA's transactions executed through Fidelity on a given security on a given business day, with transaction costs shared pro rata based on each client's participation in the transaction.

5) Where a client is an employee of SPIA or an affiliate of SPIA, (“Employee Client”) the orders of certain employee client accounts may not be aggregated with the orders of other SPIA clients if the SPIA client could be disadvantaged including in terms of price or execution. In such instances, the orders of certain employee client accounts must not be entered and allocated before the orders of other SPIA client accounts in the same securities that are entered and allocated.

6) An order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for different allocation is explained in writing and is approved by the Chief Investment Officer.

7) SPIA’s books and records will separately reflect, for each client account, the orders of which are aggregated, the securities held by, and bought and sold for that account.

8) SPIA will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation, and

9) Individual advice and treatment will be accorded to each advisory client.

#### **RETIREMENT MANAGEMENT SERVICES (“RMS”)**

With respect to RMS’ accounts, SPIA is only able to place transactions through the record-keeper or custodian selected by the retirement plan’s Trustees. SPIA will access the client’s Plan account through the internet using the client provided username and password. Once the Plan account is accessed, SPIA will evaluate the current investments and/or allocations to make sure they are aligned correctly with the client’s portfolio model (e.g. growth or balanced) based on client’s specified risk level. Quarterly rebalancing along with rebalancing when deemed necessary by SPIA will be done on a random basis by custodian rotation, and then again randomly on a Plan account level within a particular custodian. This is done so that no one Plan account is rebalanced in the same order all the time. Due to the labor-intensive nature of logging into Plan accounts to make investment and/or allocation changes pursuant to the portfolio models, it could take a few days or longer for all Plan accounts to be completed. If circumstances warrant SPIA to make changes in Plan accounts based on unique economic conditions, it will use its discretion in choosing an implementation strategy at the participant level. For example, if rebalancing needs to be done immediately due to some geopolitical or economic crisis, custodian rotation may not be used.

Variable annuities managed by SPIA are included in the custodial rotation process along with Plan accounts because SPIA accesses variable annuities through a username and password provided by client or through an advisor password provided to SPIA by the insurance company offering the variable annuity.

#### **RETIREMENT PLAN ADVISOR SERVICES (“REPAS”)**

SPIA provides ongoing investment management and investment advisory services to ERISA Plan Clients participating in the REPAS program. The ERISA Plan Client will work with a third-party administrator and/or record-keeper of their choosing in selecting a custodian for the plan.

Under REPAS investment management services, unless a client directs otherwise, SPIA will recommend Mid-Atlantic Trust Company (“MATC”) to serve as the custodian of the retirement plan. MATC will also provide trade execution, clearance and settlement of transactions. The use of MATC will allow the Plan Sponsor to offer the SPIA managed portfolios to the participants of the plan as described under REPAS in Item 4 and Item 5 of this Brochure. The fees charged by MATC are independent of SPIA’s fees. Such fees will include but are not limited to; regular custodial fees along with ModelxChange® fees for the plan participants utilizing the SPIA managed portfolios. Under REPAS discretionary investment management service, SPIA is responsible for placing transactions through the custodian for SPIA managed portfolios. The ERISA Plan Client may utilize another custodian and has no obligation to select MATC. If another custodian is selected by ERISA Plan Client, then the use of the SPIA managed portfolios as an option for participants may not be available.

Under REPAS investment advisory services, SPIA is not responsible for the implementation of any recommendations because transactions are executed directly through employee plan participation.

### **FINANCIAL PLANNING SERVICES**

Financial Planning clients will be required to select their own broker-dealers and insurance companies for the implementation of advisory recommendations. When consistent with its fiduciary duties, SPIA may recommend one of its representatives for insurance products through its affiliate SPIS. Although SPIA will recommend in some instances the services of affiliated persons when consistent with its fiduciary duty, the receipt of additional compensation by SPIA's affiliated persons for the implementation of financial planning recommendations creates a conflict of interest. SPIA manages this conflict by making recommendations based on fundamental analysis in the best interest of the client, not on revenue generated for SPIA’s affiliated persons.

### **Item 13 – Review of Accounts**

As part of SPIA’s Portfolio Management Services, underlying securities and holdings common to all clients’ accounts are monitored on an ongoing basis and reviewed by the Portfolio Management Committee (“PMC”). Accounts are monitored and reviewed as to asset allocation, sector allocation, individual holdings, suitability and performance on a weekly basis, but quarterly for RMS and REPAS accounts, or more frequently as necessary to respond to changes in economic or market conditions or if a client informs SPIA of changes in the client’s financial circumstances or investment objectives. The monitoring of accounts is both computer and manual based with reviews being completed by certain members of the PMC.

The client’s overall financial planning and investment portfolio reports are reviewed with the client by the advisor in charge of the account, associate assigned and/or relationship manager once a year during the annual client review or as is requested by the client. A client’s financial plan is not updated unless requested by client through conversations with the advisor in charge of the relationship.

SPIA provides various reports such as performance reports, portfolio appraisals and realized gains and loss reports to its clients using a web-based portfolio reporting system offered through Envestnet®. If a fixed annuity is purchased through StrategicPoint Insurance Services, these annuities may also be viewed through Envestnet®. However, fixed equity indexed annuities, due to their individualized

performance strategies, are not included in our portfolio reporting. For certain RMS clients and all REPAS clients, SPIA does not provide reports.

The PMC is primarily responsible for the day to day management of the portfolios as mentioned above. The PMC determines SPIA's principal investment strategies, including the types and particular securities to buy, sell or hold on behalf of client accounts. The PMC currently includes, but is not limited to: Betsey Purinton, CFP®, Managing Partner and CIO, Richard Anzelone, JD, Managing Director and CCO, Derek Amey, Managing Director and Portfolio Manager and Aaron Reynolds, Associate Portfolio Manager.

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

SPIA has an agreement with an unaffiliated insurance agent that if SPIA refers a person to this agent and there is a subsequent purchase of long term care or disability insurance through the unaffiliated insurance agent, SPIS will receive fifty (50%) percent of the commission. However, as mentioned previously, clients are under no obligation to use SPIS or this unaffiliated insurance agent when SPIA recommends long term care, disability insurance or any other insurance product to the client as part of its Financial Planning or other services. The implementation of any and all insurance products (e.g. fixed annuities or equity indexed annuities), and the agent to utilize for the implementation process, is solely at the discretion of the client.

SPIA has entered into arrangements with employees of the firm, who are not investment adviser representatives, under which they receive compensation from SPIA for the establishment of certain new client relationships. Employees who refer clients to SPIA must comply with the requirements of the jurisdictions where they operate. The compensation they receive is a percentage of the net advisory fee collected from the client during the first year of your advisory agreement with SPIA. Therefore, they have a financial incentive to recommend SPIA to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain SPIA's services. Comparable services and/or lower fees may be available through other firms.

As previously noted under Item 10 of this Brochure, FIS will be providing certain operational and back office support to select SEC registered investment advisers for compensation, which is in effect, additional compensation to SPIA and certain employees of SPIA. This may be deemed a conflict of interest; however, SPIA will manage any material conflict as noted in Item 10 of this Brochure.

SPIA's parent company is Focus Financial Partners, LLC ("Focus"). From time to time, Focus, holds partnership meetings and other industry and best-practices conferences, which typically include SPIA, other Focus firms and external attendees. These meetings are first and foremost intended to provide training or education to personnel of Focus firms, including SPIA. However, the meetings do provide sponsorship opportunities for asset managers, asset custodians, vendors and other third-party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus firms, including SPIA, and facilitate access to our advisors and employees to discuss ideas, products and services. Although the participation of Focus firm personnel in these meetings is not preconditioned on the achievement of sales targets for any conference sponsor, this practice could nonetheless be deemed a conflict as the marketing and education activities conducted, and the access granted, at such meetings and conferences could cause SPIA to focus on those conference sponsors in the course of their duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the cost

of such meeting or future meetings and not as revenue for itself or any affiliate, including SPIA. Conference sponsorship fees are not dependent on assets placed with any specific provider, or revenue generated by such asset placement.

The following entities have provided conference sponsorship to Focus in the last year:

Fidelity Brokerage Services

J.P Morgan Asset Management

Charles G. Schwab & Co.

As described in Item 12, SPIA will receive certain economic benefits associated with the transition of client accounts to Fidelity.

## **Item 15 – Custody**

SPIA is deemed to have custody of client assets because the firm debits its advisory fees directly from the custodian’s account as agreed in client contracts. SPIA does not however, maintain custody of client funds or securities, but rather uses a third-party brokerage firm or other qualified custodian to maintain client funds and securities. This provides clients with an important protection and safeguard. Fidelity will maintain actual custody of client assets, unless a client selects an alternative custodian.

SPIA may also be deemed to have limited custody due to Standing Letters of Authorizations (“SLOAs”) that give us the authority to transfer funds to a third-party as directed by the client in the SLOA and signed by the client. Normally, we would be required to have a surprise audit of the client accounts for which we are deemed to have custody. However, the rules governing SLOAs exempts us from an annual surprise audit by an independent accountant if certain conditions are met. SPIA uses processes and procedures that meet the seven specific conditions as stated in a SEC No Action letter. Due to this arrangement SPIA states on SEC form ADV Part 1A that it has custody. Fidelity will maintain actual custody of client assets, unless a client selects an alternative custodian.

In addition, SPIA is deemed to have custody in certain instances when a client provides password access to his or her account for purposes of trading in the account (e.g. 401(k) account). The qualified custodian for this type of account maintains actual custody of client assets. Due to this arrangement, SPIA states on SEC form ADV Part 1 that it has custody, and as required by SEC rules, SPIA is subject to an annual surprise examination by an independent accountant.

Clients will receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains client’s investment assets. SPIA urges you to carefully review such statements and compare such official custodial records to the reports that SPIA may provide to you, including the market value and calculation of our advisory fees. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

As an advisory firm deemed to have custody, SPIA has written procedures to ensure the safeguarding of client assets.

## **Item 16 – Investment Discretion**

SPIA will have the discretionary authority to pick the securities and the amount of securities for the purchase and sale for the client's account, without obtaining specific client consent, unless agreed to otherwise by SPIA and client. These purchases and sales will be guided by the stated investment objectives of each client. A client may impose reasonable restrictions on the services provided for the account. SPIA reserves the right to refuse or to terminate any client account (pursuant to the contract's termination clause) if the client imposes unreasonable restrictions as determined by SPIA. In no event does SPIA exercise discretionary authority within client accounts without a fully completed and signed Agreement authorizing discretionary trading for those accounts.

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

SPIA's general policy is to not vote proxies on behalf of its clients. Clients expressly retain the authority for and responsibility to vote proxies for any and all securities maintained in client accounts. Clients will receive proxies directly from the custodian.

SPIA does not have any authority to and does not vote (or recommend how to vote) proxies on behalf of ERISA clients. Responsibility for voting proxies of investments held by the ERISA Plan (or its trust) remain with the ERISA client.

SPIA may provide advice to clients regarding the clients' voting of proxies. In addition, subject to SPIA's acceptance, clients may authorize SPIA by means of a separate written authorization to receive all proxy-related materials concerning securities held in client accounts and may delegate SPIA the authority to vote proxies on behalf of clients. In these instances where SPIA is voting proxies, SPIA follows its written policies and procedures to govern proxy voting. The policies and procedures are generally as follows:

SPIA will cast proxy votes for the sole purpose of enhancing the benefits of its advisory services by using the care, skill and diligence that a prudent person acting in a like capacity and familiar with such matters would use under the prevailing circumstances. Generally, votes will be cast to maximize shareholder value. The firm's investment philosophy is to purchase quality companies for the portfolios of its clients. One of the main criteria for quality is excellence in management. SPIA therefore tends to vote issues in alignment with management's recommendations, if there is no conflict with shareholder value. For example, "Poison Pills" and other anti-takeover measures are not supported, even if recommended by management.

In situations where a material conflict may arise between the interests of SPIA and its client, SPIA will provide the client with full and complete disclosure and invite client to submit his or her own proxy voting preference on any issue that is subject to a shareholder vote.

Upon client request, SPIA will furnish information about how their proxies have been voted. In addition, a complete copy of SPIA's Proxy Voting Policy is also available upon request. Clients may request this information by contacting StrategicPoint Investment Advisors, LLC by phone at (401) 273-1500, in writing to 294 West Exchange Street, Providence, RI 02903, or visiting our website at [www.strategicpoint.com](http://www.strategicpoint.com).

In addition, clients should be aware that SPIA will not handle or process any potential “class action” claims or similar settlements that clients may be entitled to for securities held in client accounts. Clients will receive the paperwork for such claims directly from their account custodians. Each client should verify with the custodian or other account administrator whether such claims are being made on the client’s behalf by the custodian or if the client is expected to file such claims directly.

### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the investment adviser’s financial condition. SPIA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.