



ITEM 1 - COVER PAGE  
**FORM ADV PART 2A**

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March 2021

This brochure provides information about the qualifications and business practices of Focus Financial Network, Inc. If you have any questions about the contents of this Brochure, please contact us at (651) 631-8166 and/or [www.focusfinancial.com](http://www.focusfinancial.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.

Additional information about Focus Financial Network, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Any references to Focus Financial Network, Inc. as a registered investment adviser or its related persons as registered advisory representatives does not imply a certain level of skill or training.

## Item 2 MATERIAL CHANGES

At least annually, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. Additionally, reference to the date of the last annual update to this Brochure will be provided.

The material changes discussed below are only those changes that have been made to this brochure since the firm's last annual update of the brochure. The date of the last annual update of the brochure was March 2020.

### June 2020

- Item 5 was updated to reflect our current fee schedules.
- Item 18 was updated to disclose the following: We are required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients. On April 23, 2020, the firm received a Paycheck Protection Program ("PPP") loan in the amount of \$927,200 through the U.S. Small Business Administration, which was part of the economic relief provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Due to the economic uncertainties surrounding the current COVID-19 pandemic, we believed it was necessary and prudent for us to apply for, and accept, the Payroll Protection Program loan offered by the Small Business Administration in order to support our ongoing operations. The firm used the PPP funds to continue payroll for the firm's employees, including employees primarily responsible for performing advisory functions for our clients, and make other permissible payments. The loan is forgivable provided the firm satisfies the terms of the loan program.

### March 2021

- Item 4 was revised to disclose the amount of client assets under our asset management services.
- Item 5 was updated to disclose that FFN no longer offers the option for our Advisory Representatives to pay the underlying ticket charges in the Advisors Managed Portfolio Accounts.
- Item 18: The PPP loan was forgiven on December 14, 2020 since FFN satisfied the terms of the loan program.
- Item 20 was added to disclose that in the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred and that we do not provide advice regarding class action lawsuits.

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 fiscal year, which is December 31st. We may further provide other ongoing disclosure information about material changes as necessary.

Additionally, we will further provide you with a new brochure as necessary based on change or new information, at any time, without charge.

Our brochure may be requested free of charge by contacting Sonya Hansmeyer at (651) 631-8166 and/or [www.focusfinancial.com](http://www.focusfinancial.com). Additional information about Focus Financial Network, Inc. is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The website also provides information about any persons affiliated with Focus Financial Network, Inc. who are registered, or are required to be registered, as investment adviser representatives of Focus Financial Network, Inc.

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## Item 4 ADVISORY BUSINESS

Focus Financial Network, Inc. (hereinafter referred to as "FFN") is an investment advisory firm offering a variety of advisory services customized to the individual needs of the client. The services are more fully described below.

FFN was established in 1993 for the purpose of filing for registration as an investment adviser. FFN is owned by several individuals. None of the individuals have a majority share in FFN. Further there is no one individual with a share of ownership of more than 20%.

FFN is an investment adviser that consists of many independent contractors who have affiliated with FFN as Advisory Representatives to offer the advisory services programs described within this brochure. The Advisory Representatives each have their own businesses and offices through which they conduct not only advisory business but provide other financial services. The Advisory Representatives have a direct interest in the fee charged to you since FFN will pay a portion of the advisory fee charged to you to your Advisory Representative.

Advisory Representatives offer some or all of the advisory services and programs disclosed in this brochure. The advisory fee charged to you will not exceed the fee schedules disclosed below. Further, the education, experience and skills of the Advisory Representatives vary. The fees charged by the various Advisory Representatives are not directly related to their education, experience or skill. Therefore, you are advised, your Advisory Representative can charge you more or less for services as compared to another Advisory Representative for similar services that have more training, education and experience in the financial services area.

FFN offers the following advisory services. As previously stated, each of the services is more fully described below.

- Asset Management Programs
- Financial Planning: retirement planning, education planning,
- Analysis, Recommendation and Monitoring of Third Party Managed Programs
- Asset Allocation Services for External Pension, Profit Sharing, 401(k) and 403(b) Plan Assets

FFN's Advisory Representatives tailor the advisory services they offer to your individual needs. You may impose restrictions and/or limitations on the investing in certain securities or types of securities.

Your Advisory Representative will require you to complete certain account opening documents and/or data gathering questionnaires. Such documents assist FFN and your Advisory Representative with obtaining information about your financial background, situation and history.

Additionally, your Advisory Representative(s) will meet with you and conduct an interview and data gathering session to continue the due diligence process. This process will vary with each Advisory Representative. The number of meetings will vary based on several factors, including but not limited to, your Advisory Representative, your time commitment, complexity of your situation, services in which you will be participating and research or other professionals involved.

The information gathered by your Advisory Representative will assist your Advisory Representative in providing you with the requested services and customize the services to your financial situation. Depending on the services you have requested, your Advisory Representative will gather various financial information and history including, but not limited to:

- Retirement and financial goals
- Investment objectives
- Investment time horizon

- Financial needs and goals and risk tolerance
- Cash flow analysis
- Cost of living needs
- Education needs
- Savings tendencies
- Other applicable financial information required by FFN in order to provide the investment advisory services requested.

There is no significant difference between how FFN manages wrap fee accounts and non-wrap fee accounts. However, if a client determines to engage FFN on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client's particular need. If the client determines to engage FFN on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody). **Please Note:** When managing a client's account on a wrap fee basis, FFN shall receive as payment for its investment advisory services, the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted.

As of December 31, 2020 FFN has under management on a discretionary basis client assets of \$3,579,400,327 and on a non-discretionary basis of \$587,388,621.

## **Asset Management Services**

Upon your Advisory Representative completing an analysis of your situation, your Advisory Representative will determine an asset allocation customized to your financial goals, objectives and risk tolerance. Since our investment strategies and advice are based on each client's specific financial situation, the investment advice we provide to you may be different or conflicting with the advice we give to other clients regarding the same security or investment.

Your Advisory Representative will provide continuous and ongoing management of your managed accounts.

Depending on your Advisory Representative and your preference, management services can be provided on a discretionary or non-discretionary basis. If you elect to have your account managed on a discretionary basis, your Advisory Representative will be granted the authority to determine the securities to be purchased and sold in your account without your prior authorization. If you elect to have your account managed on a non-discretionary basis, your Advisory Representative must obtain your prior authorization before any purchase or sale of a security. The ability to select discretionary or non-discretionary management is subject to negotiation between you and your Advisory Representative. Not all Advisory Representatives provide the option.

Neither FFN nor your Advisory Representative will maintain custody of your funds or securities. However, FFN's management services will require you to authorize FFN to withdraw its quarterly advisory fee from your account.

Custodial services for your managed account will be offered through:

- Royal Alliance Associates, Inc. custodied at Pershing, LLC
- Charles Schwab & Co., Inc. ("Schwab")
- TD Ameritrade Institutional
- National Financial Services, LLC and Fidelity Brokerage Services, LLC (together referred to as "Fidelity") (limited to Qualified Corporate Retirement Plans)

- Directly with the variable company

If you select another brokerage firm for custodial and/or brokerage services you will not be able to receive asset management services from FFN. Instead, your Advisory Representative can provide you with asset allocation recommendations. However, it is your responsibility to implement.

If you select Schwab as your custodian for your account, your Advisory Representative can utilize an option through Schwab to automatically rebalance your account when the account falls outside of certain parameters determined by your Advisory Representative. The rebalancing will occur without your prior approval. FFN does not deem the reallocation back to the original agreed upon allocation as utilizing discretionary authority since the account is simply being brought back in line with the original agreed upon allocation.

You are advised that transactions in your account, account reallocations and rebalancing often trigger a taxable event, with the exception of IRA accounts, 403(b) accounts and other qualified retirement accounts.

### **Vision2020 Wealth Management Platform - Advisor Managed Portfolios Program**

The Wealth Management Platform - Advisor Managed Portfolios Program ("Advisor Managed Portfolios") provides comprehensive investment management of your assets through the application of asset allocation planning software as well as the provision of execution, clearing and custodial services through Pershing, LLC ("Pershing"). Advisor Managed Portfolios provides risk tolerance assessment, efficient frontier plotting, fund profiling and performance data, and portfolio optimization and re-balancing tools. Utilizing these tools and based on your responses to a risk tolerance questionnaire ("Questionnaire") and discussions that you and your Advisory Representative have together regarding, among other things, investment objective, risk tolerance, investment time horizon, account restrictions, and overall financial situation, we construct a portfolio of investments for you.

Your Advisory Representative has the option to allocate your portfolio amongst a mix of stocks, bonds, options, exchange-traded funds, mutual funds and other securities ("Program Investments") which are based on your investment goals, objectives, and risk tolerance. Each portfolio is designed to meet your individual needs, stated goals and objectives. Additionally, you have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

**For further Advisor Managed Portfolios details, please see the Advisor Managed Portfolios Wrap Fee Program Brochure. We provide this brochure to you prior to or concurrent with your enrollment in Advisor Managed Portfolios. Please read it thoroughly before investing.**

### **Vision2020 Wealth Management Platform - Unified Managed Account Program**

The Wealth Management Platform - Unified Managed Account Program ("UMA") provides you with the opportunity to invest your assets across multiple investment strategies and asset classes by implementing an asset allocation strategy. UMA is a Wrap Account program that offers these advisory services along with brokerage and custodial services for a single, annual, asset-based advisory fee.

After you discuss your financial goals and objectives with your Advisory Representative, we will recommend an asset allocation model ("UMA Model") to you which will consist of:

- a. Investment Strategies serviced and created by investment managers or your Advisory Representative that generally consist of a selection of mutual funds, exchange traded products, equities, and or bonds;
- b. Mutual funds and ETFs ("Funds");

c. or a combination of the preceding bundled together in an investment asset allocation model.

We will recommend a UMA Model to you based on your responses to a Questionnaire and discussion that we have together regarding among other things, your personal investment objectives and goals, risk tolerance, investment time horizon, account restrictions, and overall financial situation. In addition, you can place reasonable restrictions on investments held within your UMA account. All recommendations in the UMA are made on a discretionary basis, which means your Advisory Representative can act without your prior approval.

**For further UMA details, please refer to The Wealth Management Platform - Unified Managed Account Wrap Fee Program Brochure. We provide this brochure to you prior to or concurrent with your enrollment in UMA. Please read it thoroughly before investing.**

### **Orion Portfolio Solutions LLC**

FFN offers you asset management services through Orion Portfolio Solutions LLC ("Orion"). Your Advisory Representative will assist you with evaluating your financial situation and assist you in determining the suitability of Orion's service. Your Advisory Representative will be available to answer questions you have regarding your account. FFN is independently owned and not affiliated in any way with Orion.

Factors that FFN considers in recommending Orion include the client's stated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

Orion offers several management options. You and your Advisory Representative can elect to utilize Orion's management program whereby Orion will manage your account and determine the securities to be purchased and sold. Your Advisory Representative will not directly conduct any securities transactions on your behalf or participate directly in the selection of the securities to be purchased or sold. Investment decisions are made by Orion in accordance with the agreement between you and Orion. As stated below, you will be charged a fee by Orion for management services and a fee by FFN for monitoring and review.

Orion also offers a management program whereby your Advisory Representative will develop a customized portfolio based on your investment objectives, risk tolerance and investment profile. Your Advisory Representative will determine the securities to be purchased and sold and when to execute the purchases and sales within your account. Additionally, your Advisory Representative will determine when to rebalance the account or revise the allocation of the account. Transactions will be conducted on a discretionary basis as deemed appropriate by your Advisory Representative (i.e. client will not receive prior notice of securities transactions). However, under no circumstances shall FFN or your Advisory Representative have the authority to withdraw funds or securities from your account, with the exception of deduction of FFN's advisory fee.

You will be provided a copy of Orion's Disclosure Brochure which will explain additional information about the program. It is important you read the Orion's disclosure brochure.

### **Third Party Manager Platforms**

We can also offer you the services of various third party money managers ("Third Party Money Managers" or "TPMMs") for the provision of certain investment advisory programs including mutual fund wrap and separately managed account programs. In doing so, we normally act in a "co-advisory" capacity.

When acting in a co-advisory capacity, Focus Financial and the Third Party Money Manager are jointly responsible for the ongoing management of your account. In connection with this arrangement, your Advisory Representative will provide assistance in the selection and ongoing monitoring of a particular Third Party Money Manager.

Factors we consider in the selection of a particular Third Party Money Manager include, but are not limited to:

- i. our assessment of a particular Third Party Money Manager;
- ii. your risk tolerance, goals, objectives and restrictions, as well as investment experience; and
- iii. the assets you have available for investment.

In addition to the advisory relationship that you will have with these Third Party Money Managers, you will also enter into an advisory relationship with us by signing our client agreement. If you are interested in learning more about these services, please note that a complete description of the programs, services, fees, payment structure and termination features are available via the applicable Third Party Money Manager's disclosure brochures, investment advisory contracts, and account opening documents.

You should know that the services provided by us through the use of Third Party Money Managers are under certain conditions directly offered by them to you. The fees charged by Third Party Money Managers who offer their programs directly to you may be more or less than the combined fees charged by the Third Party Money Manager and us for our participation in the investment programs.

Your Advisory Representative will assist you in selecting one or more TPMM programs believed to be suitable for you based on your stated financial situation, investment objectives, and financial goals.

The TPMM will be responsible for assessing the suitability of their products against your risk profile and are compensated for FFN referring you to the TPMM program. This compensation generally takes the form of the TPMM sharing a percentage of the advisory fee you pay to the TPMM. Please consult the applicable Third Party Money Manager's agreement for further information.

## **Retirement Plan Consulting Services**

FFN offers the following retirement plan consulting services and other consulting services as agreed upon between FFN and the Plan. FFN's role is only to offer generalized, non-discretionary advice concerning the merits and risks of investments.

### *Platform Provider Search and Plan Set-up (non-fiduciary service)*

FFN will meet with the company to assist in the search for the appropriate interested party providers and set up of the Plan. FFN will gather information about the company (statistics, goals, objectives, needs, etc.) and request proposals from appropriate interested party providers. FFN will review the proposals with the company to help in determining the appropriate platform for the plan. FFN will assist in the set up and communication of the plan to the participants.

### *Strategic Planning and Investment Policy Development or Review*

FFN will meet with designated fiduciaries of the Plan to assist the Plan in developing an investment policy statement (the "IPS"). Alternatively, if the Plan has an existing IPS, then FFN will review the existing IPS and assist the Plan in determining whether (i) the performance of the Plan's investments are consistent with the goals set forth in its IPS; and/or (ii) using information provided by the Plan, and based upon an analysis of the Plan's liquidity requirements, performance goals and risk tolerance levels, whether the IPS should be revised.

### *Plan Review*



FFN will review the structure of the Plan (e.g., product vendors, investment options) to gauge whether it is operating in accordance with the Plan's IPS (if any) and governing plan documents. FFN will present recommendations and/or suggestions in connection with its review. The Plan is ultimately responsible for deciding whether or not to accept these recommendations and to consult with its legal counsel regarding its compliance with provisions of applicable law.

*Fee and Cost Review (non-fiduciary service)*

FFN will conduct an expense analysis of the various fees charged to and costs borne by the Plan, including any fees paid from participant accounts, and report the results of such analysis to the plan fiduciary. Such analysis shall compare the fees to one or more generally accepted benchmarks. The analysis will be based on information received from the Plan and/or third party service providers that are currently servicing the Plan.

*Third Party Service Providers - Liaison (non-fiduciary service)*

Assist the Plan fiduciary(ies) in the coordination of services offered by Plan service providers, including as applicable: trustees, custodians, named fiduciaries (as defined by ERISA), actuary(ies), legal and/or accounting advisors, and other third party service providers, in a manner agreed from time to time between Advisor and a Plan fiduciary.

*Assessment of Investments*

Provide periodic reviews as agreed upon between FFN and the Plan. Such reviews include: fund performance summary, risk/return evaluation, fund expense analysis; assessment of number of participants and amounts of assets in each fund; compilation of list of funds to be considered for removal or added to the Plan; preparation of investment provider paperwork and participant notices to implement fund changes; review and monitoring of investment managers

*Participant Education and Communication*

Conduct investment education seminars and/or enrollment meetings. FFN will provide descriptive information about the Plan, participation in the Plan, the benefits of Plan participation, and the investment options available under the Plan. Additionally, services can include:

- General financial and investment information
- Generic asset allocation models (including models relating to specific plan investment options)
- Provide assistance in selecting a third party vendor to help in the education and enrollment meetings
- Assistance in plan termination meetings providing information to participants on their options and tax implications
- Provide general retirement planning seminars for participants

Further, FFN can provide advisory services directly to plan participants, plan benchmarking, plan conversion, assistance in plan mergers, and legislative and regulatory updates or plan corrections.

**Asset Allocation Services for External Pension, Profit Sharing, 401(k) and 403(b) Plan Assets**

As part of a financial planning analysis and engagement, you can engage your Advisory Representatives to recommend an asset allocation for your company retirement plan based on available investment options. However, because such assets are custodied outside of the control of Royal Alliance and FFN, you will be responsible for accepting and implementing the recommendations. Further, FFN will not provide continuous supervisory or portfolio monitoring services for such accounts or receive ongoing asset-based compensation.

In order to receive ongoing review and asset allocation recommendations it is your responsibility to provide your Advisory Representative with current statements of your account.

### **403(b) Accounts Through Fidelity**

Because of the structure of the 403(b) participant account, FFN is limited to providing advisory services only with respect to the investment options available to Client under the 403(b) participant account.

The disclosure materials for each investment option describe the fees, charges, expenses, discounts, penalties or adjustments, if any, that are imposed in connection with the purchase, holding, exchange, termination or sale of that investment.

### **Financial Planning Services**

FFN offers a variety of financial planning services as described below. The types of planning services will vary based on your Advisory Representative.

The specific types of financial planning advice and services to be provided will be stated in the contract between you and FFN. The types of financial planning advice available include, but are not be limited to:

- Asset Allocation recommendations aimed at addressing your financial and tax status and risk/reward goals and objectives
- Tax Planning Illustrations
- Estate Planning Illustrations
- Employee Benefit Planning
- Insurance advice; this advice will be provided at no charge to the Client where prohibited by state statute
- Accumulation Planning
- Retirement Planning Illustrations
- Cash Flow Analysis
- Debt Analysis

Generally, planning services will involve the preparation of an analysis attempting to address your financial circumstances and objectives. The analysis can include present and anticipated assets and liabilities, insurance needs, savings, investments and anticipated retirement or other employee benefits. The analysis can include recommendations and a plan of actions to be taken.

Additionally, you can engage FFN for ongoing financial planning and consulting services on an annual basis. You will have access to FFN and your Advisory Representative at any time during the year upon your request. Services will include a financial analysis, updates to the financial cost analysis as requested by you, and consultation services upon your request during the applicable year's period.

Financial plans and analysis are based on your financial situation at the time and are based on financial information disclosed by you to your Advisory Representative. Certain assumptions will be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. However, past performance is in no way an indication of future performance. FFN and your Advisory Representative cannot offer any guarantees or promises that your financial goals and objectives will be met. Further, you must continue to review any plan and update the plan based upon changes in your financial situation, goals, or objectives or changes in the economy. Should your financial situation or investment goals or objectives change, you must notify your Advisory Representative promptly of the changes.

## General Information

Clients are advised the investment recommendations and advice offered by FFN are not legal advice or accounting advice. Client should coordinate and discuss the impact of financial advice with their attorney and/or accountant. Client is advised that it is necessary to inform FFN promptly with respect to any changes in the client's financial situation and investment goals and objectives. Failure to notify FFN of any such changes could result in investment recommendations not meeting the needs of the client.

## IRA Rollover Considerations

If you have an employer-sponsored retirement plan, you have several choices as to what to do with your assets when you retire or separate from employment.

As part of our consulting and advisory services, we offer you recommendations and advice concerning your employer retirement plan or other qualified retirement account. Our recommendations may include you consider withdrawing the assets from your employer's retirement plan or other qualified retirement account and roll the assets over to an individual retirement account ("IRA"). Further, we offer our management services be applied to those funds and securities rolled into an IRA or other account for which we will receive compensation. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as described under Item 5. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Furthermore, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by us.

It is important for you to understand many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should, among other factors, consider impacts relating to costs and fees, available investments, services provided, simplicity and convenience, required minimum distributions, and early distribution penalties.

An employee will typically have four options:

1. Leave the funds in your existing employer plan.
2. Move the funds to a new employer plan.
3. Take a lump-sum distribution.
4. Roll the funds over to an IRA account.

You should carefully weigh the advantages and disadvantages of each option, including any applicable fees and all features of each option before making your decision. You should also consult your tax and/or legal advisor to determine any applicable tax consequences. Your financial advisor can provide you with information you need to consult with your tax and/or legal advisor and make the appropriate decisions to meet your specific needs, but it is ultimately your decision as to which option is best for you. The following are general factors that you should consider when making your decision.

- 1. If you keep your assets in certain types of employer-sponsored plans [e.g., 401(a) or 401(k)], consider:**
  - Tax Deferral. Your money can continue to grow tax deferred within the plan.
  - Additional Withdrawal Allowances. There is no federal tax penalty for withdrawals if you are age 59 ½ or separated from employment during or after the calendar year in which

you reach age 55.

- Low Cost Investment Options/Investment Strategy. You may have access to lower priced mutual funds or special products that are not available in an IRA, such as company stock, fixed annuity contracts or stable value options. Your current plan may offer model portfolio options at no additional cost.
- No Asset Management Services. It is likely you will not be charged a management fee and will not receive ongoing asset management services or advice unless you elect to have such services. In the event your plan offers asset management or model portfolio management, there may be a fee associated with the service that is more or less than our asset management fee.
- Protection from Creditors. Assets in a retirement savings plan such as a 401(k) or 403(b) are generally protected from creditors and legal judgments, while assets in IRAs receive more limited protections from creditors.
- Deferral of Required Minimum Distributions (RMD's). Your employer-sponsored retirement plan may offer this feature if you are currently working for the sponsoring employer and are over age 72.
- Availability of Company Stock as an Investment Option. If you hold company stock in your former employer's plan, you should consider the impact of net unrealized appreciation.
- Outstanding Loan Balances. If you leave your employment, you may be able to continue repaying any outstanding loan. Alternatively, you may be required to repay the loan in full or have it become taxable. (Consult with the Plan's Administrator to determine the consequences of any outstanding plan loan.)
- Subject to Plan Limitations. Accounts of inactive or retired participants may have limitations, such as restrictions on plan loans. The employer might change plans or plan provisions in the future. You can no longer make contributions to the plan.
- Plan Advice and Service. Your Plan may allow you to hire us as the manager and keep the assets titled in the plan and/or your current plan may offer financial advice or guidance at no additional costs.

**2. If you rollover assets into another employer-sponsored plan, consider:**

- Tax Deferral / Additional Withdrawal Allowances / Low Cost Investment Options / Protection from Creditors / RMD Deferrals. Like keeping your assets in your existing employer-sponsored plan, if you move your assets into new employer's retirement plan, you may likely receive similar benefits such as these, as noted above.
- Consolidation of Retirement Accounts. It may be easier to track your assets and manage your retirement plan accounts with all your money in one place.
- Plan Limitation on Accepting Rollover Assets. You must check with the receiving employer-sponsored plan to confirm that it is willing to accept rollovers.
- Possible Limitations on Access to Funds Rolled into Plan. Check with the receiving employer-sponsored plan to confirm that the plan does not impose any restrictions on your ability to access or withdraw funds rolled into the plan.

**3. If you take a lump-sum distribution, consider:**

- Withdrawals May be Subject to Withholding, Taxes, Penalties and Other Charges. If you are under the age 59½, the withdrawal will be subject to mandatory tax withholding as well as applicable tax penalties for early withdrawal. Note, there are limited exceptions to the penalty tax (e.g., payments made to you after you separate from service if you are age 55 or over in the year in which you separate). Note also that the penalty tax does not apply to distributions from a governmental 457(b) plan. You may also be subject to surrender charges or penalties assessed under the terms of the applicable investment

#### 4. If you rollover assets into an IRA from an employer-sponsored plan, consider:

- Tax Deferral. Your money can continue to grow tax deferred. No taxes or penalties are applicable for direct rollovers of pre-tax contributions to traditional IRAs or direct rollovers of Roth contributions to Roth IRAs.
- More Investment Options. IRAs generally allow for a broader range of investment options, which include mutual funds, exchange-traded funds, stocks and bonds.
- Asset Management and Additional Services. You should understand the asset management programs and various services we offer and you might take advantage of and the cost of those services.
- Consolidation of Retirement Accounts. Combining all retirement plan accounts into a single IRA makes it easier to track your assets and manage required minimum distributions required under federal tax laws.
- Inability to Take Plan Loans/Limited Access to Monies Prior to age 59 ½. You will not have the ability to take penalty-free withdrawals as a plan loan. In addition, your access to IRA assets prior to age 59 ½ will be limited to certain specific circumstances, such as first-time homebuyers and higher education expenses.
- Conflicts of Interest. Your financial advisor has a financial incentive to recommend an IRA rollover because of the compensation that he/she receives for our management services.
- Loss of Plan Options. You may lose certain options offered by your former plan, which often include, but are not limited to, guaranteed interest rates, death benefits and protection from creditors (under certain plan types).
- Charges for Rollovers. Surrender charges could be imposed by the former provider if the account included an annuity.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your financial advisor or call our main number as listed on the cover page of this brochure.

## Item 5 FEES AND COMPENSATION

### Asset Management Services

Fees are negotiable and are not based on a share of capital gains or capital appreciation of the funds or any portion of the funds.

Advisory fees will be charged in advance of each calendar quarter based upon the value of your portfolio on the last business day of the just completed calendar quarter. The initial fee and fees for accounts opened for a partial quarter will be determined and calculated as follows:

- The initial advisory fee will be based on the value of your account upon establishment of the account (i.e. when all expected funds and assets have been received into the account). Advisory fees for accounts opened on a day other than the first day of the calendar quarter or closed on a day other than the last business day of the calendar quarter will be prorated based on the number of days remaining in the quarter.
- *Accounts Custodied at Pershing* - Securities products for which distribution fees, often referred to as 12b-1 fees, are paid to Royal Alliance Associates, Inc. and typically a portion passed to the Representative of record on the account will be credited back to client accounts (qualified and non-qualified).

You may make additions to the account or withdrawals from the account.

- *Accounts Custodied at Pershing* - Advisory fees for additional assets deposited into the account or partial withdrawals from the account will be prorated and you will be issued a credit or

charged the prorated fee on deposits.

- *Accounts Custodied at Schwab, Fidelity, and TD Ameritrade Institutional* - No advisory fee adjustments will be made for additional assets deposited into the account (i.e. no pro-rated fees charged) or for partial withdrawals from the account (i.e. no pro-rated fee credit).
- No fee adjustments will be made for account appreciation or depreciation.

The advisory fees payable upon initial implementation of the account and for all subsequent periods will be collected directly from your managed account. You will be provided with an account statement reflecting the deduction of the advisory fee directly from the account custodian. If your account does not contain sufficient funds to pay advisory fees, FFN has limited authority to sell or redeem securities in sufficient amounts to pay advisory fees. You may reimburse the account for advisory fees paid to FFN, except for ERISA and IRA accounts.

Fees are negotiable and are not based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds. Advisory fees are in accordance with the following fee schedule. Your fee will be determined and customized depending on several factors including but not limited to the complexity of the client, number of meetings, size of the portfolio, type of management requested (active or static), travel, reporting requirements, planning services, type of managed portfolio (mutual funds, bonds, general securities, etc.), and the Advisory Representative.

Important Note:

Accounts Custodied at Pershing, Schwab, Fidelity and TD Ameritrade Institutional

Advisory Representatives have the option of charging an advisory fee based on:

1. A flat fee where the total value of the account will pay a fee based on the corresponding threshold, or,
2. A blended fee where each threshold of the account will be assessed a fee.

The option to charge a blended or flat percentage fee is each Advisory Representative's determination.

Example based on an account value of \$1,675,400

Flat Fee	Blended Fee
Fee not to exceed 1.50% charged on the total account value	First \$250,000 x 2.00%
Annual fee = \$25,131	Next \$250,000 x 1.90%
	Next \$500,000 x 1.75%
	Remaining \$675,400 x 1.50%
	Annual fee = \$28,631

Account Size	Maximum Annual Fee
\$0 to \$249,999	1.00% - 2.00%
\$250,000 to \$499,999	0.875% - 1.90%
\$500,000 to \$999,999	0.750% - 1.75%
\$1,000,000 to \$1,999,999	0.500% - 1.50%
\$2,000,000 +	0.250% - 1.25%

In addition to the advisory fees above, you will pay transaction fees for securities transactions executed in your account in accordance with the custodian's transaction fee schedule. Additionally, you will pay fees for custodial services, account maintenance fees and other fees associated with

maintaining the managed account. Such fees are not charged by FFN and are charged by the product, broker/dealer or account custodian. FFN does not share in any portion of such fees. Additionally, you will pay your proportionate share of the fund's management and administrative fees and sales charges as well as the mutual fund adviser's fee of any mutual fund they purchase. Such advisory fees are not shared with FFN and are compensation to the fund-manager.

Should you custody your assets at Pershing, the transaction charges are paid to Pershing and are partially retained by Pershing for its clearance and execution services. Furthermore, a portion of the transaction fee will be paid to Royal Alliance for its services as a broker/dealer. These transaction charges represent the only payment to Royal Alliance and Pershing for their services. Transaction charges assessed by Schwab are not shared with Royal Alliance.

### **Termination Provisions**

You may terminate investment advisory services obtained from FFN, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with FFN. You will be responsible for any fees and charges incurred from third parties as a result of maintaining the account such as transaction fees for any securities transactions executed and account maintenance or custodial fees. Thereafter, you may terminate investment advisory services upon FFN's receipt of your written notice to terminate. Should you terminate investment advisory services during a quarter, you will be issued pro-rata refund upon your written request for a refund of the advisory fee for the quarter up to the date of termination.

### **Vision2020 Wealth Management Platform - Advisor Managed Portfolios Program**

We offer Advisor Managed Portfolios as an account where no separate transactions charges apply and a single fee is paid for all advisory services and transactions ("Wrap Account"). In a Wrap Account, the wrap fee can be set-up so that either the Firm or the Advisory Representative pays the underlying ticket charges for securities transactions. In cases where the Advisory Representative pays the ticket charges, the Advisory Representative may be incentivized to trade less frequently which results in the Advisory Representative retaining a greater portion of the wrap fee. The Firm has policies and procedures to monitor and reduce the risk of this occurring. For new accounts the Firm no longer offers the option for the advisory representative to pay the underlying ticket charges.

We also offer Advisor Managed Portfolios with separate advisory fees and transaction charges ("Non-Wrap Account"). As such, in addition to the quarterly account fee described below for advisory services, you may also pay separate per-trade transaction charges. You will pay a quarterly account fee, in advance, based upon the market value of the assets held in your account as of the last business day of the preceding calendar quarter. Your account fees are negotiable and will be debited from your account by our custodian. If you terminate your participation in this program, you will be entitled to a pro-rata refund of any prepaid quarterly fees based upon the number of days remaining in the quarter after the date upon which the notice of termination is received. Each of our Advisory Representatives negotiates his or her own account fee schedule.

Mutual funds and ETFs invested in the account have their own internal fees which are separate and distinct from the program account fees (for more information on these fees, see the applicable fund prospectus). Some Fund fees include 12b-1 fees which are internal distribution fees assessed by the Fund, all or a portion of which are paid to the distributor(s) of the Funds. The Firm and your Advisory Representative do not retain 12b-1 fees paid by Funds.

In certain instances, you may be eligible to purchase certain mutual funds and exchange-traded funds without incurring transaction charges subject to certain conditions. For details, please refer to Item 4 (No Transaction Fee Programs) of the Advisor Managed Portfolios wrap fee brochure. If your assets are held in a certain type of Wrap Account, an incentive may exist for your Advisory Representative to purchase mutual funds or exchange-traded funds that are part of the No Transaction Fee Programs to avoid paying a transaction fee. For complete fee details, including account fee schedule guidelines and a list of transaction charges, please see the Advisor Managed Portfolios Wrap Fee Program Brochure.

Our Advisor Managed Portfolios account fee schedule is as follows:

<b>Total Account Value</b>	<b>Maximum Annual Fee</b>
\$100,000 to \$249,999	2.00%
\$250,000 to \$499,999	1.875%
\$500,000 to \$749,999	1.650%
\$750,000 to \$1,249,999	1.425%
\$1,250,000 to \$1,999,999	1.200%
\$2,000,000 to \$4,999,999	1.000%
\$5,000,000 to \$24,999,999	0.975%
Over \$25,000,000	0.775%

The complete schedule of Program fees is set forth in the *Program Brochure* created by Royal Alliance and provided by FFN to its clients prior to or concurrent with their engagement in the Program.

### **Orion Portfolio Solutions LLC**

The investment management fees charged by Orion are in addition to FFN's investment advisory fee set forth below. FFN's fee will be based upon a percentage of the market value of the assets being managed by Orion. Orion will deduct its fee and FFN's fee from your account and submit to FFN its portion of the fee.

#### **FFN's Fee Schedule**

<b>Account Size</b>	<b>Maximum Annual Fee</b>
\$0 to \$249,999	1.00% - 2.00%
Next \$250,000 to \$499,999	0.875% - 1.90%
Next \$500,000 to \$999,999	0.750% - 1.75%
Next \$1,000,000 to \$1,999,999	0.500% - 1.50%
Next \$2,000,000 +	0.250% - 1.25%

Advisory fees are calculated and deducted from client accounts on a monthly basis based on the value of the account on the last business day of the month. Orion calculates FFN's and Orion's fee.

In addition to FFN's advisory fee, you will pay a fee to Orion based on its fee schedule disclosed in its disclosure brochure which will be provided by your Advisory Representative. You should read the disclosure brochure carefully.



## **Vision2020 Wealth Management Platform - Unified Managed Account Program**

We offer UMA as an account where no separate transaction charges apply and a single fee is paid for all advisory services and transactions ("Wrap Account"). You will pay a quarterly account fee, in advance, based upon the market value of the assets held in your account as of the last business day of the preceding calendar quarter. Your account fees are negotiable and will be debited from your account by our custodian. If you terminate your participation in this program, you will be entitled to a pro-rata refund of any prepaid quarterly fees based upon the number of days remaining in the quarter after the date upon which the notice of termination is received. Each of our Advisory Representatives negotiates his or her own account fee schedule. The account fees paid by client include portions paid to your Advisory Representative ("Advisory Fees"), as well as to the Firm, the custodian, and the third party money managers selected ("Program Fees"). Advisor fees are set independently regardless of manager selected.

Mutual funds and ETFs invested in the account also have their own internal fees ("internal fund expenses") which are separate and distinct from the program account fees (for more information on these fees, see the applicable fund prospectus). Since fees billed to your UMA account are comprised of both program fees and advisor fees, Advisory Representatives may have an incentive to select third party money managers with lower program fees in order to manage the overall fee charged to you.

You and your Advisory Representative should consider the overall fees and expenses, including internal fund expenses, when selecting managers and other portfolio investments. For complete fee details, including account fee schedule guidelines please refer to The Wealth Management Platform - Unified Managed Account Wrap Fee Program Brochure. We provide this brochure to you prior to or concurrent with your enrollment in UMA. Please read it thoroughly before investing.

Our portion of the WMP Account Fee (i.e. Advisory Fee) will not exceed 1.75%. The client agreement will disclose the total fees paid by you for participation in the program. Your total advisory fee which includes the Program fee and the Advisory Fee will not exceed 2.75%.

### **Third Party Manager Platforms**

Client will be charged an advisory fee that will be in accordance with the third party manager's fee schedule.

FFN's compensation will be in one of the following ways depending on the agreement between FFN and the third party manager.

#### Solicitor Arrangement

FFN will share in a portion of the advisory fee the third party manager charges and collects from the client's account. Client will be charged an advisory fee which will consist of the third party manager's fee and a fee that will be passed to FFN. FFN's portion of the fee will not exceed more than 1.50%.

#### Sub-Adviser Arrangement

FFN will charge a fee not to exceed 1.50% and client will be charged a fee by the third party manager in accordance with the third party manager's fee schedule outlined in the client agreement and in the third party manager's Form ADV Part 2A. Generally, the fee will be collected by the third party manager and FFN's portion of the sub-advisory fee will be passed to FFN.

A conflict of interest exists for FFN to recommend the services of a third party manager who has agreed to share a portion of its management fee with FFN. Fees for third party programs recommended by FFN is higher or lower than if clients directly obtained the services of the third party manager or if client obtained advisory services separately. Clients should read the third party manager's disclosure brochure for additional disclosure about its managed program.

In addition to the fees paid to FFN and to the third party manager, client pay costs and expenses for maintaining the account and for execution of securities transactions. Disclosure about additional costs and expenses associated with the third party manager's services are disclosed in the third party managers Form ADV Part 2A and/or Form ADV Part 2A Appendix 1.

### **Retirement Plan Consulting Services**

An initial fixed fee can be charged for initial review and consulting. The fee will not exceed \$25,000. Thereafter, a quarterly fee will be charged. The quarterly fee will not exceed \$500.

Fees are negotiable. Fees are not based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds. The fixed fee will be due to FFN one-half (1/2) upon execution of the Advisory agreement and the balance upon presentation of the analysis, provided services are not ongoing. Client will not pay more than \$1200 and six or more months in advance of the service. The quarterly fee will be charged either in advance or arrears of each calendar quarter as selected by the Plan.

Additionally, any out-of-pocket expenses incurred by FFN will be billed to the Plan at cost.

Advisory fees will be charged either in arrears or advance of each calendar quarter based upon the value of Plan assets on the last business day of the just completed calendar quarter. The determination of whether fees will be due in advance or arrears is dependent upon the Advisory Representative.

The initial advisory fee will be based on the value of your account upon establishment of the account (i.e. when all expected funds and assets have been received into the account). Advisory fees for accounts opened on a day other than the first day of the calendar quarter or closed on a day other than the last business day of the calendar quarter will be prorated based on the number of days remaining in the quarter.

The advisory fees payable upon initial implementation of the account and for all subsequent periods will be collected directly from the account. You will be provided with an account statement reflecting the deduction of the advisory fee directly from the account custodian. If your account does not contain sufficient funds to pay advisory fees, FFN has limited authority to sell or redeem securities in sufficient amounts to pay advisory fees.

In addition to the advisory fees above, there are transaction fees for securities transactions executed accordance with the custodian's transaction fee schedule. Additionally, there are other fees such as custodial services, account maintenance fees, and other fees associated with maintaining the managed account. Such fees are not charged by FFN and are charged by the product, broker/dealer or account custodian. FFN does not share in any portion of such fees. Additionally, you will pay your proportionate share of the fund's management and administrative fees and sales charges as well as the mutual fund adviser's fee of any mutual fund they purchase. Such advisory fees are not shared with FFN and are compensation to the fund-manager.

<b>Value of Plan Assets</b>	<b>Annual Fee</b>
Up to \$2,500,000	1.25%
\$2,500,000 to \$5,000,000	1.00%
\$5,000,000 to \$10,000,000	0.75%
\$10,000,000 to \$20,000,000	0.50%
\$20,000,000 to \$30,000,000	0.35%
\$30,000,000 to \$50,000,000	0.20%
Over \$50,000,000	0.10%

Changes to the fees will be communicated to the Plan in writing and will become effective in thirty (30) days unless the Plan objects.

### **Termination Provisions**

Advisory services can be terminated without penalty, upon written notice within five (5) business days after entering into the advisory agreement with FFN. The Plan will be responsible for any fees and charges incurred from third parties as a result of maintaining the account such as transaction fees for any securities transactions executed and account maintenance or custodial fees. Thereafter, services may be terminated upon 30 days' prior written notice. Should termination occur during a quarter, a pro-rated refund of any prepaid advisory fee for the quarter will be calculated and refunded from the date of termination to the end of the quarter. In the event advisory fees are due in arrears, FFN will deliver a final billing statement to the Plan for payment of fees for unbilled work performed prior to termination and reimbursement of expenses incurred through the effective date of termination. The Plan will have a period of 30 days within which to deliver payment.

### **Asset Allocation Services for External Pension, Profit Sharing, 401(k) and 403(b) Plan Assets and Financial Planning Services**

Client is advised that fees for planning services are strictly for planning services. Therefore, client will pay fees and/or commissions for additional services obtained such as asset management or products purchased such as securities or insurance.

FFN offers you several fee payment options. You and your Advisory Representative will select and negotiate a payment option.

Generally, hourly fees will be used for limited services and limited consulting services. Fixed fees will generally be quoted for planning services. Annual consulting fees are utilized if you elect to have ongoing services and access to your Advisory Representative at any time. Annual consulting fees will be charged for ongoing asset allocation services for external pension, profit sharing, 401(k) and 403(b) plan services.

Fees are negotiable and based on the nature and complexity of your circumstances. As previously stated, each Advisory Representative determines their fee not to exceed the fee schedules below. You can obtain advisory services from another FFN Advisory Representative for a lower cost. Further, there are other FFN Advisory Representatives who have more experience, training and education and charge fees more or less than the Advisory Representative you have selected. Additionally, you are advised similar advisory services are available from other Investment Advisers for lower fees than FFN's fee schedules.

1. Fixed Fee - \$250 to \$5,000

In addition to the variables stated above, the determination of a fee will take into consideration the number of areas for which analysis and planning services will be provided, number of meetings, amount of research required, and staff resources needed. Furthermore, the experience of the Advisory Representative is a factor.

2. Hourly Fee - \$50 to \$500 per hour

Hourly fees will be determined based on the anticipated need of staff resources, reports you request, travel required, meetings required, and special requests such as after business hour meetings. Furthermore, the experience of the Advisory Representative is a factor. An estimate of the total hours anticipated will be determined at the start of the advisory relationship. Should additional time be needed as a result of a change in direction of the service or the situation becoming more complex than originally believed, you will be presented a status of the project and an amendment to the anticipated time and cost.

Fixed and Hourly Fees

Half (50%) of the quoted or estimated fee will be due upon signing the Advisory Agreement with the balance (based on actual hours for hourly fees) due upon presentation of the plan, analysis and/or recommendations. Advisory fees are for the analysis only and services are deemed completed upon presentation of the plan or analysis.

3. Annual Consulting and Financial Planning and Asset Allocation Services for External Pension, Profit Sharing, 401(k) and 403(b) Plan Services - \$100.00 to \$20,000.00

Your Advisory Representative will provide review and asset allocation recommendations of client's 401k accounts, updated annual plan, updated annual retirement projections, year-end tax advice and ongoing access to your Advisory Representatives. Fees will be determined based on the particular services provided, complexity of your situation and portfolio, number of accounts being monitored, number of meetings, and staff resources. Furthermore, the experience of the Advisory Representative is a factor. The annual fee will be stated and agreed upon between you and your Advisory Representative in advance. Fees for an annual financial planning service agreement will be payable quarterly in advance (i.e. one-quarter of the fee will be due each calendar quarter).

4. Fee based upon the value of the portfolio on the last business day of the just completed calendar quarter. Advisory fees will be charged in advance of each calendar quarter.

The initial advisory fee will be based on the value of the account upon establishment of the account. Advisory fees for Accounts opened on a day other than the first day of the calendar quarter or closed on a day other than the last business day of the calendar quarter will be prorated based on the number of days remaining in the quarter.

The advisory fees payable upon initial implementation of the account and for all subsequent periods will be collected directly from the account provided the client has given FFN written authorization. Clients will be provided with an account statement reflecting the deduction of the advisory fee. If the Account does not contain sufficient funds to pay advisory fees, FFN has limited authority to sell or redeem securities in sufficient amounts to pay advisory fees. Client may reimburse the account for advisory fees paid to FFN, except for ERISA and IRA accounts.

Fees are negotiable and are not based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds. Advisory fees are in accordance with the following fee schedule. The fee will be determined and customized for each client depending on several factors including but not limited to the complexity of the client, number of meetings, size of the portfolio, number of reviews, type of management requested (active or static), travel, reporting requirements, planning services, type of managed portfolio (mutual funds, bonds, general securities, etc.), and experience of the advisory representative.

<b>Account Size</b>	<b>Maximum Annual Fee</b>
\$0 to \$249,999	1.00% - 2.00%
Next \$250,000 to \$499,999	0.875% - 1.90%
Next \$500,000 to \$999,999	0.750% - 1.75%
Next \$1,000,000 to \$1,999,999	0.500% - 1.50%
Next \$2,000,000 +	0.250% - 1.25%

Clients may terminate investment advisory services obtained from FFN, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with FFN. Client will be responsible for any fees and charges incurred by client from third parties as a result of maintaining the Account such as transaction fees for any securities transactions executed and Account maintenance or custodial fees. Thereafter, client may terminate investment advisory services upon FFN's receipt of client's written notice to terminate. Should client terminate investment advisory services during a quarter, client will be issued pro-rata refund of the advisory fee for the quarter up to the date of termination.

### **Termination Provisions**

You may terminate advisory services, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with FFN. Thereafter, you may terminate advisory services upon FFN's receipt of your written notice to terminate. Should you terminate advisory services prior to completion of the services, you will be issued a pro-rata refund of the advisory fee based on the services provided and time invested by Focus Financial. Annual fees paid on a quarterly basis in advance will be refunded on a prorated basis and based on the number of days remaining in the quarter.

## **Item 6 PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT**

This section is not applicable to FFN since FFN does not charge performance based fees to clients or engage in side-by-side management.

## **Item 7 TYPES OF CLIENTS**

FFN's services are geared toward:

- Individuals both high net worth and other than high net worth
- Pension and profits sharing plans and other qualified plans
- Trusts, estates, or charitable organizations
- Corporations and other business entities

## **Item 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Advisory Representatives utilize various strategies and methods for investment research including:

- Economic analysis
- Trend analysis
- Fundamental analysis. Fundamental analysis generally involves assessing a company's or security's value based on factors such as sales, assets, markets, management, products and services, earnings, and financial structure.
- Technical market analysis and technical trend following. Technical analysis generally involves studying trends and movements in a security's price, trading volume, and other market-related factors in an attempt to discern patterns.

Mutual funds are selected on the basis of any or all of the following criteria: performance history; the industry sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives, management style and philosophy; and the fund's management fee structure. Each client's individual needs and circumstances will determine the initial portfolio weighting.

FFN Advisory Representatives primarily use open-ended mutual funds purchased at net asset value (NAV), no-load and load waived mutual funds, exchange traded funds (ETFs), and variable products. However, managed accounts are not exclusively limited to the aforementioned investments and can include stocks and bonds. The selection of securities varies based on your Advisory Representative and what is deemed appropriate for your managed portfolio.

The risks with mutual funds include the costs and expenses within the fund that can impact performance, change of managers, and fund straying from its objective. Open ended mutual funds do not typically have a liquidity issue and the price does not fluctuate throughout the trading day. The risks with ETFs, stocks, bond or other exchange traded security is the effect of market fluctuation and the need to have a market to buy or sell the securities. Variable products have the risk of trading restrictions, changes to the options to subaccounts, internal costs and expenses and the illiquidity of the product.

Registered investment company securities such as mutual funds, and variable products offer the securities in various share classes. Different share classes are priced differently and have varying levels of internal costs and share classes other than institutional share classes will involve higher internal costs that over time will cost you more. Institutional share classes often have higher trading costs, however, the internal costs of the fund are lower. Over a period of time, share classes other than institutional shares will become more expensive if held in the account for a long period time. A client

needs to consider the amount being invested and the length of anticipated holding to make a decision as to the share class most suitable to the client. Please read the disclosures under Item 10 below for important information about the advice and recommendations offered by advisory representatives and registered representatives. Additional information about share classes can be found in an Investor Alert issued by the Securities and Exchange Commission at:

- <https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-bulletin-mutual-fund-classes>. Additionally, the SEC and FINRA provides investor information at [www.sec.gov](http://www.sec.gov) and [www.finra.org](http://www.finra.org).

The risks with utilizing third party managed programs include:

- Market and economic risk.
- The risk the third party manager is not managing to the objective or managing based on the stated strategy.
- The risk the securities managed by the third party manager will decline or fluctuate impacting the overall performance of the portfolio.
- The risk that the performance of the portfolio will be diminished by the fees of the third party manager and expenses associated with the securities.

Investing in securities involves risk of loss that you should be prepared to bear.

Advisory Representatives' strategy will be to seek long-term portfolio growth while providing you access to personal advisory services. Your Advisory Representative will not attempt to manage short-term market fluctuations with active trading (market timing, etc.). However, your Advisory Representative can reallocate the portfolio as necessitated by large-scale macro-economic changes in the securities markets.

FFN does not represent, warrant or imply that the services or methods of analysis used by your Advisory Representative can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to major market corrections or crashes. Past performance is no indication of future performance. No guarantees can be offered that your goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by your Advisory Representative will provide a better return than other investment strategies.

## **Item 9 DISCIPLINARY INFORMATION**

There is no reportable disciplinary information that is material to your evaluation of FFN or the integrity of its management.

## **Item 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Advisory Representatives are dually registered as an advisory representative of FFN and as registered representatives with Royal Alliance Associates, Inc. ("Royal Alliance") for purposes of transacting securities business on a commission basis. FFN is not affiliated with Royal Alliance for any purpose. Royal Alliance's principal business is as a full service general securities broker-dealer registered with the Securities Exchange Commission, FINRA, and various other regulatory bodies. Additionally, Royal Alliance is a registered investment adviser and provides access to Third Party Investment Advisory Services. In that regard, certain FFN Advisory Representatives are registered with Royal Alliance's Investment Adviser for the provision of Third Party Advisory Services and products.

Clients are under no obligation to purchase or sell securities through Advisory Representatives. However, if they choose to implement the plan, commissions will be earned in addition to any fees paid for advisory services. Commissions are higher or lower at Royal Alliance than at other broker/dealers.

Advisory Representatives have a conflict of interest in having clients purchase securities and/or insurance related products through Royal Alliance in that the higher their production with Royal Alliance the greater opportunity for obtaining a higher pay-out on commissions earned.

It is important to understand investment advisers have a fiduciary obligation to provide advice and services through the investment adviser that are in the best interest of the client. However, when advisory representatives act in the capacity of a registered representative, their obligation is to make recommendations and conduct transactions that are suitable to you but are not necessarily in your best interest.

Although Royal Alliance maintains supervisory responsibilities over FFN's Advisory Representatives, Royal Alliance does not control FFN with respect to the conduct of its Investment Advisory activities or management of FFN. Notwithstanding, because the Advisory Representatives are dually registered agents of Royal Alliance and FFN, Royal Alliance has certain supervisory and administrative duties pursuant of the requirements of FINRA Conduct Rule 3040.

In that regard, Royal Alliance will require and furnish certain account opening documentation to be completed by you and your Advisory Representative. Once all such materials and forms have been completed in consultation with your Advisory Representative, the Advisory Representative is required to submit these materials and forms to Royal Alliance for its review and approval, in its capacity as the Broker/Dealer of record. Such review does not include the provision of investment advisory services to Clients. In certain instances, Royal Alliance will collect, as paying agent for FFN, the investment advisory fee due FFN from the account custodian. Royal Alliance will retain a portion as an administrative charge to FFN (not you) for functions Royal Alliance is required to carry out by the FINRA. Royal Alliance does not provide investment advisory services in connection with such programs.

FFN is a licensed insurance agency. Additionally, Advisory Representatives are associated with various insurance companies as licensed insurance agents. Advisory Representatives can recommend insurance products offered by an insurance company represented by FFN. If you purchase these products through Advisory Representatives of FFN, normal commissions will be received. Commissions from insurance products are separate and distinct from advisory fees. Thus, a conflict of interest exists between Advisory Representatives and you. While the insurance business is not a significant business, because of the conflict of interest in having a client purchase insurance products through their Advisory Representative, this disclosure is provided to clients.

Barbara Moser, Connie Heier, Kenneth Edwards, Patrick Osmonson and Zachary Martin are Advisory Representative of FFN. They also offer accounting and tax preparation services. The fees you will pay to them for accounting or tax preparation services are in addition to the fees you will pay for advisory services. You are not obligated to use accounting or tax preparation services offered by our Advisory Representatives.

FFN attempts to mitigate the conflicts of interest with the receipt of commissions if recommendations are implemented by providing you with these disclosures. Further, you are encouraged to consult other professionals and implement recommendations through other financial professionals. Furthermore, as a registered representative with Royal Alliance, Advisory Representatives are subject to a supervisory structure at Royal Alliance for their securities business.

As discussed above, FFN has entered into arrangements with various third party managers to offer you management options. Should you select one or more of the programs offered by third party managers, FFN and your Advisory Representative will receive a portion of the compensation you pay for participation in the programs. You are advised the programs are generally more expensive than



other asset management options. However, for the cost, you receive the services of an investment professional. Thus, you have a team of professionals providing you services. FFN and your Advisory Representative's receipt of compensation as a result of your participation in the program creates a conflict of interest. There are other third party manager programs that are as suitable or more suitable for a lower cost. However, FFN and your Advisory Representative does not receive a portion of such compensation.

## **Item 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

FFN, its Advisory Representatives and its associated persons buy or sell securities identical to those securities recommended to you. Therefore, FFN, its Advisory Representatives and/or its associated persons have an interest or position in certain securities that are also recommended and bought or sold to you. FFN, its Advisory Representatives and its associated persons will not put their interests before your interest. FFN, its Advisory Representatives and its associated persons may not intentionally trade in such a way to obtain a better price for them than for you.

FFN is required to maintain a list of all securities holdings for its Advisory Representatives and associated persons and develop procedures to supervise the trading activities of Advisory Representatives and associated persons who have knowledge of your transactions and their related family accounts at least quarterly. Further, Advisory Representatives and other associated persons of FFN are prohibited from trading on non-public information or sharing such information.

You have the right to decline any investment recommendation. FFN, its Advisory Representatives and its associated persons are required to conduct their securities and investment advisory business in accordance with all applicable Federal and State securities regulations.

### **CODE OF ETHICS**

FFN has a fiduciary duty to you to act in your best interest and place your interests first and foremost. FFN takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as FFN's policies and procedures. Further, FFN strives to handle your non-public information in such a way to protect information from falling into hands that have no business reason to know such information and provides clients with FFN's Privacy Policy. As such, FFN maintains a code of ethics for its Advisory Representatives, supervised persons and staff. The Code of Ethics contains provisions for standards of business conduct in order to comply with federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about your transactions. Further, FFN's Code of Ethics establishes FFN's expectation for business conduct. A copy of our Code of Ethics will be provided to you upon request.

## Item 12 BROKERAGE PRACTICES

Focus Financial Network, Inc. ("we/our") does not maintain custody of your assets that we manage (although we are deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15 Custody, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. Our adviser representatives recommend our clients use Charles Schwab & Co., Inc. (Schwab), TD Ameritrade Inc., or Royal Alliance Associates, Inc. The aforementioned firms are FINRA-registered broker-dealers, members SIPC, as qualified custodians. We are independently owned and operated and not affiliated with the aforementioned firms. Any of the aforementioned firms will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use the listed firms as custodian/broker, you will decide whether to do so and open your account with the selected firm by entering into an account agreement directly with them. We do not open the account for you. Even though your account is maintained at a qualified custodian, we can still use other brokers to execute trades for your account as described below.

As previously stated, Advisory Representatives of FFN are registered representatives of Royal Alliance. As a result, they are subject to FINRA Conduct Rule 3040 which restricts your Advisory Representative from conducting securities transactions away from Royal Alliance unless Royal Alliance provides the Advisory Representative with written authorization. Certain Advisory Representatives have obtained approval to offer clients the ability to maintain accounts through Royal Alliance at its clearing firm; Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a registered broker/dealer, member SIPC; or TD Ameritrade Institutional. Additionally, Advisory Representatives provide management and advisory services to corporate qualified accounts maintained at National Financial Services, LLC and Fidelity Brokerage Services, LLC (together referred to as "Fidelity"). FFN is independently owned and operated and not affiliated with Schwab, Fidelity or Royal Alliance.

TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the Program. (Please see the disclosure under Item 14. below.)

Not all investment advisers require clients to maintain accounts at a specific broker/dealer. You may maintain accounts at another broker/dealer. However, the services provided by FFN will be limited to only advice and will not include implementation. If you select another brokerage firm for custodial and/or brokerage services, you will not be able to receive asset management services from FFN.

### How We Select Brokers/Custodians

We seek to recommend a custodian/broker 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, among others, these:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for your account)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchanged traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services

- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below.

Periodically, FFN will review alternative broker/dealers and custodians in the marketplace to ensure Royal Alliance and Schwab and its custodians are meeting FFN's duty to provide best execution for client accounts. The review will include a comparison to Royal Alliance and Schwab which involve evaluating criteria such as overall expertise, cost competitiveness and financial condition. The quality of execution by Royal Alliance and Schwab will be reviewed through trade journal evaluations. However, best execution does not simply mean the lowest transaction cost. Therefore, no single criteria will validate nor invalidate a custodian, but rather, all criteria taken together will be used in evaluating the currently utilized custodian.

Additionally, product sponsors such as variable and investment companies and limited partnerships which are recommended to clients often provide support to Advisory Representatives. Such support includes research, educational information, and monetary support for due diligence trips and client events.

There is an incentive for FFN and its Advisory Representatives to recommend a broker/dealer over another based on the products and services that will be received rather than your best interest.

### **Aggregated Trades**

Based on your FFN Advisory Representative's discretion, the Advisory Representative can aggregate ("bunch") transactions in the same security on behalf of more than one client in an effort to strive for best execution and to possibly reduce the price per share and/or other costs to clients. However, aggregated or bunched orders will not reduce the transaction costs to participating clients. FFN conducts aggregated transactions in a manner designed to ensure that no participating client is favored over another client. Participating clients will obtain the average price per share for the security executed that day. To the extent the aggregated order is not filled in its entirety and when possible, securities purchased or sold in an aggregated transaction will be allocated on a random basis. Under certain circumstances, the amount of securities may be increased or decreased to avoid holding odd-lot or a small number of shares for particular clients.

### **Schwab**

#### **Products and Services Available to Us from Schwab**

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage - trading, custody, reporting and related services - many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Here is a more detailed description of Schwab's support services:

**Services that Benefit You.** Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

Services that Do Not Directly Benefit You. Schwab also makes available to us other products and services that benefit us but do not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

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

Services that Generally Benefit Only Us. Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

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

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or pay all or a part of a third party's fees. Schwab also provides us with other benefits such as occasional business entertainment of our personnel.

#### Fidelity

FFN has entered into a relationship with National Financial Services, LLC and Fidelity Brokerage Services, LLC (together referred to as "Fidelity") to participate in the Fidelity Institutional Wealth Services ("FIWS") platform. Fidelity provides custody, execution, and clearance and settlement services for stocks, bonds, Fidelity mutual funds, non-Fidelity mutual funds, and other securities held at Fidelity for clients who select Fidelity as custodian of their accounts. You are under no obligation to utilize the services of Fidelity.

#### Royal Alliance

Royal Alliance has a wide range of approved securities products for which Royal Alliance performs due diligence prior to selection. FFN's advisory representatives are required to adhere to these products when implementing securities transactions through Royal Alliance. Commissions charged for these products are higher or lower than commissions clients are able to obtain if transactions were implemented through another broker/dealer. Royal Alliance also provides Advisory Representatives and FFN with back-office operational, technology, and other administrative support. Other services include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. Such services are intended to help Advisory Representatives and FFN to manage and further develop their business enterprise.

Royal Alliance and its clearing broker/dealer, Pershing, LLC also make available to FFN other products and services that benefit FFN but do not directly benefit its clients' accounts. Some of these other products and services assist FFN with managing and administering client accounts. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); facilitate trade execution; provide research, pricing information and other market data; facilitate payment of FFN's fees from its clients' accounts; and assist with back-office functions; recordkeeping and client reporting. Many of these services generally are used to service all or a substantial number of FFN's accounts, including accounts not held through Royal Alliance.

Advisory Representatives as Registered Representatives receive trail commissions (i.e. 12b-1 fees) for a period of time as a result of directing securities transactions through Royal Alliance. Load and no-load mutual funds pay annual distribution charges, sometimes referred to as 12b-1 fees. 12b-1 fees come from fund assets, therefore, indirectly from client assets. 12b-1 fees are initially paid to Royal Alliance and a portion passed to the Advisory Representative of record. The receipt of such fees could represent an incentive for your Advisory Representative to recommend funds with 12b-1 fees over funds that have no fees or lower fees. As a result, there is a conflict of interest. However, such fees will be credited back to fee based accounts (qualified and non-qualified).

## **Item 13 REVIEW OF ACCOUNTS**

### *Asset Management Services*

Reviews of not less than annually or as agreed by client and your Advisory Representative will be provided for participation in asset management programs and services. You may request more frequent reviews and set thresholds for triggering events that would cause a review to take place. Your Advisory Representative will monitor for changes or shifts in the economy, changes to the management and structure of a mutual fund or company in which your assets are invested, and market shifts and corrections.

You are advised that you must notify your Advisory Representative promptly of any changes to your financial goals, objectives or financial situation as such changes often require your Advisory Representative to review the portfolio allocation and make recommendations for changes.

You will be provided statements or reports at least quarterly direct from the account custodian. Additionally, you will receive confirmations of all transactions occurring within your account directly from the account custodian.

No other reports are provided by FFN. You may negotiate reporting with your Advisory Representative. Clients should compare the report with statements received direct from the account custodian. Should there be any discrepancy the account custodian's report will prevail.

### *Financial Planning Services*

You will not receive regular reviews or reports unless you specifically request reviews. FFN recommends you have at least an annual review and update to any plan, analysis or recommendation. The time and frequency of the reviews are solely up to you. Additionally, you will be charged review fees based on the fee schedule disclosed under the program. Other than the initial plan or analysis, there will be no other reports issued.

## **Item 14 CLIENT REFERRALS AND OTHER COMPENSATION**

### TD Ameritrade

As disclosed under Item 12. above, Advisor participates in TD Ameritrade's institutional customer program and Advisor recommends TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its Clients, although Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications

network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors. TD Ameritrade also pays from time to time for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program benefit Advisor but do not benefit its Client accounts. These products or services assist Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a conflict of interest and can indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

TOP PRODUCER OPPORTUNITIES - Royal Alliance offers additional educational, training and home office support services for those Advisory Representatives that meet overall revenue production goals. While these goals are not specific to any type of product or service offered, they provide a financial incentive for Advisory Representatives to recommend investment products and advisory services in general.

ADVISOR APPRECIATION PROGRAM - Royal Alliance provide the following compensation and ownership opportunities to certain Advisory Representatives:

- The Loyalty Award - Royal Alliance provides compensation to certain Advisory Representatives that have been affiliated with Royal Alliance for over a year and have generated at least \$250,000 in annual revenue to Royal Alliance. For those generating at least \$500,000 in annual revenue to Royal Alliance a loan will be provided with the repayment dependent on the Advisory Representative retaining affiliation with us through the end of the loan period. These loans create a conflict of interest for your Advisory Representative to retain affiliation with us in order to avoid repayment of the loan.
- The Custodial Net New Asset Program - Royal Alliance will make additional annual payments to Advisory Representatives of up to 12bps on all new assets added to Royal Alliance brokerage customer accounts custodied with Pershing. The Net New Asset Program provides an incentive for your Advisory Representative to select Royal Alliance for your brokerage accounts because compensation the Firm pays to the Advisory Representative may be more than that of another account custodian.

Other Cash and Non-Cash Compensation - In addition to reimbursement of training and educational meeting costs, Focus Financial and its Advisory Representatives may receive promotional items, meals or entertainment or other non-cash compensation from representatives of mutual fund companies, insurance companies, and Alternative Investment Products, as permitted by regulatory rules. Additionally, sales of any mutual funds, variable insurance products and Alternative Investment Products, may qualify financial advisors for additional business support and for attendance at seminars, conferences and entertainment events.

NETWORKING ARRANGEMENTS - There is an option for Focus Financial and its Advisory Representatives to offer advisory services on the premises of unaffiliated financial institutions, like banks or credit unions. In such a case, the Firm will enter into networking agreements with financial institutions pursuant to which we share compensation, including a portion of the advisory fee, with the financial institution for the use of the financial institution's facilities and for client referrals.

PLEDGING ASSETS - Clients should be aware that pledging assets in an account to secure a loan or purchase securities on margin involves additional risks. The broker/dealer or bank holding the loan may have the authority to liquidate all or part of the securities at any time without your prior notice in order to maintain required maintenance levels, or to call the loan at any time. As a practical matter, this may cause you to sell assets and realize losses in a declining market. These actions may interrupt your long-term investment goals and result in adverse tax consequences and additional fees to the bank. The returns on accounts or pledged assets may not cover the cost of loan interest and account fees and may dictate a more aggressive investment strategy to support the costs of borrowing. Before pledging assets in an account, clients should carefully review the loan agreement, loan application and any forms required by the bank and any other forms and disclosures provided by the Firm.

This is a conflict of interest for our Advisory Representative to maintain a relationship with Royal Alliance because it could be an impediment to evaluate another broker/dealer that is more suitable, lower cost, and/or offer services that better serve you. The costs to a client to maintain accounts through a Royal Alliance approved custodian can be higher or lower than other broker/dealers. To mitigate this conflict of interest, FFN is providing you with this disclosure.

#### Charles Schwab

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 - Brokerage Practices). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Additionally, Schwab has agreed to pay up to \$4000 we would otherwise incur for marketing consulting services. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. This may create an incentive to recommend, request or require that you maintain your account with Schwab based on our interest in receiving Schwab's services that benefit our business and Schwab's payment for services for which we would otherwise have to pay rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quantity and price of Schwab's services (see "How we select brokers/custodians") and not Schwab's services that benefit only us.

#### Other Cash and Non-Cash Compensation

In addition to reimbursement of training and educational meeting costs, Advisory Representatives can receive promotional items, meals or entertainment or other non-cash compensation from representatives of mutual fund companies, insurance companies, and Alternative Investment Products, as permitted by regulatory rules. Additionally, sales of mutual funds, variable insurance products and Alternative Investment Products qualify financial advisors for additional business support and for attendance at seminars, conferences, and entertainment events. Such conferences include the payment or reimbursement of travel, meals and lodging expenses for attendees.

Payment/reimbursement of expenses is not contingent upon sales targets or contests, but rather on total assets managed on their respective platforms. We have an incentive to recommend certain programs that provide us with the above referenced opportunities over those that do not. This is a conflict of interest.

#### Loans & Rewards Programs

Focus Financial has provided some of our Advisory Representatives with funding in the form of loans as incentive to establish, maintain or expand our advisory relationships. Such loans are typically used to assist in the transition and expansion of our advisory representative's practice. The repayment of such loan is typically dependent on the advisory representative retaining affiliation with us through the end of the loan period. These loans create a conflict of interest for your Advisory Representative to retain affiliation with us in order to avoid repayment of the loan.

Focus Financial's Advisory Representatives participate in compensation and loan programs provided by Royal Alliance Associates, Inc. ("Royal Alliance") geared toward establishing, maintaining, and expanding our relationship with them. We also participate in programs to encourage the attraction of new assets and clients to the Royal Alliance brokerage platform.

Advisory Representatives participating in these programs can be rewarded with cash compensation or with loans structured with beneficial repayment terms typically dependent on remaining affiliated with Royal Alliance through the end of the loan period. In addition, certain Advisory Representatives who are accredited investors are offered the opportunity to invest in AG Artemis Holdings, L.P, the parent entity of Royal Alliance.

These programs create a conflict of interest for Advisory Representative to select the Royal Alliance brokerage platform and to remain affiliated with them.

## **Item 15 CUSTODY**

The custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from the custodian will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

### **Wire Transfer and/or Standing Letter of Authorization**

When requested, our firm, or Advisory Representatives, will effect money movement from client accounts to one or more third parties designated, in writing, by the client without obtaining written client consent for each separate, individual transaction, as long as the client has provided us with written authorization to do so. Such written authorization is known as a Standing Letter of Authorization. An adviser with authority to conduct such third party money movement has access to the client's assets, and therefore has custody of the client's assets in any related accounts.

However, we do not have to obtain a surprise annual audit, as we otherwise would be required to by reason of having custody, as long as the following criteria are met:

1. You provide a written, signed instruction to the qualified custodian that includes the third party's name and address or account number at a custodian;
2. You authorize us in writing to direct transfers to the third party either on a specified schedule or from time to time;
3. Your qualified custodian verifies your authorization (e.g., signature review) and provides a transfer of funds notice to you promptly after each transfer;
4. You can terminate or change the instruction;
5. We have no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party;
6. We maintain records showing that the third party is not a related party to us nor located at the same address as us; and



7. Your qualified custodian sends you, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

When we engage in third party standing letters of authorization, FFN complies with the conditions of the safe harbor provisions and is therefore exempt from the annual surprise exam requirement for Advisers that have custody.

## **Item 16 INVESTMENT DISCRETION**

FFN offers management services on either:

a) Non-discretionary account basis; or  
Your Advisory Representative does not have the authority to determine, without obtaining your specific oral or written consent, the securities to be bought or sold; the amount of securities to be bought or sold; the broker or dealer to be used; or the commission rates paid.

b) Discretionary account basis  
Your Advisory Representative will direct, in your Advisory Representative's sole discretion and without first consulting you, the investment or reinvestment of the assets in your account.

You are advised that not all Advisory Representatives are authorized to manage client accounts on a discretionary basis. You and your Advisory Representative determine and agree upon the authority your Advisory Representative will have when managing your account.

You may terminate discretionary authorization at any time upon your Advisory Representative's receipt of your written notice to terminate discretionary authority. Additionally, you are advised that:

1. You may set parameters with respect to when account should be rebalanced and set trading restrictions or limitations;
2. Your Advisory Representative must obtain your written consent to establish any mutual fund, variable annuity, or brokerage account;
3. FFN and your Advisory Representative do not have the authority to determine the broker or dealer to be used or the commission rates paid.
4. Discretionary authorization will not extend to the withdrawal of your funds or securities, with the exception of payment of FFN's advisory fee.

## **Item 17 VOTING CLIENT SECURITIES**

FFN and your Advisory Representative do not vote your securities.

## **Item 18 FINANCIAL INFORMATION**

A. FFN will not require clients to prepay more than \$1,200 and six or more months in advance of receiving the advisory service.

B. FFN does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you.

C. FFN has not been the subject of a bankruptcy petition.

## **Item 19 REQUIREMENTS FOR STATE REGISTERED ADVISERS**

This section is not applicable to FFN. FFN is not state registered. FFN is registered with the Securities and Exchange Commission.

## **Item 20 ADDITIONAL INFORMATION**

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.