



## Focus Financial Network Advisory Services Program

(ADV Part 2A)

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This Brochure provides information about the qualifications and business practices of Focus Financial Network, Inc. (hereinafter referred to as “Focus Financial,” “FFN,” or “we”). If you have any questions about the content of this Brochure, please contact us at 651-631-8166.

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

FFN is registered as an investment adviser with the SEC. The fact that FFN is “registered” does not imply any level of skill or training. You should not make a determination to hire or retain any adviser based solely on the fact that the adviser is registered.

Additional information about FFN is available on the SEC’s Web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s Web site also provides information about any persons affiliated with us who are registered as Investment Adviser Representatives of FFN.

## Item 2 Material Changes

This Item 2 summarizes only the material changes that were made since the Brochure issued on March 31, 2025. It is not a summary of the Brochure in its entirety. Following is a listing of the material changes:

1. Item 4.A. – added trade names and ownership details.
2. Item 4.B. – added clarifying language on referral recommendations to other professionals. Removed Fidelity as custodian. Added Estate Planning Consultation to Financial Planning Services offered. Added health savings accounts, 529 plans and donor advised funds to types of accounts.
3. Item 4.C. – added clarifying language on other fees that may be incurred in addition to your advisory, planning and consulting fees.
4. Item 4.D. – Added Schwab Managed Account Services under Wrap Fee Programs.
5. Item 5.A. – Updated method in how advisory fees are charged for accounts opened mid-quarter and the threshold for fee adjustments on deposits and withdrawal amounts. Added Fixed Fee billing disclosure.
6. Item 8.A. – Added disclosure on use of artificial intelligence for meeting summaries and transcriptions.
7. Item 8.B. – added clarifying language on investment strategies that may be recommended and the risks associated with those strategies. Added language around recommending securities-based lending arrangements through a third-party.
8. Item 8.C. – added language around alternative investments and alternative strategy funds and the risks of investing in those types of securities. Added language on the risks of investing in Structured Exchange Traded Funds.
9. Item 10.D. – added clarifying language on accounting, tax preparation and estate planning services that may be offered and recommended by our advisors.
10. Item 11.D. – added clarifying language around our advisors and buying or selling the same securities that are recommended to you.

You may obtain a copy of our current Brochure any time by contacting our Firm's Chief Compliance Officer at the telephone number listed on the cover page of this Brochure.

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## Item 4 Advisory Business

### A. Business Commencement Date and Ownership

Focus Financial Network, Inc. ("FFN") was formed in Minnesota in September of 1993 and operates as a Registered Investment Adviser. FFN is owned by approximately 10 individuals, all of whom are investment advisor representatives of FFN. No owner has an interest greater than 25 percent.

Trade Names: FFN and/or its representatives may use the following trade names in association with providing services set forth in the brochure: AFC Financial Advisory Group, brooklands, FDI Incorporated, Focus Financial, Mertz Wealth Strategies, Inc., Moser & Heier Financial Solutions, The Basballe Group, McMurray Whitney Financial.

### B. Services

Advisory accounts are managed by Investment Advisory Representatives affiliated with us (each, an "Advisor"). Your Advisor might not offer all the advisory services and programs described in this Brochure. Talk to your Advisor about the services he/she provides.

#### **MANAGED ACCOUNT SERVICES**

We offer personalized management services tailored to your individual needs. Your Advisor elicits information, such as, but not limited to your financial situation, investment objectives, retirement goals, risk tolerance, liquidity or cost of living needs, education funding objectives, and investment time horizons (collectively, your "Investor Profile"). Your Advisor will analyze your information and construct a customized allocation mix and investment strategy that he/she believes is suitable based on your Investor Profile. It is imperative and incumbent on you to provide updated information promptly to your advisor should there be any change needed to your Investor Profile. Your Advisor provides continuous and ongoing management of your account. As agreed by you and your Advisor, asset management services will be provided on either a discretionary or non-discretionary basis, as described below.

**Discretionary.** You grant us the authority to buy and sell securities in your account without having to obtain your prior authorization for each trade.

**Non-discretionary.** We will need your approval before effecting each transaction in your account. If you approve a recommended transaction, we will arrange the transaction. If you engage FFN on a non-discretionary basis, you must be willing to accept that there may be limitations in the event of market volatility and FFN is unable to obtain your approval to effect transactions.

We offer these managed account services if your account is held by one of the following firms:

- Osaic Wealth, Inc. ("Osaic Wealth" or "Osaic") custodied at Pershing, LLC ("Pershing")
- Charles Schwab & Co., Inc. ("Schwab")
- Directly with the variable annuity or mutual fund company

Since transaction recommendations and decisions are based on each client's Investor Profile, recommendations for or actions in your account may differ from or conflict with the advice we give to or actions we take in other client accounts. An automated rebalancing option may be available where your asset holdings will be rebalanced to a target allocation at certain intervals

or when certain parameters are met.

If you select a firm that is not listed above for custodial and/or brokerage services, you will not be able to receive managed account services from us. Instead, your Advisor can provide you with Recommendation Services (see below).

### **THIRD-PARTY MANAGERS AND PLATFORMS**

In some cases, your Advisor may recommend utilizing the services of a third-party investment adviser or platform. These third parties are not affiliated with us, and we do not manage or control their activities. In such situations, the third-party investment adviser will have day-to-day responsibility for the active discretionary management of the allocated assets, or your advisor will utilize the third-party platform to arrange for the management and transactions to be executed in your account. We will continue to provide investment advisory services, such as ongoing monitoring and review of your account performance and the appropriateness of the third-party and their management, model portfolios and/or strategy relative to your Investor Profile. Please note that third-party investment adviser's management or platform fee is typically separate from, and in addition to, our advisory fee as set forth in Item 5 below.

### **RETIREMENT PLAN CONSULTING SERVICES**

We offer the following retirement plan and other consulting services to Employer-Sponsored Plans. Our role is limited to providing generalized, non-discretionary advice concerning the merits and risks of investments. Some components of our services are fiduciary in nature and other components are non-fiduciary, as indicated below. Under certain circumstances, we will also provide managed account services to participants in the plan for an additional fee. Participants are not obligated to utilize our investment management services for their retirement plan accounts.

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

We gather information about the company (statistical data, goals, objectives, and needs). Based on this information, we request proposals from appropriate interested providers. We review the proposals with the company to help select the appropriate platform. We assist in setting up the plan and communicating the plan to the plan participants.

#### **Strategic Planning and Investment Policy Development or Review** (fiduciary and non-fiduciary)

We meet with the designated fiduciaries of the Plan to assist in developing an investment policy statement (the "IPS"). If the Plan already has an IPS, we will review the existing IPS and assist the Plan in determining whether (i) the performance of the Plan's investments is consistent with the goals set forth in its IPS; and/or (ii) the IPS should be revised based on our analysis of the Plan's liquidity requirements, performance goals and risk tolerance levels.

#### **Plan Review** (fiduciary and non-fiduciary)

We 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. We will present recommendations in connection with our review. The Plan is ultimately responsible for deciding whether to accept our recommendations and for consulting with its legal counsel to ensure compliance with applicable laws.

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

We will conduct an expense analysis of the various fees 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 will compare the fees to one or more generally accepted benchmarks. The analysis will be based on information received from the Plan and/or its third-party service providers.

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

As agreed upon between FFN and the Plan, we will assist the Plan fiduciary(ies) in coordinating services offered by Plan service providers, including, as applicable, trustees, custodians, named fiduciaries (as defined by ERISA), actuaries, legal and/or accounting advisors, and other third party service providers.

**Assessment of Investments** (fiduciary and non-fiduciary)

As agreed upon between FFN and the Plan, we will (a) perform periodic reviews concerning fund performance, risk vs. return, fund expenses, number of participants, and asset allocation, and compile a list of funds to be considered for adding or removal, (b) prepare investment provider paperwork and participant notices to implement fund changes, and (c) review and monitor investment managers.

**Participant Education and Communication** (non-fiduciary)

We conduct investment education seminars and/or enrollment meetings where we provide descriptive information about the Plan, the benefits of Plan participation, and the investment options available. As agreed, services can also include:

- General financial and investment information
- Generic asset allocation models (including models for specific plan investment options)
- Assistance in selecting a third-party vendor to help in education and enrollment meetings
- Support in plan termination meetings to educate participants on their options
- General retirement planning seminars for participants

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

**FINANCIAL PLANNING SERVICES**

The agreement will specify the types of financial planning services to be provided. The types of financial planning advice we offer include, but are not limited to:

- Asset allocation recommendations tailored to your financial and tax status, investment objectives and risk tolerance.
- Tax Planning Illustrations
- Estate Planning Illustrations
- Employee Benefit Planning
- Insurance advice (provided at no charge where charges are prohibited by state statute)
- Accumulation Planning
- Retirement Planning Illustrations

- Cash Flow Analysis and/or Debt Analysis
- Estate Planning Consultation

Generally, planning services will involve a one-time analysis of 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 an action plan. For asset allocation recommendations, we will recommend investment strategies, asset allocation mixes, or securities transactions on a non-discretionary basis. You will implement the recommendations as you see fit and arrange for the transactions in your account. We will not have the authority to buy or sell securities in your account. You can also engage us for on a “as requested” or “regular/periodic” basis for financial planning and consulting services on an annual basis, in which case you will have access to your Advisor at any time during the year upon your request. Services will include one or more of a financial analysis, asset allocation analysis, updates to the financial cost analysis as requested by you, and consultation services upon your request during the year and are not ongoing and continuous. Rather, it will be based on your circumstances at a specific point in time.

Financial plans and analyses are based on your financial situation at the time disclosed to us by you. Although certain assumptions will be made with respect to interest and inflation rates and market trends and performance, it's important to keep in mind that past performance is not indicative of future performance. We cannot give any guarantee as to results and we cannot assure that the objectives of the accounts will be realized. You should notify us if your financial situation or investment objectives change.

**ROLLOVER RECOMMENDATIONS.** When leaving an employer, you typically have four options (alone or in combination) regarding an existing retirement plan: (i) leave the money in the former plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an individual retirement account (IRA), or (iv) cash out the account value (which could, depending on your age, have adverse tax consequences). We have an inherent conflict of interest when recommending that you roll over your money into an account managed by us if we charge based on the advisory account's value. Upon any rollover recommendation, we will give you a disclosure notice about your options that you should carefully consider before taking any action. You are never under any obligation to rollover retirement plan assets to an account managed by us.

**RECOMMENDING THE SERVICES OF OTHER PROFESSIONALS.** We may, from time to time, recommend the services of other professionals for the purpose of implementing various planning or consulting recommendations. This may include the services offered by Osaic or other non-affiliated partners. There are some instances in which the referral will result in a referral fee being paid back to us, which is a conflict of interest as we may be incentivized to refer you to this professional over another one. You are under no obligation to engage the services of any recommended professional.

**GENERAL INFORMATION.** Our investment advice and recommendations should not be construed as tax, legal or accounting advice. Transactions in your account, account reallocations, and rebalancing might trigger a taxable event. You should coordinate and discuss the impact of financial advice and decisions with your tax professional, attorney and/or accountant. You should inform us promptly about any material changes in your financial situation and investment objectives.

INVESTMENT AND ACCOUNT TYPES. Our investment advice can include various types of investments or strategies according to your goals and objectives. Examples include but are not limited to the following: general securities, fixed Income, mutual funds (open end and closed end), insurance products (including variable annuities), exchange-traded funds/notes/products, real estate investment trusts (REITs), alternative investments, sub advisors and third-party managers.

Investments may be held in various types of accounts, including, but not limited to: brokerage accounts we may recommend, insurance product sub-accounts, health savings accounts, 529 plans, donor advised funds or qualified plan accounts.

**C. Tailored Advisory Services**

We will provide services tailored to the needs of each client. Prior to providing services, clients may impose reasonable restrictions on investing in certain securities or types of securities.

**D. Wrap Fee Programs**

We may recommend a wrap fee program sponsored by an unaffiliated third-party. There is no significant difference between how a wrap fee account and a non-wrap fee account are managed by us. We offer discretionary asset management services through the wrap fee programs (the “Wrap Programs”) sponsored and administered by Vision2020 Wealth Management Corp, a subsidiary of Osaic, Inc. or through the Schwab Managed Account Services, sponsored and administered by Charles Schwab & Co. Inc. In a Wrap Program, you pay a “wrap fee” that includes a negotiable client fee that covers the advisory services offered by us, the execution of transactions in the advisory account by the Wrap Program’s broker-dealer (the “Wrap Broker”), and the platform and custodial service fees. We will receive a portion of the client fee for our advisory services and the remainder of the wrap fee is retained by the sponsor for platform and execution services. For Wrap Program accounts, we direct all account brokerage transactions to the Wrap Broker to prevent incurring additional transaction charges outside of the wrap fee. We might not be able to obtain the most favorable price because we might not be able to aggregate or batch the trades from these accounts with other client trades. In addition, the wrap fee program may cost you more or less than purchasing such services separately, particularly where there are a low number of transactions. Specific information about each available Wrap Program can be found in the sponsor’s Wrap Fee Program Brochure that is provided prior to or concurrent with enrollment in the Program.

**E. Assets Under Management**

As of December 31, 2025, FFN was managing \$6,573,904,952 on a discretionary basis and \$249,851,248 on a non-discretionary basis.

## **Item 5 Fees and Compensation**

**A. How We Are Compensated**

**MANAGED ACCOUNT SERVICES**

Typically, advisory fees are charged quarterly and in advance based upon the value of your portfolio on the last business day of the just completed calendar quarter.

- *Accounts Custodied at Schwab* - Advisory fees for accounts opened on a day other than the first day of the calendar quarter will be charged in arrears based on the deposits and withdrawals that occur in your account. Advisory fees for additional assets of \$25,000 or more deposited into the account or partial withdrawals of \$25,000 or more from the account will be prorated and you will be issued a credit or charged the prorated fee on deposits at the end of the quarter.
- *Accounts Custodied at Pershing* - Program fees are calculated and administered through Osaic Wealth. Please see their Form ADV Part 2A or Part 2A Appendix 1 Program Brochure for more details.

Generally, fees are negotiable. Your fee percentage will be determined by your Advisor and will depend on several factors including the type of service selected, the size and complexity of the account, and the type of securities in which your monies are invested. Your Advisor will offer one or more of the Billing Methods listed below. To illustrate how these Billing Methods operate, we are including examples of the quarterly fee calculation on an account with a value of \$600,000. Note that your fee percentage might differ from the examples provided.

1. With a **FLAT FEE** percentage, total assets in the Client Relationship are billed at one percentage rate. For example, if you were charged a 1% annualized fee, this annualized rate would be applied to your balance each quarter regardless of the account's value. If the value of your account was \$600,000, the quarterly advisory fee would be \$1500.
2. With a **Fixed Fee**, you are billed a fixed dollar amount irrespective of the value of your account. For example, if the value of your account is \$600,000 and your annualized flat dollar amount is \$10,000, your quarterly advisory fee would be \$2,500. Should the value of your account appreciate or depreciate, your quarterly advisory fee will remain \$2,500.
3. With a **LINEAR FEE** schedule, the total assets in the Client Relationship determine the fee percentage, which decreases at intervals as the account value grows. The resulting fee percentage is then applied to the ENTIRE balance of assets. A linear schedule has breakpoints. Example:

Account Value	Annualized Rate Example
Up to \$499,999	1.00%
\$500,000 and greater	0.75%

In the above example, once the account's value is \$500,000 or more, the 0.75% annualized percentage rate will apply to the entire balance. If the value of your account was \$600,000, the quarterly advisory fee would be \$1125.

4. With a **TIERED FEE** schedule, the asset values in the Client Relationship fall within separate tiers and the corresponding decreasing percentage is applied to each tier. The fees for each tier are then combined to arrive at the amount billed. A tiered schedule also has breakpoints, but fees are charged by tier. Example:

Account Value	Annualized Rate Example
Up to \$499,999	1.00%
\$500,000 to \$999,999	0.75%
\$1,000,000 and greater	0.50%

In the above example, the first \$500,000 will continue to be charged at a 1% annualized rate even when your account's value exceeds \$500,000. If the value of your account was \$600,000, the quarterly advisory fee would be \$1437.50 (which is \$1250 on the first \$500,000 and \$187.50 on the next \$100,000).

### **WRAP FEE PROGRAMS**

If you participate in the Wrap Program, you will pay a "wrap fee" that includes a negotiable client fee that covers the advisory services offered by us, the execution of transactions in the advisory account by the Wrap Program's broker-dealer (the "Wrap Broker"), and the platform and custodial service fees. We will receive a portion of the client fee for our advisory services and the remainder of the wrap fee is retained or remitted to the sponsor for platform and execution services. Fees are charged quarterly and in advance and are based on the value of your account as of the last business day of the preceding calendar quarter. Fees are debited directly from your account at the custodian. If you terminate your participation in the Wrap 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 following the termination date. For complete details about fees, including fee schedule guidelines, platform fees and custody fees, please see the sponsor's Wrap Fee Program Brochure.

### **THIRD PARTY MANAGERS AND PLATFORMS**

You will be charged a total fee in accordance with the third-party platform and/or manager fee schedule. We will be paid through one of the following arrangements as agreed by the third-party platform / manager and us.

1. Promoter Arrangement. You will be charged an advisory fee that is determined by the third-party manager. The third-party manager remits a portion of that fee to us.
2. Sub-Adviser Arrangement. We charge you an annualized, negotiated advisory fee. You are also charged a fee by the third-party manager in accordance with the third-party manager's fee schedule. Fees for third party programs we recommend can be higher than if you obtained the services directly from the third-party manager or platform. Clients should read the third party's Form ADV Part 2A for additional information about its services and fees. In addition to the fees paid to us and to the third-party manager, you may also pay platform and/or custodial fees for maintaining the account and for the execution of securities transactions, depending on which platform and/or manager that you select.

### **RETIREMENT PLAN CONSULTING SERVICES**

Fees are negotiable. An up-front fixed fee can be charged for initial review and consulting. The balance will be due upon presentation of the analysis. Thereafter or alternatively, the client will be charged a quarterly fee, which will either be a fixed amount or an amount based on the value of Plan assets as of the last business day of the just completed calendar quarter. The quarterly fee will be charged either in advance or arrears of each calendar quarter as agreed to by the Advisor and client/Plan.

If based on the value of Plan assets, the initial fee will be based on the value of the account when all expected initial 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.

Unless otherwise agreed, 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.

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

## **RECOMMENDATIONS (PENSION, PROFIT SHARING, 401(k) & 403(b) PLANS) & FINANCIAL PLANNING SERVICES**

Your Advisor will offer one or more of the following fee methods: hourly, fixed, annual or a fee based on the account's value. Generally, fees are charged hourly when the scope of recommendation services is limited, fixed fees are charged for financial planning services, and annual fees are charged for ongoing recommendation services where you have ongoing access to your Advisor. Typically, annual consulting fees are charged for ongoing asset allocation services for pension, profit sharing, 401(k) and 403(b) plans.

Fees are negotiable and based on the nature and complexity of your financial situation and your account, the anticipated research and staff resources required and the Advisor's level of experience and training. Each Advisor determines the method arrangement and amount of fees to be charged. You might be able to obtain similar services from another FFN Advisor for a lower cost. For fixed and hourly arrangements, 50% of the quoted or estimated fee will generally 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 or the entire balance will be due upon completion of the selected services. Services are deemed completed upon presentation of the plan or analysis. Note that other fees from third parties may apply (such as custodial fees, administrative fees, and commissions) and are in addition to FFN's fees. The client is responsible for the payment of all such fees.

Fees will not exceed the ranges set forth below.

1. **Fixed Fee** - up to \$5,000

The fixed fee will also be based on the number of areas for which analysis and planning services will be provided and the anticipated number of meetings.

2. **Hourly Fee** - up to \$500 per hour

The hourly fee will also be based on the scope and number of reports requested by the client, the anticipated number of meetings, and special requests such as after business hour meetings. 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 being more complex than originally believed, you will be presented with a status of the project and an amendment to the anticipated time and cost.

3. **Annual Fee** (for Consulting, Financial Planning, and Asset Allocation Recommendations) - not to exceed \$20,000.00 annually.

Your Advisor will provide asset allocation recommendations, updated plans annually, updated retirement projections annually, and year-end tax consultation. The client has

ongoing access to the Advisor. Fees will also be based on the particular services provided, complexity of the situation and the portfolio, number of accounts being monitored, and number of meetings. Furthermore, the experience of the Advisor is a factor. The annual fee will be stated and agreed upon 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 on Portfolio Value.** Fees are charged quarterly and in advance and are based upon the value of the portfolio on the last business day of the just completed 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. 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, travel, reporting requirements, planning services, type of managed portfolio (mutual funds, bonds, general securities, etc.), and experience of the Advisor. Lower fees for comparable management or other services may be available from other sources.

## **B. How Fees Are Collected**

Advisory fees are collected directly from your managed account on a quarterly basis. The custodian of your account will provide you with an account statement reflecting the deduction of the advisory fees. If your account does not contain sufficient funds to pay the advisory fees due, we have limited authority to sell or redeem securities in sufficient amounts to cover those fees. You may elect to have your financial planning or retirement consulting fees deducted from your brokerage accounts, bank accounts, charged to your credit card or to be billed for your fees.

## **C. Other Fees**

In addition to the advisory, planning or consulting fees charged by us, other fees typically apply. Brokerage commissions, transaction fees, sales loads, sales charges, management fees, administrative fees, account maintenance fees, transfer taxes, wire transfer fees, electronic fund fees, and other fees may be charged by the broker or dealer executing the securities transactions in the advisory accounts, by the custodian, and/or by the distributor, issuer or fund issuing the securities purchased and sold within the advisory accounts. You are solely responsible for paying all such charges with the exception of accounts enrolled in a Wrap Program, in which case, typically, transaction and custodial fees are covered by the advisory fee. In addition,

mutual funds and certain exchange-traded funds (“ETFs”) charge you for operating expenses, including management fees, , and are paid from your investment amount each year. To the extent that your portfolio has investments in these mutual funds or ETFs, you pay two levels of advisory fees for the management of the assets: one directly to us, and the other indirectly to the managers of those mutual funds and ETFs. Neither FFN nor any of its Advisors receives any portion of these other fees with the exception that if your account is held at Pershing and if your Advisor is also registered with Osaic Wealth, he/she receives a portion of the transaction charges collected by Osaic Wealth. Transaction charges assessed by Schwab are not shared with Osaic Wealth or your Advisor.

#### **D. Termination of Service**

Generally, you may terminate your agreement with us, without penalty, upon written notice to us within five (5) business days after entering into the agreement. You will remain responsible, however, for any fees or charges assessed by third parties (such as commissions for any securities transactions in your account as well as account maintenance and custodial fees). Thereafter, the agreement may be terminated by you or by us at any time upon written notice to the other. If you terminate the agreement during a calendar quarter for an account where we charge fees in advance, we will issue a pro-rata refund of the pre-paid advisory fees for the number of days left in the calendar quarter. In the event advisory fees are charged in arrears, we will deliver a final billing statement to you for payment of fees for unbilled work performed prior to termination and, as applicable, for reimbursement of expenses incurred through the effective date of termination. We provide 30 days from the date of the bill for payment to be made.

#### **E. Broker-Dealer Charges**

Some of our advisors may be engaged by you as a registered representative under Osaic Wealth. If you choose to enter this arrangement, you will be charged on a commission basis to effect securities transactions. The brokerage commissions charged by Osaic Wealth may be higher or lower than those charged by other broker-dealers. In addition, Osaic Wealth and the registered representative may receive ongoing commissions, called 12b-1 trails, from the mutual fund company for as long as you maintain the mutual fund investment. Item 12 further describes the factors we consider in recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions). Please carefully review the disclosures of fees and conflicts found in Item 12

1. Recommending Osaic Wealth as a securities broker-dealer and accepting compensation for the sale of securities or other investment products raises conflicts of interest because there is an incentive to recommend investment products based on compensation received, rather than your need, and the higher their production with Osaic Wealth the greater opportunity for obtaining a higher pay-out on commissions earned. We generally mitigate these conflicts through various disclosures to you. .
2. You have the option to purchase investment products that you are recommended through other brokers or agents that are not affiliated with us..
3. When a investment product is sold on a commission basis, in their individual capacities as registered representatives of Osaic Wealth and/or as licensed insurance agents, we do not charge an advisory fee in addition to the commissions paid by the client for such security.

However, there might be occasions where a security was sold by your advisor, as a representative of Osaic Wealth, on a commission basis and then later they would like to include the same investment product in your investment advisory account. Except as set forth above, when providing services on an advisory fee basis, our representatives do not also receive commission compensation for such advisory services. However, you may engage us to provide managed account services and separate from such services provided by representatives of Osaic Wealth on a commission basis.

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

We do not charge performance-based fees (fees that are based on a share of the capital gains or capital appreciation of the client's account) or engage in side-by-side management.

## **Item 7 Types of Clients**

Our services are generally geared toward:

- Individuals and High-Net-Worth Individuals
- Pension and profit-sharing plans and other qualified plans
- Trusts, estates, and charitable organizations
- Corporations and other business entities

We do not generally require an annual minimum fee or asset level for managed account services.

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

### **A. Methods of Analysis**

Our Advisors utilize various strategies and methods for investment research including:

- Economic analysis. Economic analysis generally involves studying various factors in an economy, including macro-economic factors (such as interest rates, inflation, and growth) and micro-economic factors (such as market share, supply, and consumer demands) specific to a particular industry, sector, or company. Market analysis involves using trailing indicators that might not competently keep pace with the fluid nature of the economy that can be significantly affected by novel, uncommon, and unanticipated occurrences, including political factors, trade disputes, and natural disasters.
- 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. Fundamental analysis has a number of risks: the analysis may be compromised by incorrect or stale data; the analysis method typically does not consider the influence of random events and acts of God; and, the market may fail to reach expectations of perceived value.
- 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. These methods can be highly subjective, and analysts can make contradictory predictions from the same data. Additionally, while technical analysts believe that the relational patterns they detect will be repeated under similar future market conditions, market conditions consist of many factors and any change to one factor can cause significant changes to the security's price. Further, technical

analysts assume that all market factors are known to and considered by all market participants; although, in fact, we know that is not always true.

Investing in securities involves the risk of loss that you should be prepared to bear. We do not represent, warrant or imply that the services or methods of analysis used by your Advisor 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 Advisor will provide a better return than other investment strategies.

### ***Use of Artificial Intelligence and Automated Tools***

- Operational Reliance: FFN utilizes third-party artificial intelligence (“AI”) and machine learning tools to record, transcribe, and summarize certain client meetings and internal discussions.
  - Inaccuracy Risk (“Hallucinations”): AI-generated summaries are subject to errors, including the creation of factually incorrect information or the misattribution of statements to the wrong speaker.
  - Verification Limitations: While we generally review AI outputs for accuracy, there is a risk that material errors or omissions in the automated record may go undetected.
- Data and Privacy Risks:
  - Third-Party Processing: Client data, including audio and video recordings, is transmitted to and stored by third-party AI vendors. FFN cannot guarantee the absolute security of these external platforms.
- Cybersecurity: The use of AI tools introduces additional attack vectors, including the potential for data breaches at the vendor level or unauthorized access to meeting transcripts.

## **B. Investment Strategies and Risks**

Your Advisor’s strategy typically would not involve significant or unusual risks and will be to seek long-term portfolio growth. Your Advisor will not attempt to manage short-term market fluctuations with active trading (market timing, etc.), which would impact investment performance particularly through increased brokerage and other transaction costs and taxes. However, your Advisor can reallocate the portfolio as necessitated by large-scale macro-economic changes in the securities markets.

Every investment strategy has its own inherent risks and limitations. In addition to the investment strategies discussed above, your advisor could implement or recommend the use of short selling, margin or options transactions. Each of these strategies has a higher level of complexity and inherent risk.

Short selling is an investment strategy with a high level of inherent risk. Short selling involves the selling of assets that the investor does not own. The investor borrows the assets from a third-party lender (e.g., Broker-Dealer) with the obligation of buying identical assets at a later date to return to the third-party lender. Individuals who engage in this activity shall only profit from a decline in the price of the assets between the original date of sale and the date of

repurchase. Conversely, the short seller will incur a loss if the price of the assets rise. Other costs of short selling may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets.

Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. To the extent that an investor authorizes the use of margin, and margin is employed in the management of your investment portfolio, the market value of the account and corresponding fee payable will be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the client's decision to employ margin may correspondingly increase the management fee. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by FFN shall be with the intent of "hedging" a potential market risk in a client's portfolio or with the intent to generate income or as a cash management tool. Although the intent of the options-related strategy may be to hedge against principal risk, some options-related strategies (e.g., straddles, short positions, etc.), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies.

We may recommend or facilitate securities-based lending ("SBL") arrangements for clients through third-party lenders. SBL allows clients to borrow funds using eligible securities in their investment portfolio as collateral. These loans are typically non-purpose loans, meaning the proceeds cannot be used to purchase or carry margin stock. SBL involves certain risks, including but not limited to:

- Collateral Risk: If the value of the pledged securities declines, the lender may require additional collateral or liquidate securities without notice.
- Market Risk: Forced liquidation may occur during unfavorable market conditions, potentially resulting in losses.
- Interest Rate Risk: Loan interest rates may be variable and could increase over time.
- Loan Purpose Restrictions: Proceeds may not be used for certain purposes, including purchasing additional securities.

You are encouraged to carefully review all loan documents and consult with your tax or legal advisors before entering an SBL arrangement.

Mutual funds are selected based on any or all 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.

### C. **Risks of Particular Types of Securities**

#### **General Risks**

Investing in securities involves the risk of loss that you should be prepared to bear. Different types of investment involve varying degrees of risk and there can be no assurance that any specific investment or investment strategy will be either suitable or profitable for your investment portfolio. Past performance is not indicative of future results.

Prior to entering into an investment advisory agreement with us, you should carefully consider: (i) committing to management only those assets that you believe will not be needed for current purposes and that can be invested on a long-term basis; (ii) that volatility from investing in the market can occur; and (iii) that, over time, the value of your portfolio may fluctuate and may, at any time, be worth more or less than the amount originally invested.

#### **Special Risks**

While investing in any security involves risk, investing in some types of securities carries special risks. FFN Advisors 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 securities and can include stocks and bonds. The selection of securities varies based on your Advisor and what is deemed appropriate for your managed portfolio. A summary of the special risks associated with the types of securities we primarily recommend is provided below. Please note that the following summaries are general in nature and do not include an explanation of all risks associated with a given security type.

**Mutual Funds.** The risks with mutual funds include the costs and expenses within the fund that can impact performance, change of managers, and the fund straying from its objective. Open-end mutual funds do not typically have a liquidity issue, and the price does not fluctuate throughout the trading day. The risks with ETFs, stocks, bonds or other exchange traded securities are 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 of 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 generally often have higher trading costs; however, the internal costs of the fund are lower. Share classes other than institutional shares will become more expensive when held in the account for longer periods. You should consider the amount being invested and how long you anticipate holding the shares, to make a decision as to the share class most suitable for you. In addition to the various mutual fund share classes, mutual funds can also have a clone as an Exchange Traded Fund. Clones are designed to replicate, track or approximate the holdings, performance and investment mandates of the mutual fund and generally have lower expenses than the lowest cost mutual fund share class. Additional investor information is available through FINRA's website at [www.finra.org](http://www.finra.org) as well as the SEC's website at [www.sec.gov](http://www.sec.gov), including an Investor

Alert about mutual fund share classes.

**Exchange-traded Funds (“ETFs”)**. An ETF is a type of investment company (usually, an open-end fund or unit investment trust) containing a basket of stocks. Typically, the objective of an ETF is to achieve returns similar to a particular market index, including sector indexes. An ETF is similar to an index fund in that it will primarily invest in securities of companies that are included in a selected market. Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETFs trade throughout the day on an exchange. Like stock mutual funds, the prices of the underlying securities and the overall market may affect ETF prices. Similarly, factors affecting a particular industry segment may affect ETF prices that track that particular sector.

ETF performance may not exactly match the performance of the index or market benchmark that the ETF is designed to track because (i) the ETF will incur expenses and transaction costs not incurred by any applicable index or market benchmark, (ii) certain securities comprising the index or market benchmark tracked by the ETF may, from time to time, temporarily be unavailable, and (iii) supply and demand in the market for either the ETF and/or for the securities held by the ETF may cause the ETF shares to trade at a premium or discount to the actual net asset value of the securities owned by the ETF.

**Structured Exchange Traded Products (“S-ETPs”)** – S-ETPs, also known as hybrid ETPs, Buffered ETPs, Defined Outcome ETPs, or Target-Outcome ETPs are a combination of traditional exchange traded products, which are designed to track the performance of a specific benchmark (specific assets or indices) with predetermined buffer utilizing derivatives. By using a derivatives package of options, the S-ETP issuer constructs a defined outcome profile, including the stated downside protection, while capping the gains. These S-ETPs are designed to cover some losses, but do not guarantee complete protection against loss. The upside potential of these S-ETPs can vary based on the stated period of time to achieve a specific investment outcome. If the market conditions change, the clients may not have the same level of gains. Even if the underlying benchmark performs well, the returns are capped, limiting the gains on an upward market trend. Purchasing shares at the beginning of the target outcome periods allows for full capitalization of the available downside protection and upside protection. Buying or selling S-ETPs at times other than the intended period of the S-ETPs investment strategy could result in returns that differ from the intended performance outcome. If the underlying assets are illiquid, it could be difficult to replicate the index. S-ETPs that use derivative instruments, could face counterparty risk if the other party in the transaction fails to fulfill its obligations. Low trade volumes and market volatility could make it harder to buy in and sell out of the positions in the ETP. The reduced liquidity can lead to wider bid-ask spreads becoming more expensive to purchase. Large traders can influence the price when there are low trade volumes and can lead to discrepancies between the ETPs price and its underlying net asset value (NAV). Structured ETPs, with downside buffers, involve fees and expenses that can impact their overall performance. While the upside cap and buffer are designed to provide specific returns and downside protection, fees can reduce the realized return, including but not limited to trading costs, commissions and other fees.

**Variable Annuity Contracts**. A variable annuity is not a short-term investment vehicle. Surrender charges, which would reduce the value of your contract, may apply. Contract fees and expenses may be significant. These may include deductions from purchase payments,

surrender charges, and ongoing fees and expenses associated with owning a contract. You can lose money in a variable annuity, including potential loss of your original investment. The value of your investment and any returns will depend on the performance of the underlying investments. Each underlying fund may have its own unique risks. Optional features may carry investment restrictions. Or the benefits of the optional features may be significantly reduced if withdrawals over a certain amount are made or if withdrawals are taken before you reach a certain age. The financial strength of the insurance company that issues the contract backs all guarantees, including the death benefit, living benefits, and your annuity payments. If the insurance company experiences financial distress, it may not be able to meet its obligations to you. A variable annuity grows on a tax-deferred basis, so there is no additional tax benefit to holding one of these products within a qualified account. The use of fee-based insurance products involves a high level of inherent risk and will contain expenses that you will pay in addition to the advisory fee that we would charge.

**Interval Funds.** Interval funds are a non-traditional type of closed-end fund that is not listed on an exchange and that periodically offers to repurchase a limited percentage of outstanding shares, as defined in its prospectus, from its shareholders. Interval funds can expose investors to liquidity risk. Investments in an interval fund involve additional risk, including lack of liquidity and restrictions on withdrawals. During any time periods outside of the specified repurchase offer window(s), investors will be unable to sell their shares of the interval fund. There is no assurance that an investor will be able to tender shares when or in the amount desired. There can also be situations where an interval fund has a limited amount of capacity to repurchase shares and may not be able to fulfill all purchase orders. In addition, the eventual sale price for the interval fund could be less than the interval fund value on the date that the sale was requested. While an interval fund periodically offers to repurchase a portion of its securities, there is no guarantee that investors may sell their shares at any given time or in the desired amount. As interval funds can expose investors to liquidity risk, investors should consider interval fund shares to be an illiquid investment. Typically, the interval funds are not listed on any securities exchange and are not publicly traded. Thus, there is no secondary market for the fund's shares. Because these types of investments involve certain additional risk, these funds will only be utilized when consistent with a client's investment objectives, individual situation, suitability, tolerance for risk and liquidity needs. Investment should be avoided where an investor has a short-term investing horizon and/or cannot bear the loss of some, or all, of the investment. There can be no assurance that an interval fund investment will prove profitable or successful.

**Common Stocks.** The major risks associated with investing in common stocks relate to the issuer's capitalization, quality of the issuer's management, quality and cost of the issuer's services, the issuer's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the issuer's ability to create shareholder value (e.g., increase the value of the company's stock price).

**Bonds.** Bonds are subject to credit risk, which is the risk of default associated with the issuer. Bonds are also subject to interest rate risk or the risk that changes in interest rates during the term of the bond might affect the market value of the bond prior to the call or maturity date. Investors should also consider inflation risk, which is the risk that the rate of the yield to call or maturity will not provide a positive return over the rate of inflation for the period of the investment.

**Real Estate Investment Trusts ("REITs").** A REIT is a corporation, trust or association that owns and manages a portfolio of real estate properties and/or mortgages, allowing shareholders to

invest in larger-scale, income producing real estate. The primary risks associated with REITs are declining property values, overbuilding, extending vacancies, increases in competition, property taxes and operating expenses, changes in zoning laws, inaccurate valuations of the underlying property(ies), early withdrawal penalties, rising interest rates, illiquidity (publicly traded REITs are more liquid than non-traded REITs), uninsured damage, limitations on and variations in rents, and under-diversification. REITs are subject to heavy cash flow dependency, default by borrowers, and self-liquidation.

**Alternative Investments.** Alternative Investments are highly complex investment vehicles that fall outside of traditional categories like stocks and bonds. Common types of Alternative Investments include, but are not limited to private equity, hedge funds and real assets. These investments are typically used to diversify portfolios and potentially enhance returns but carry a higher degree and unique set of risks, such as illiquidity risk, valuation challenges, high fees, less regulatory oversight and transparency and market and strategy risk. These types of investments are typically limited to accredited and sophisticated investors, but alternative strategies can be available through open-end mutual funds or ETFs, which can include the same types of risks mentioned previously.

## **Item 9 Disciplinary Information**

We are required to disclose all material facts regarding certain legal or disciplinary events related to us or our management personnel. We have no such legal or disciplinary events to disclose.

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

- A. FFN is neither registered nor has an application pending to register as a securities broker-dealer.
- B. The Firm is neither registered nor has an application pending to register as a futures commission merchant, commodity pool operator, or commodity trading advisor.
- C. Some of our Advisors are dually registered as representatives of Osaic Wealth for purposes of transacting securities business on a commission basis. FFN is not affiliated with Osaic Wealth. Osaic Wealth's principal business is as a full-service general securities broker-dealer registered with the SEC, FINRA, and various other regulatory bodies. Additionally, Osaic Wealth is a registered investment adviser and provides access to Third Party Investment Advisory Services. In that regard, certain FFN Advisors are registered with Osaic Wealth's Investment Adviser for the provision of Third-Party Advisory Services and products. In certain circumstances, Advisors may refer a client to Osaic Wealth for specific services where the Advisor would receive a referral fee. Although Osaic Wealth maintains supervisory responsibilities over FFN's Advisor's outside business activities, Osaic Wealth does not control FFN with respect to the conduct of its Investment Advisory activities or the management of its business. Notwithstanding, because Advisors are dually registered with Osaic Wealth, Osaic Wealth has certain supervisory duties with respect to their activities. To that end, Osaic Wealth will require certain account opening documents to be completed by you and your Advisor. Once all requisite documents have been completed, your Advisor will submit the documents to Osaic Wealth for its review and approval in its capacity as the broker-dealer of record. In certain instances, Osaic Wealth will collect, as paying agent for FFN, the investment advisory fee due FFN from the account custodian. Osaic

Wealth will retain a portion as an administrative charge to FFN for functions Osaic Wealth carries out.

FFN is a licensed insurance agency. Advisors are associated with various insurance companies as licensed insurance agents. Advisors can recommend insurance products offered by an insurance company represented by FFN. If you purchase these products through Advisors 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 Advisors 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 Advisor, this disclosure is provided to clients. FFN attempts to mitigate the conflicts of interest associated with the receipt of commissions by providing you with these disclosures.

Some of our Advisors also offer accounting, tax preparation services, or estate planning services. The fees you pay to them for accounting, tax preparation, or estate planning services are in addition to the fees you will pay for advisory services. You are not obligated to use accounting, tax preparation, or estate planning services offered by our Advisors. These arrangements create a conflict of interest as these Advisors have a financial incentive to recommend these services based on compensation received, rather than your need. We address these conflicts of interest by disclosing them to you when applicable.

- D. As discussed above, FFN has entered arrangements with various third parties to offer you additional management and service offering options. Should you select one or more of the programs offered by third party managers or platform providers, FFN and your Advisor will receive a portion of the total fee you pay. You are advised the programs are generally more expensive than other asset management options. However, for the cost, you receive the services or access to a larger number of investment professionals or strategies. FFN and your Advisor's receipt of compensation because of your participation in the program creates a conflict of interest and is mitigated through disclosures. There are other third-party manager programs or platforms that may be more suitable for a lower cost.

## **Item 11 Code of Ethics**

- A. FFN has adopted a Code of Ethics that sets forth the governing ethical standards and principles of the Firm. It also describes our policies regarding the following: the protection of confidential information; the review of the personal securities accounts of certain personnel of the Firm for evidence of manipulative trading, trading ahead of clients, and insider trading; trading restrictions or pre-approval requirements; training of personnel; and recordkeeping. All supervised persons at FFN must acknowledge the terms of the Code of Ethics upon hire and as amended. A copy of our Code of Ethics is available to you, upon request.
- B. Neither FFN nor any related person of FFN recommends, buys or sells for client accounts, securities in which FFN or any related person has a material financial interest. Examples of these situations would be if we act as a principal in the buy or sell transaction or if we acted as an investment adviser to an investment company that we would recommend to you.
- C. Subject to satisfying our policies and all applicable laws, we (including our Advisors and other of our associated persons) may invest in securities identical to those securities recommended to you or bought or sold in your account. The Code of Ethics is designed to permit our Advisors and certain other associated persons to invest for their own accounts while assuring that their

personal transaction activity does not interfere with making decisions in the best interest of advisory clients or implementing those decisions. We maintain a list of all securities holdings of our Advisors as well as those associated persons who (a) are involved in making securities recommendations, (b) have access to securities recommendations that are not public, or (c) have access to nonpublic information regarding client securities transactions and we supervise the trading activity in their personal and related accounts. We will not put our interests before your interests. We will not intentionally trade in such a way to obtain a better price for us than for you. We do not permit our Advisors or other associated persons to trade based on non-public information or share or tip such information. Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with our obligation of best execution. In such circumstances, all persons participating in the aggregated order will receive an average share price with all other transaction costs shared on a pro rata basis. We will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Partially filled orders will be allocated on a pro rata basis. Any exceptions must be pre-approved by the Chief Compliance Officer.

- D. FFN and our advisors may buy or sell securities, at or around the same time, as those securities recommended to you. This practice could create a situation in which we may benefit from the sale or purchase of those securities due to the market fluctuations caused by those transactions. This is a conflict of interest as there may be a financial incentive and opportunity to self-benefit by recommending or transacting in these securities at or around the same time as you. We address these conflicts with the same processes described in section C above.

## **Item 12 Brokerage Practices**

- A. We do 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 below). Your assets must be maintained in an account at a "qualified custodian" and typically recommend our clients use Schwab, Fidelity or Pershing. Schwab, Fidelity and Pershing are a FINRA-registered broker-dealer and qualified custodians. These firms will hold your assets in a brokerage account and buy and sell securities when we instruct them to do so. While we recommend that you use Schwab, Fidelity or Pershing, you will ultimately decide where your account will be held. If you open your account with one of these firms, you will enter into an agreement directly with them. We do not provide or open an account for you. Even though your account is maintained by a qualified custodian, we can still use other brokers to execute trades for your account as described below.

If your Advisor is also registered as a representative of Osaic Wealth, he/she cannot conduct securities transactions away from Osaic Wealth unless Osaic Wealth authorizes the Advisor to do so. Certain Advisors have obtained approval to transact securities business for their clients through Schwab as well as Pershing, and for certain corporate qualified accounts, through National Fidelity and National Financial Services, which is a subsidiary of Fidelity.

We are independently owned and operated and not affiliated with Osaic Wealth, Pershing, Schwab, Fidelity or National Financial Services.

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 recommendation services alone and will not include implementation.

### **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 to you when compared to other available providers and their services. We consider a wide range of factors, including (among others) the following:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for 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 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, we review alternative broker-dealers and custodians to ensure that the broker-dealers we recommend are meeting our duty to provide best execution for client accounts. To conduct our reviews, we evaluate criteria such as overall expertise, cost competitiveness and financial condition. The quality of execution 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 broker-dealer, but rather, all criteria taken together will be used in the evaluation.

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

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

### **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 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. Custodians help facilitate the correction of trades which are entered in error. When a trade error correction results in a financial gain, the custodians have internal policies to remove such gains from the clients' accounts and transfer them to a charitable organization. When the trade correction results in financial losses, the custodians remove the losses from the client's account and transfer them to FFN's error account, and those losses are covered and passed along to the Advisor.

#### **1. Research and Soft Dollar Benefits**

## **Products and Services from Schwab**

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like ours. They provide us and our clients access to 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 pays all or a part of a third party's fees. Schwab also provides us with other benefits such as occasional business entertainment for our personnel.

Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab is also compensated with interest earned on the uninvested cash in your account in Schwab's Cash Features Program. Schwab's commission rates, applicable to our client accounts, were negotiated based on the condition that our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. In addition to commissions,

Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "*How We Select Brokers/Custodians*").

### **Products and Services from Osaic Wealth**

Osaic Wealth has a wide range of approved securities products for which it performs due diligence. FFN's Advisors who are registered with Osaic Wealth can sell only those products approved by Osaic Wealth when implementing securities transactions through Osaic Wealth. Commissions charged for these products can be higher or lower than commissions clients are able to obtain if transactions were implemented through another broker-dealer. Osaic Wealth also provides Advisors 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 Advisors and us manage and further develop their business enterprise.

Osaic Wealth and its clearing broker-dealer, Pershing, also make available to us other products and services that benefit us but do not directly benefit clients' accounts. Some of these other products and services assist us 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), trade execution facilitation; research, pricing information and other market data, advisory fee collection facilitation, back-office assistance, recordkeeping, and client reporting. Many of these services generally are used to service all or a substantial number of our client accounts, including accounts not held through Osaic Wealth.

Advisors as Registered Representatives receive trail commissions (i.e. 12b-1 fees) when they direct securities transactions through Osaic Wealth. 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 Osaic Wealth and a portion passed to the Advisor of record. The receipt of such fees could represent an incentive for your Advisor 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).

### **2. Brokerage for Client Referrals**

FFN does not consider or recommend broker-dealers based on receipt of client referrals from the broker-dealer or a third party.

### **3. Directed Brokerage**

FFN does not routinely recommend, request or require that you direct us to execute transactions through a specified broker dealer, nor do we generally permit you to direct us where to execute transactions.

## **B. Aggregated Trades**

Based on your FFN Advisor's discretion, the Advisor 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. Not all orders are aggregated and this is decided at your Advisor's discretion. The impact and cost to you of not aggregating can be a less favorable price or a delay in the order entry.

## **Item 13 Review of Accounts**

### **A. Periodic Review of Accounts**

#### **MANAGED ACCOUNT SERVICES**

Reviews are performed at least annually or more frequently as agreed between you and your Advisor. You may also set thresholds for triggering events to cause a review to take place. Your Advisor will monitor material 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 should notify your Advisor promptly of any changes to your financial goals, objectives or financial situation as such changes often necessitate a portfolio review. You will receive securities transaction confirmations and quarterly statements directly from the custodian.

#### **FINANCIAL PLANNING SERVICES**

You will not receive regular reviews or reports unless you specifically request reviews. We recommend you have at least an annual review and update of 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.

### **B. Other than Periodic Reviews**

FFN may conduct account reviews on an other-than-periodic basis upon the occurrence of a triggering event, such as a change in your investment objectives and/or financial situation, market correction or upon request.

### **C. Client Reports**

Clients are provided, at least quarterly, with written transaction confirmations and written account statements directly from the broker-dealer or custodian. FFN does not directly provide written account statements or reports to clients.

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

## **A. Other Compensation Arrangements**

### **OSIAC WEALTH**

#### **Top Producer Opportunities**

Osaic Wealth offers additional educational, training, marketing and home office support services for those Advisors who 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 Advisors to recommend investment products and advisory services in general.

#### **Incentives From Osaic**

**The Net New Asset Program** - Osaic Wealth put in place a Net New Asset Program whereby Osaic will make additional annual payments to certain Advisors of approximately 35 basis points (0.35%) on average on all new assets added to the Osaic customer accounts custodied with Pershing. The Net New Asset Program provides an incentive for your Advisors to recommend Osaic Wealth for your accounts because the advisor may be compensated more than if you used a different broker/custodian. The costs to a client to maintain accounts through an Osaic Wealth approved custodian can be higher or lower than other broker-dealers. To mitigate this conflict of interest, FFN is providing you with this disclosure.

**The Referral Awards Program** - Subject to certain qualifications and restrictions, Osaic will make payments to affiliated Advisors for referrals of unaffiliated Advisors. For each qualified referred Advisor who affiliates with Osaic, the referring Advisor will receive up to 3% of the referred Advisor's trailing 12-month production and up to 3% of the referred Advisor's first 12 months of productions. Osaic is responsible for these payments and the payments to the Advisor are not a portion of the fees you pay. Your Advisor's status as a referring Advisor is not a conflict to you because if referring, the referred Advisor's production is unrelated to your account. Your Advisor's status as a referred Advisor is not a conflict to you, because your Advisor is not compensated specifically for being part of the Referral Rewards Program.

**The Equity Ownership Plan** - Certain Advisors who are accredited investors are offered the opportunity to invest in AG Artemis Holdings, LP, the parent entity of Osaic Wealth, Inc.

Some Advisors have an arrangement with Osaic to receive account credits when opening accounts with Pershing covering part or all of the ACAT and/or closing account fees incurred when transferring accounts from their previous firm to Osaic. This arrangement is for a limited period of time and capped at a predetermined budget amount. This creates a conflict of interest because your Advisor will have an incentive to encourage you to open account(s) at Osaic Wealth.

Osaic Wealth provides loans to certain Advisors geared toward establishing, maintaining, and expanding our relationship with Osaic Wealth. The repayments of such loans are typically dependent on the financial professional retaining affiliation with Osaic through the end of the loan period. These loans create a conflict of interest for the Advisor to retain affiliation with Osaic in order to avoid repayment of the loan. Please review your Advisor's Brochure Supplement for additional information.

In certain circumstances, Advisors may refer a client to Osaic Wealth for specific services where the Advisor would receive a referral fee. This is a conflict of interest because your advisor may be financially incentivized to refer you to these services rather than another resource or based on

your needs. We mitigate this conflict through disclosure to you, as applicable.

### **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 of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Some Advisors have an arrangement with Schwab to provide account credits when opening accounts with them covering part or all of the ACAT and/or closing account fees incurred when transferring accounts from their previous firm to Schwab. This arrangement is for a limited period of time and capped at a predetermined budget amount. This creates a conflict of interest because your Advisor will have an incentive to encourage you to open account(s) at Charles Schwab.

### **FOCUS FINANCIAL**

#### **Other Non-Cash Compensation**

In addition to reimbursement of training and educational meeting costs, FFN and its Advisors may receive promotional items, meals or entertainment or other non-cash compensation from representatives of mutual fund companies, insurance companies, and Alternative Investment Products. 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**

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

### **B. Advertising and Referral Programs**

Some Advisors use an advertising and referral program for investment professionals offered through SmartAsset Advisors, LLC program, (hereinafter, "SmartAsset") for client referrals within a specific geographic region. They pay a monthly fee for leads made available through SmartAsset's website. The monthly fee is not contingent on the referral becoming a client. SmartAsset provides prospective clients with at least one but up to three potential investment professionals located in the individual's general geographic area. The prospective client determines whether to contact Focus Financial for the investment professionals listed on the website. SmartAsset's role is limited to facilitating an initial introduction between the prospective client and our firm. SmartAsset does not provide prospective clients with an assessment of the

merits or shortcomings of any particular investment profession or their investment strategies. SmartAsset is a lead generation service and does not provide investment advice. You will not pay additional fees because of this referral arrangement.

## **Item 15 Custody**

Although we do not take physical custody of your funds or securities, we are deemed to have custody when you authorize the custodian (e.g., Schwab or Pershing) to directly debit your account for the payment of our advisory fees. Your funds and securities are held by the custodian. You will receive account statements from the custodian at least quarterly. Those account statements will indicate the amount of our advisory fees deducted from your account each billing period, which is not verified by the custodian for accuracy. You should carefully review your account statements for accuracy.

We are deemed to have custody when you authorize financial planning payments to be directed from your Schwab account to FFN. Also, when you authorize a Qualified Charitable Distribution (QCD) to your designated charity and your instructions to mail the check to your advisor's office address to be forwarded to your designated charity.

We are also deemed to have custody when you authorize us to effect money movements from your account to one or more third parties designated, in writing, by you without having to obtain your written consent for each separate, individual transaction. In all such cases, we require that the following criteria be met:

- You provide a written, signed instruction to the qualified custodian that includes the third party's name (which cannot be related to us), address (which cannot be our address), and account number (we will not have any authority to designate or change the identity of the third party, the address, or any other information about the third party);
- You authorize us in writing to direct transfers to the third party either on a specified schedule or from time to time;
- Your qualified custodian verifies your authorization and provides a transfer of funds notice to you promptly after each transfer;
- You have the ability to terminate or change the instruction; and
- Your qualified custodian sends you, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

## **Item 16 Investment Discretion**

FFN offers management services on either a non-discretionary basis (where your Advisor does not have the authority to determine, without obtaining your specific consent, the securities to be bought or sold or the amount of securities to be bought or sold) or on a discretionary basis (where your Advisor will have the authority, without first consulting you, to buy and sell securities in your account). Not all FFN Advisors are authorized to manage client accounts on a discretionary basis. You and your Advisor determine and agree upon the authority your Advisor will have when managing your account.

You may terminate any discretionary authorization at any time by giving us written notice. Additionally, you are advised that:

- You may set reasonable trading restrictions or limitations;

- You may set parameters with respect to when the account should be rebalanced;
- We are not authorized to determine the broker-dealer to be used or the commission rates;
- Your Advisor must obtain your written consent to purchase a variable annuity; and
- 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 Advisor do not vote your securities. You will receive your proxies and other solicitations directly from your custodian or transfer agent. You may contact us or your Advisor if you have questions about the proxies or solicitations you receive.

## **Item 18 Financial Information**

A. We do not require prepayment of more than \$1,200 in fees six months or more in advance.

B. There are no financial conditions or commitments that are likely to impair our ability to meet any contractual commitment to our clients.

C. We have not been the subject of a bankruptcy petition.