

**Item 1: Cover Page for Part 2A of
Form ADV: Firm Brochure
March 2023**



Financial Advisors Network, Inc.

1432 Edinger Avenue, Suite 200
Tustin, CA 92780

Firm Contact:
Brian Douglass, Chief Compliance Officer

Firm Website Address:
www.financialadvisorsnetwork.net

This brochure provides information about the qualifications and business practices of Financial Advisors Network, Inc. If you have any questions about the contents of this brochure, please contact us by telephone at 866-526-7726 or email at brian@fanwmg.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority.

Additional information about Financial Advisors Network, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov by searching CRD # 152083.

Please note that the use of the term "registered investment adviser" and description of Financial Advisors Network, Inc. and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.

Item 2: Material Changes to Our Part 2A of Form ADV: Firm Brochure

Financial Advisors Network, Inc. is required to advise you of any material changes to our Firm Brochure ("Brochure") from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of the last annual update of our Brochure.

Since our last annual amendment filed on February 22nd, 2022, we have the following material changes to disclose:

- We offer Corporate Trustee Services to clients participating in our firm's Comprehensive Portfolio Management Wrap Fee Program. Please see Items 4 and 5 for additional information.
- The parent company of our firm, Kamps Asset Management Planning Services, Inc. ("Kamps, Inc."), is the owner of Independent Recordkeeping, Inc., which provides recordkeeping services for ERISA plans. Our firm may recommend Independent Recordkeeping, Inc.'s services to clients when we deem appropriate. Independent Recordkeeping, Inc.'s services and fees are independent of our financial planning and investment advisory services and are governed under a separate engagement agreement. Please see Item 10 for additional information.
- Our firm's parent company, Kamps, Inc., owns 33% of FFCM, Inc., which is an affiliated company that manages several first trust deed funds. On a non-discretionary basis, our firm recommends that certain clients invest in first trust deed funds managed by our affiliate. Only clients that meet the SEC's definition of an accredited investor may be solicited by our firm to invest in FFCM, Inc.'s first trust deed funds. Our firm and its representatives will not collect any management fees through FFCM, Inc. from clients invested in FFCM, Inc.'s funds.

FFCM's first trust deed funds consist of a revolving pool of first trust deed investments originated and underwritten by Futures Financial, LLC, which is a licensed real estate brokerage firm. Futures Financial, LLC is owned and operated by David Rosenberg and Kendra Rommel through their affiliated entities. Through their affiliated entities, David Rosenberg and Kendra Rommel also own 66% of FFCM, Inc. Please see Item 10 for additional information.

- Our firm is deemed to have custody of client cash and securities invested in first trust deed funds managed by FFCM, Inc. because a representative of our firm is a managing member of FFCM, Inc. In compliance with SEC Rule 206(4)-2(b)(4)(i), FFCM, Inc. sends a financial statement, audited by a registered Public Company Accounting Oversight Board accountant, to each Fund investor within 120 days of each first trust deed fund's fiscal year end. By ensuing these steps are followed, our firm's annual surprise examination requirement is satisfied. Please see Item 15 for additional information.

Item 3: Table of Contents

<u>Section:</u>	<u>Page(s):</u>
Item 1: Cover Page for Part 2A of Form ADV: Firm Brochure.....	1
Item 2: Material Changes to Our Part 2A of Form ADV: Firm Brochure	2
Item 3: Table of Contents	3
Item 4: Advisory Business.....	4
Item 5: Fees & Compensation.....	7
Item 6: Performance-Based Fees & Side-By-Side Management.....	10
Item 7: Types of Clients & Account Requirements	10
Item 8: Methods of Analysis, Investment Strategies & Risk of Loss	10
Item 9: Disciplinary Information.....	14
Item 10: Other Financial Industry Activities & Affiliations.....	14
Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading	16
Item 12: Brokerage Practices	17
Item 13: Review of Accounts or Financial Plans.....	20
Item 14: Client Referrals & Other Compensation.....	20
Item 15: Custody	22
Item 16: Investment Discretion.....	24
Item 17: Voting Client Securities.....	24
Item 18: Financial Information.....	24

Item 4: Advisory Business

Financial Advisors Network, Inc. doing business as Financial Advisors Network is a corporation formed in the State of California and registered with the SEC. We have been in business as an investment adviser since 2011. Our firm is wholly owned by Kamps Asset Management Planning Services, Inc. ("Kamps, Inc."), which is wholly owned by the Kamps 2002 Family Trust. We have our primary office in Tustin, California and another office location in Chapel Hill, North Carolina.

We are dedicated to providing individuals and other types of clients with a wide array of investment advisory services. We specialize in the following types of services: Wrap Comprehensive Portfolio Management, Financial Planning & Consulting, Corporate Trust Services, Seminars, SEI Programs, and Retirement Plan Consulting.

Types of Advisory Services Offered

Financial Planning & Consulting:

We provide a variety of financial planning and consulting services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of the client's current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning or consulting may encompass one or more of the following areas: Investment Planning, Social Security Analytics, Investment Fee Analytics, Annuity Analytics, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Cost Segregation Study, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Business and Personal Financial Planning.

Our written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. For written financial planning engagements, we provide our clients with a written summary of their financial situation, observations, and recommendations. For financial consulting engagements, we usually do not provide our clients with a written summary of our observations and recommendations as the process is less formal than our planning service. Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

Corporate Trust Services:

We offer Corporate Trustee Services to clients participating in our firm's Comprehensive Portfolio Management Wrap Fee Program. Our firm is available to service a variety of charitable, wealth transfer, and asset protection trusts including, but not limited to: Living Trusts (Revocable Trusts), Special Needs or Supplemental Trusts, Irrevocable Life Insurance Trusts, Charitable Lead Trusts, Charitable Remainder Trusts, Marital Trusts, Family Trusts, and Generation-Skipping Trusts.

Corporate Trustee Services typically include:

- Planning, preparing, managing, and filing trust income tax returns.
- Fulfilling ongoing distribution and liquidity needs.
- Creating accounting, estate flow, and other reports.
- Communicating progress of trust distribution to beneficiaries.
- Complying with federal and state laws.
- Documenting and tracking the legal ownership and custody of assets.
- Coordinating payment for bills and outside services when necessary.
- Overseeing property (personal and real).
- Filing insurance claims.
- Investing assets according to trust documents.
- Managing trust assets in a tax efficient manner.
- Adjusting portfolios to fit investment objectives.
- Educating beneficiaries on financial planning and their investment resources.

When designated as a trustee, co-trustee, or successor trustee for a client, our firm administers the client's trust in accordance with the specifications of their trust documents. We provide investment management and manage all aspects of the trust administration. However, we do not provide legal, real estate, or accounting services. The client is responsible for selecting such service providers. These service providers will charge fees that are separate from, and in addition to, the fees charged by our firm.

Seminars:

Mr. Kamps is a licensed presenter of Financial Strategies for Successful Retirement (FSSR). FSSR is published by Broadridge Advisor Solutions. Employees of Financial Advisors Network, Inc. may present these course materials in these seminars.

SEI Programs:

Our firm recommends that certain of our clients allocate investment assets among the various mutual fund asset allocation models, underlying mutual funds, and/or independent investment manager programs offered through SEI Investments Management Corp. ("SEI"). SEI is a global asset management company and sponsor of its own proprietary mutual funds. SEI Private Trust Company, an affiliate of SEI, serves as custodian for each SEI account, and provides each client with reporting services, including consolidated monthly statements, quarterly performance reports, and year-end tax reports. SEI enables investment advisers such as our firm to offer its clients mutual fund asset allocation models, underlying individual mutual funds, and investment management programs that are not otherwise available to the general public. As part of its overall investment management program, SEI offers quarterly rebalancing of each client's investment assets for the purpose of maintaining the assets in accordance with the client's previously designated percentage (%) asset allocations for the SEI account. Our firm shall not remove clients' account from SEI to another program without the client's consent.

Retirement Plan Consulting:

Our firm provides retirement plan consulting services to employer plan sponsors on an ongoing basis. Generally, such consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the

plan sponsor dictate, areas of advising could include: investment options, plan structure and participant education.

Retirement Plan Consulting services typically include:

- Investment Policy Statement – Our firm will review or assist in the development of a statement that summarizes the investment goals and objectives along with the broad strategies to be employed to meet the objectives.
- Investment Options – Our firm will work with the Plan Sponsor to evaluate and select existing investment options and make recommendations for appropriate changes.
- Asset Allocation and Portfolio Construction – Our firm may develop strategic asset allocation models to aid Participants in developing strategies to meet their investment objectives, time horizon, financial situation and tolerance for risk.

In providing services for retirement plan consulting, our firm does not provide any advisory services with respect to the following types of assets: employer securities, real estate (excluding real estate funds and publicly traded REITS), participant loans, non-publicly traded securities or assets, other illiquid investments, or brokerage window programs (collectively, “Excluded Assets”).

All retirement plan consulting services shall be in compliance with the applicable state laws regulating retirement consulting services. This applies to client accounts that are retirement or other employee benefit plans (“Plan”) governed by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). If the client accounts are part of a Plan, and our firm accepts appointments to provide service to such accounts, our firm acknowledges its fiduciary standard within the meaning of Section 3(21) or 3(38) of ERISA as designated by the Retirement Plan Consulting Agreement with respect to the provision of services described therein.

Tailoring of Advisory Services

We offer individualized investment advice to Wrap Comprehensive Portfolio Management clients. Additionally, we offer general investment advice to clients utilizing our firm’s Financial Planning & Consulting, Corporate Trust Services, and Retirement Plan Consulting services.

Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account. Restrictions would be limited to our Wrap Comprehensive Portfolio Management service.

Participation in Wrap Fee Programs

We offer and sponsor a wrap fee program as further described in Part 2A, Appendix 1 (the “Wrap Fee Program Brochure”). Comprehensive Portfolio Management services are only offered through wrapped accounts, which are managed on an individualized basis according to the client’s investment objectives, financial goals, risk tolerance, etc. As further described in our Wrap Fee Program Brochure, we receive a portion of the wrap fee for our services.

Regulatory Assets Under Management

We manage \$490,122,460 on a discretionary basis and \$123,809,492 on a non-discretionary basis as of December 31st, 2022. Our total assets under management is \$613,931,952.

Item 5: Fees & Compensation

We are required to describe our brokerage, custody, fees, and fund expenses so you will know how much you are charged and by whom our advisory services are provided to you. Our fees are generally negotiable. Lower fees for comparable services may be available from other sources.

Compensation for Our Advisory Services

Financial Planning & Consulting:

We charge on an hourly or flat fee basis for financial planning and consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our hourly fees are \$350 for financial advisors and \$125 for paraplanners. Flat fees generally range from \$1,250 to \$3,500.

We require a retainer of fifty-percent (50%) of the ultimate financial planning or consulting fee with the remainder of the fee directly billed to you and due to us within thirty (30) days of your financial plan being delivered or consultation rendered to you. In all cases, we will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 (six) months.

Corporate Trust Services:

We charge a flat fee or fee based on a percentage of trust assets under management for Corporate Trust Services if our firm or any of its representative(s) are elected as a trustee or co-trustee for a client's trust. The fees for Corporate Trust Services are in addition to any fees charged by our firm for our Comprehensive Portfolio Management Wrap Fee Program. The tiered fee schedule for Corporate Trust Services is as follows:

Trust Assets Under Management	Trust Services Fee
\$0 - \$1,000,000	\$5,000
\$1,000,001 - \$2,000,000	0.50%
\$2,000,001 - \$4,000,000	0.40%
\$4,000,001 - \$8,000,000	0.35%
\$8,000,001 - \$12,500,000	0.20%
\$12,500,001 - \$15,000,000	0.15%
\$15,000,001 - \$20,000,000	0.10%
\$20,000,001 +	Negotiable

Fees to be assessed will be outlined in the agreement to be signed by the client. Our firm's fees, which are generally negotiable, are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter. If a valuation for an asset (including real estate property in the trusts) is not available for the last day of the previous quarter, we will rely on the most recent valuation available for the asset. Our firm bills on cash unless indicated otherwise in writing.

The fee will be deducted directly from another account managed by our firm. If there are insufficient funds available in another client account or our firm believes that deducting the fee from another

client account would be prohibited by applicable law, we will invoice the client directly. For fees deducted from your account, you understand and acknowledge the following:

- a) Your independent custodian sends statements at least quarterly to you showing the market values for each security included in the assets and all disbursements in your account including the amount of the advisory fees paid to us.
- b) You provide authorization permitting us to be directly paid by these terms. We send our invoice directly to the custodian.
- c) If we send a copy of our invoice to you, our invoice will include a disclosure urging you to compare information provided in our statement with those from the qualified custodian.

Seminars:

Mr. Kamps does not earn any fees or revenue from these seminars. Instead, each attendee pays a \$59 fee (plus \$5 fee for a guest) to the particular college at which Mr. Kamps presents. A portion of the fee is used for class materials.

SEI Programs:

Our firm charges an annual advisory fee of up to a maximum of 1.30% based on the value of assets in an SEI program account. The advisory fee is negotiable between our firm and the client. The exact fee and/or fee schedule for each client will be disclosed in SEI's Client Agreement. The advisory fee is payable quarterly in arrears. SEI calculates and deducts the advisory fee according to the SEI Client Agreement.

Retirement Plan Consulting

Our Retirement Plan Consulting services are billed on the percentage of Plan assets. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client. Fees based on a percentage of managed Plan assets will not exceed 1.00%. The fee-paying arrangements for Retirement Plan Consulting services will be determined on a case-by-case basis and will be detailed in the signed consulting agreement. Clients will be invoiced directly for the fees.

Other Types of Fees & Expenses

Charges imposed by the custodian include, but are not limited to, IRA and qualified retirement plan fees, alternative investment processing and custody fees, administrative servicing fees for trust accounts, fees based on cash or money market deposits, and other charges required by law and imposed by the executing broker/dealer or custodian. Also, clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

For clients that use Charles Schwab & Co. ("Schwab") as a custodian, to the extent a fixed income transaction is executed through a broker/dealer other than Schwab as described in Item 12 Brokerage Practices, the executing broker/dealer may charge a commission, markup/markdown, or other fee for the transaction. Any such charges will be reflected in the price of the security, and we do not receive any portion of these charges.

Charles Schwab & Co., Inc. does not charge transaction fees for online trades of U.S. equities, ETFs and options (subject to \$0.65 per contract fee). We encourage you to review Schwab's pricing to compare the total costs of entering into a wrap fee arrangement versus a non-wrap arrangement. You will still incur commissions and fees for certain types of transactions in a non-wrap fee arrangement. To see what you would pay for transactions in a non-wrap account please refer to Schwab's most recent pricing schedules available at www.schwab.com/aspricingguide.

TD Ameritrade, Inc. ("TD Ameritrade") does not charge transaction fees for U.S. listed equities and exchange traded funds.

LPL Financial offers a trading platform with select exchange traded funds ("ETFs") that do not charge transaction fees. The no-transaction-fee ETF trading platform is available to clients participating in LPL Financial's Strategic Wealth Management ("SWM") program. Clients will be subject to transaction fees charged by LPL Financial for ETFs not included in LPL Financial's platform and for other types of securities. The limited number of ETFs available on LPL Financial's no-transaction fee platform may have higher overall expenses than other types of securities and ETFs not included in the platform. Other major custodians have eliminated transaction fees for all ETFs and U.S. listed equities, so clients may pay more for investing in the same securities at LPL Financial.

Wrap fee clients will receive our Form ADV, Part 2A, Appendix 1 (the "Wrap Fee Program Brochure"). Except for non-discretionary trades at Millennium Trust Company, wrap fee clients will not incur custodian transaction costs for trades. More information about this is disclosed in our separate Wrap Fee Program Brochure.

Termination & Refunds

We charge our advisory fees quarterly in advance. Either party may terminate the advisory agreement signed with our firm for Wrap Comprehensive Portfolio Management and Corporate Trust Services by providing written notice to the other party at any time. Upon notice of termination, our firm will process a pro-rata refund of the unearned portion of the advisory fees charged in advance.

Either party may terminate the Financial Planning & Consulting agreement at any time before the delivery of a financial plan by providing written notice to the other party. For purposes of calculating refunds, all work performed by us up to the point of termination shall be calculated at the hourly fee currently in effect. Clients will receive a pro-rata refund of unearned fees based on the time and effort expended by our firm.

Either party to a Retirement Plan Consulting Agreement may terminate at any time by providing written notice to the other party. Full refunds will only be made in cases where cancellation occurs within 5 business days of signing an agreement. After 5 business days from initial signing, either party must provide the other party 30 days written notice to terminate billing. Billing will terminate 30 days after receipt of termination notice. Clients will be charged on a pro-rata basis, which takes into account work completed by our firm on behalf of the client. Clients will incur charges for bona fide advisory services rendered up to the point of termination (determined as 30 days from receipt of said written notice) and such fees will be due and payable.

Commissionable Securities Sales

Our firm and advisors do not accept compensation for the sale of securities or other investment products.

Item 6: Performance-Based Fees & Side-By-Side Management

We do not charge performance fees to our clients.

Item 7: Types of Clients & Account Requirements

We have, or will likely have, the following types of clients:

- Individuals and High Net Worth Individuals
- Trusts, Estates or Charitable Organizations
- Pension and Profit Sharing Plans

Our firm does not impose requirements for opening and maintaining accounts or otherwise engaging us. However, there may be annual custodial account fees for retirement accounts and closing account fees charged by the custodians.

Item 8: Methods of Analysis, Investment Strategies & Risk of Loss

Methods of Analysis

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

- Fundamental
- Technical
- Quantitative

Our firm will utilize several disciplines of analysis. We will use technical analysis, which is the forecasting of prices through the study of past market data, as well as fundamental analysis which examines earnings, economic developments, industry competition dynamics, and the like. Technical analysis is frequently contrasted with fundamental analysis and each have limitations because of assumptions about the market. We enlist a more rational approach by utilizing both types of analyses. We unify our analyses under a quantitative framework, which includes the analysis of investment volatility and correlations, and is used for portfolio construction, risk management, and allocation decision making.

Investment Strategies We Use

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

- Core
- Value
- Momentum
- Income
- Strategic Income
- Tax-Managed Core
- Dividend Focused
- Dividend & Growth Focused
- REIT

The Core strategy is an index fund based strategy designed to have minimal tracking error to our internal benchmark.

The Value strategy is a bottom-up fundamental strategy that seeks to capture the value anomaly in markets.

The Momentum strategy is a top-down technical strategy that seeks to capture the momentum anomaly in markets.

The Income strategy is a bottom-up fundamental strategy designed to produce higher levels of income.

The Strategic Income strategy is a bottom-up strategy designed to produce higher levels of current income with some elements of growth tilt..

The Tax-Managed Core strategy is designed to minimize tax implications by keeping portfolio turnover relatively low as well as generate tax-optimized current income..

The Dividend Focused strategy is yield focused attempting to capture dividend yield from historically stable firms.

The Dividend & Growth Focused strategy is designed to capture capital appreciation amongst dividend yielding firms.

The REIT strategy attempts to generate current income by taking strategic tilts within the real estate sector using publicly-traded real estate investment trust securities.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

There are risks associated with investing in securities. The following highlights some of the risks associated with the types of investments that may be purchased for your account:

- Investing in international markets presents additional risks including currency fluctuations, the potential for diplomatic and political instability, regulatory and liquidity risks and foreign taxation among others. The risks of foreign investing are generally greater in emerging markets.
- High yield bonds carry greater risks than bonds rated as investment grade. For example, they are issued by organizations that do not qualify for an investment grade rating by one of the rating agencies because of the potential for higher default by the issuer. Another risk is that further financial difficulties by the issuer may result in a decrease in the market value, and this may make it impossible to liquidate the bond prior to maturity.
- Funds designed to short the market, or inverse funds, have a goal of providing the opposite or inverse of the return for the underlying index. Inverse funds may have higher expense ratios and be less tax-efficient than a traditional mutual fund or ETF. They may also be riskier.

We may use inverse mutual funds or ETFs as a short term holding in your account when deemed appropriate.

- ETFs are typically investment companies that are legally classified as open end mutual funds or UITs. However, they differ from traditional mutual funds, in particular, in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly-traded companies. ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the “spread.” The spread varies over time based on the ETF’s trading volume and market liquidity, and is generally lower if the ETF has a lot of trading volume and market liquidity and higher if the ETF has little trading volume and market liquidity. Although many ETFs are registered as an investment company under the Investment Company Act of 1940 like traditional mutual funds, some ETFs, in particular those that invest in commodities, are not registered as an investment company.
- Business development companies (“BDCs”) are operated for the purpose of making investments in small and developing business, as well as financially troubled businesses. BDCs must also make available managerial assistance to certain of its portfolio companies and are only required to disclose its net asset value on a quarterly basis. BDCs are often characterized as a publicly traded venture capital or private equity firm that is subject to certain provisions of the Investment Company Act. BDCs can be speculative investments because of the types of investments they make and involve significant risks. These risks include, but are not limited to, portfolio company credit and investment risk, leverage risk, market and valuation risk, price volatility risk, liquidity risk, capital markets risk, interest rate risk, dependence on key personnel, and structural and regulatory risk.
- Structured products are securities derived from another asset, such as a security or a basket of securities, an index, a commodity, a debt issuance, or a foreign currency. Structured products frequently limit the upside participation in the reference asset. Structured products are senior unsecured debt of the issuing bank and subject to the credit risk associated with that issuer. This credit risk exists whether or not the investment held in the account offers principal protection. The creditworthiness of the issuer does not affect or enhance the likely performance of the investment other than the ability of the issuer to meet its obligations. Any payments due at maturity are dependent on the issuer’s ability to pay. In addition, the trading price of the security in the secondary market, if there is one, may be adversely impacted if the issuer’s credit rating is downgraded. Some structured products offer full protection of the principal invested, others offer only partial or no protection. Investors may be sacrificing a higher return to obtain the principal guarantee. In addition, the principal guarantee relates to nominal principal and does not offer inflation protection. An investor in a structured product never has a claim on the underlying investment, whether a security, zero coupon bond, or option. There may be little or no secondary market for the securities and information regarding independent market pricing for the securities may be limited. This is true even if the product has a ticker symbol or has been approved for listing on an exchange. Tax treatment of structured products may be different from other investments held in the account (e.g., income may be taxed as ordinary income even though payment is not received until maturity). Structured CDs that are insured by the FDIC are subject to applicable FDIC limits.
- First trust deed investing involves investing in loans secured by real estate. First trust deeds may be undivided fractionalized interests in whole notes secured by real estate or whole notes secured by real estate. Most trust deed investments are intended to be relatively short term, typically between one and five years, and made to individual real estate investors. The following are some of the risks associated with investing in first trust deeds. Not all clients are appropriate for first trust deed investing.

- Fractionalized Interests – If you own an undivided fractionalized interest in a first trust deed, you will be a joint beneficiary with others on the note. The beneficiaries holding more than 50% interest in the note will govern the actions to be taken on behalf of all holders in the event of default or other matters.
- Credit Risk – Investments in notes secured by first trust deeds and real property sales contracts are subject to risk of loss of principal and monthly income. If the borrower stops making payments on any investments you make, you will not receive income, therefore, you cannot rely on this income.
- Illiquid Investments - First trust deed investments are not liquid. Clients need to be willing to keep the investment until the borrower pays off the loan, or, in the case of default, until the client and other joint beneficiaries have foreclosed and sold the underlying property. Foreclosure proceedings will require consensus of a majority of beneficiaries on the note.
- No Capital Appreciation - With first trust deed investing there is no chance for capital appreciation. Typically, the only returns that the client will be entitled to will come from the interest income generated from the loan.
- Complex Investment - Directly investing in first trust deeds requires that the client identify borrowers, assess deals on their merit, and conduct due diligence on the borrower and the property. This requires knowledge that the client must acquire. There is also risk that a flaw in documentation could increase the risk. For example, litigation or title problems could cause problems if the borrower or some other party make a credible claim that the first trust deed instruments are not valid or that they have some interest in the underlying property. This may require the client to take legal action at additional expense to protect his/her interests.
- Failure to Record Title – The first trust deed investments that you will make will either name you and your percentage interest in the investment or will be assigned to you. Your first trust deed investment is not secured by the real estate collateral unless your interests in those investments are recorded.
- Balloon Payment – A balloon payment is any installment payment (usually the payment due at maturity) which is greater than twice the amount of the smallest installment payment under the promissory note. The borrower is under no obligation to pay off the loan prior to the maturity date. Further, in the case of a balloon payment, there is potential risk that the borrower may not be able to make the balloon payment. The borrower may have to obtain a new loan or sell the property to make the balloon payment. If the effort is not successful it may be necessary for the holder of the note to foreclose on the property as a means of collecting the amount owed.
- Lack of Insurance – The inability to obtain insurance on the real estate for terrorist acts, earthquakes, floods and other acts of nature expose the real estate improvements and value of the first trust deed to risk. For example, if there is an earthquake that destroys a structure on which a client has provided a loan and there is no insurance coverage, the client will experience a loss of principal.
- First trust deed fund (“FTD Fund”) investments carry all the risks of individual or fractionalized ownership of first trust deeds discussed above but also carry their own unique risks. There is the very real prospect of a total loss of the entire investment which is why having appropriate collateral is highly desirable. The collateral should be in an amount sufficient to recover the amount lent to the borrower should the value of the collateral decrease due to unexpected deterioration in marketable conditions for the collateral. Perfecting title then becomes important when foreclosure occurs to transfer title to the lenders and the proper placement of title insurance is an important factor. An FTD Fund is pooled ownership, so you receive a fractional ownership of the fund and share in the pro-rata

losses of the FTD Fund. FTD Funds are often managed by entities related to the broker or the investment advisor which may create a conflict of interest between you and the manager of the FTD Fund of which you should be aware through disclosures of the relevant parties. Please see Item 10 of our Firm Brochure or Item 9 of our Wrap Brochure for additional disclosures related to an Affiliated Fund Manager. You should be allocated a portion of the profits of the FTD Fund which may come to you as a fixed return monthly or quarterly, which is not guaranteed. The sponsor or broker may absorb many of the expenses of the FTD Fund, such as custodial fees at the custodian on your behalf and possibly the origination expenses. The sponsor or broker may receive all or a portion of the origination fees and/or a portion of the borrower interest payments as compensation for sponsoring the FTD Fund and providing the first trust deed opportunities for investments and to offset many expenses in originating the first trust deed investment opportunities. Therefore, it is important to understand what expenses the sponsor or broker is absorbing and how the sponsor or broker is being compensated from originating the investments before it comes into the FTD Fund. Your risk is mitigated by the collateral and the ability and expertise of the FTD Fund manager to resolve any repayment issues related to interest payments and repayment of principal that may arise during the loan period. First trust deeds that comprise the investments in the FTD Fund may be extended and the lack of immediate liquidity is something you should consider when deciding to invest in FTD Funds. FTD Funds have a fixed time period for each fund but may be extended should underlying first trust deed investments in the FTD Fund portfolio be extended or default requiring a foreclosure resulting in a lack of liquidity for your investment. Should investments in the fund become extended past the expected life of the FTD Fund, the FTD Fund manager may attempt to sell the underlying first trust deed investment in the secondary market or to a related party, which may create a conflict of interest that should be disclosed to you. Ultimately, there is no guarantee of fixed periodic interest payments, or the return of capital, and you should consider your own future liquidity, or lack thereof, when deciding to invest in an FTD Fund.

Description of Material, Significant or Unusual Risks

We generally invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our Wrap Comprehensive Portfolio Management services, as applicable.

Item 9: Disciplinary Information

We have determined that our firm and management have nothing to disclose under the aforementioned standard.

Item 10: Other Financial Industry Activities & Affiliations

Insurance Agents or Insurance Company:

Certain of our firm's employees, in their individual capacities, are also licensed insurance agents with Kamps & Associates Insurance Services and various insurance companies, and in such capacity, may

recommend, on a fully disclosed commission basis, the purchase of certain insurance products. While our firm does not sell such insurance products to our investment advisory clients, we permit our employees, in their individual capacities as licensed insurance agents, to sell insurance products to our investment advisory clients. A conflict of interest exists to the extent that our firm recommends the purchase of insurance products where our firm's employees receive insurance commissions or other additional compensation. Our clients are not obligated to use the various insurance agencies our employees may recommend to purchase any insurance products. Clients of various insurance agencies may be solicited to use our firm for investment advisory services.

Real Estate Broker or Dealer:

From time to time, Mr. Kamps will be involved in buying commercial real estate property. Mr. Kamps also has several rental properties from which he derives income. These activities account for approximately 2% of his time.

Accountant or Accounting Firm:

Our firm's parent company, Kamps, Inc., is the owner of Kamps & Associates Accounting Services, LLC, which is an affiliated CPA accounting practice. Mr. Kamps, the owner of Kamps, Inc., spends approximately 5% of his time on this activity.

As stated previously, for our clients with at least \$500,000 in assets under our management, our parent company Kamps, Inc. may pay for a portion of the client's tax planning fees and tax preparation fees up to certain specified levels to the extent such services are obtained through and pursuant to the regular fee schedule of Kamps & Associates Accounting Services, LLC. While this benefit is provided as a courtesy, and may be altered or discontinued at our discretion, it represents a conflict of interest in that our clients may be introduced to Kamps & Associates Accounting Services, LLC for tax services. As a result of this referral, Kamps & Associates Accounting Services, LLC may also refer clients to our firm. This cross marketing benefits our firm. In addition, Rod Kamps, as an owner of the accounting firm, may also benefit financially through receipt of profits of the accounting firm. These conflicts of interest are addressed by making clients aware of the conflicts through this disclosure. In addition, clients are advised that while they would not receive this benefit unless they engage Kamps & Associates Accounting Services, LLC for their tax planning or tax preparation needs, they are under no obligation to use this related firm.

ERISA Plan Recordkeeper:

Our firm's parent company, Kamps, Inc., is the owner of Independent Recordkeeping, Inc., which is an affiliated company that provides recordkeeping services for ERISA plans. Independent Recordkeeping, Inc.'s services and fees are independent of our financial planning and investment advisory services and are governed under a separate engagement agreement. Our firm recommends our affiliate's recordkeeping services to clients when we deem appropriate. This poses a conflict of interest because we benefit financially when our affiliates earn compensation. In order to mitigate this conflict of interest, our firm notifies clients of this affiliation and will act in the client's best interest. Clients are under no obligation to use Independent Recordkeeping, Inc.'s services.

Affiliated Fund Manager:

Our firm's parent company, Kamps, Inc., owns 33% of FFCM, Inc., which is an affiliated company that manages several first trust deed funds. On a non-discretionary basis, our firm recommends that

certain clients invest in first trust deed funds managed by our affiliate. Only clients that meet the SEC's definition of an accredited investor may be solicited by our firm to invest in FFCM, Inc.'s first trust deed funds. Our firm and its representatives will not collect any management fees through FFCM, Inc. from clients invested in FFCM, Inc.'s funds.

FFCM's first trust deed funds consist of a revolving pool of first trust deed investments originated and underwritten by Futures Financial, LLC, which is a licensed real estate brokerage firm. Futures Financial, LLC is owned and operated by David Rosenberg and Kendra Rommel through their affiliated entities. Through their affiliated entities, David Rosenberg and Kendra Rommel also own 66% of FFCM, Inc.

Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures with respect to transactions effected by our members, officers and employees for their personal accounts.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Neither our firm nor a related person recommends, buys or sells for client accounts, securities in which our firm or a related person has a material financial interest without prior disclosure to the client.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

Our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. If a related person of our firm wants to buy or sell the same security that our firm is buying or selling for a client on the same day, the related persons of

our firm will only buy or sell securities for themselves after they buy or sell the same securities for client accounts on the same day. This policy will minimize the potential conflict of interest of related persons benefiting from transactions placed on behalf of clients.

Item 12: Brokerage Practices

Selecting a Brokerage Firm

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

- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation
- Quality of services

With this in consideration, our firm recommends that clients establish custodial/brokerage accounts with Charles Schwab & Co., Inc. ("Schwab"), LPL Financial LLC ("LPL"), or SEI Private Trust Company ("SEI"). Our firm also participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. Schwab, TD Ameritrade, LPL, and SEI offer services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions. SEI serves as custodian for SEI Program clients.

While we recommend that you use Schwab, TD Ameritrade, LPL, or SEI as custodian/broker, you will decide which of them to use and open your account by entering into an account agreement with the custodian/broker-dealer of your choice.

To the extent client invests in first trust deeds, Millennium Trust Company ("MTC") will serve as the custodian of the first trust deeds and the collateral for the first trust deed funds investments.

If you use Schwab as custodian/broker, we may choose to execute certain fixed income security transactions through another qualified custodian and executing broker/dealer consistent with our duty to seek to achieve best execution. The executing broker/dealer may charge a commission, markup/markdown, or other fees for the transaction. Any such charges will be reflected in the price of the security, and we do not receive any portion of the charges.

Soft Dollars

Schwab, TD Ameritrade, LPL, and SEI may make certain research and brokerage services available at no additional cost to our firm, all of which qualify for the safe harbor exemption defined in Section 28(e) of the Securities Exchange Act of 1934. These services may be directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by Schwab, TD Ameritrade, LPL, or SEI may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by Schwab, TD Ameritrade, LPL, or SEI to our firm in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

We are required to specifically describe to our clients the types of products or services that we are acquiring and to permit them to evaluate possible conflicts of interest. Our description must be more detailed for products or services that do not qualify for the safe harbor in Section 28(e) of the Securities Exchange Act of 1934, such as those services that do not aid in investment decision-making or trade execution. Merely disclosing that we obtain various research reports and products is not specific enough. Our firm may receive other products and services that benefit us, but may not benefit our clients' accounts. These benefits may include national, regional or investment adviser specific educational events. Other potential benefits may include occasional business entertainment of personnel of our firm, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Some of these products and services assist our firm in managing and administering clients' accounts. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance, and marketing.

While, as a fiduciary, our firm endeavors to act in its clients' best interests, our recommendation/requirement that clients maintain their assets in accounts at Schwab, TD Ameritrade, LPL, or SEI may be based in part on the benefit to our firm of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost, or quality of custody and brokerage services provided. This creates a potential conflict of interest since we may have an incentive to place client trades through broker-dealers that offer the aforementioned services and products. This interest conflicts with the clients' interest of obtaining the lowest commission rate (transaction/ticket charge) available.

Our firm must act in the best interest of the client in seeking the best price and execution for the client's securities transactions. We are not obliged to get the lowest possible commission as qualitative aspects are equally important. Research, execution capability, the commission rate charged, the broker-dealers financial responsibility, and responsiveness to the firm should also be considered. Higher commission rates are reasonable in order to obtain the products and services of a broker-dealer. Best execution may not be reached if a client directs brokerage and the client must forego any benefit that the firm's preferred broker-dealer offers. Under the RIA's compliance obligations, policies and procedures must be in place as a way to ensure that best execution is being reached on a consistent basis.

We will review our best execution responsibilities when directing brokerage to any broker-dealer (especially affiliated entities), determining commission discounts and disclosing the various conflicts of interest inherent in this direction. We will evaluate the quality and cost of services received from broker/dealers on a periodic and systematic basis. As part of the evaluations, our firm will consider the quality and cost of services available from alternative broker/dealers, market makers, and market centers.

We benefit from our relationships with Schwab, TD Ameritrade, LPL, and SEI. Because our expenses would likely increase considerably without these relationships, they might be considered a “soft dollar” relationship. Under Section 28(e) of the Securities and Exchange Act of 1934, an investment adviser’s use of client commission dollars to acquire research and brokerage products and services is not a breach of an investment adviser’s fiduciary duty to clients – even if the brokerage commissions paid are higher than the lowest available as long as (among certain other requirements) the investment adviser determines that the commissions are reasonable compensation for both the brokerage services and the research acquired.

All soft dollar arrangements must be approved in writing by our Chief Compliance Officer. A record of all soft dollar arrangements will be maintained which contains sufficient details of the benefits received by our firm and clients along with any noted concerns about increased costs to our clients, should they exist, and how such concerns were alleviated. Our Chief Compliance Officer undertakes a review of parties which propose to pay our firm in soft dollars and analyzes a number of criteria. When deciding whether to approve or disapprove of a soft dollar relationship, the following criteria is reviewed: the broker-dealer's business reputation and financial position and our ability to consistently execute orders professionally and on a cost effective basis, provide prompt and accurate execution reports, prepare timely and accurate confirms, deliver securities or cash proceeds promptly and provide meaningful research services that are useful to us in investment decision-making or other desired and appropriate services. When testing for best execution, our Chief Compliance Officer will also review all our soft dollar relationships for appropriateness, benefits to our clients, etc.

Brokerage for Client Referrals

Our firm does not direct client transactions to a particular broker-dealer in return for client referrals.

Directed Brokerage

While we may recommend certain broker-dealers to clients, neither we nor any of our firm’s related person have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates (transaction/ticket charges) at which such securities transactions are effected (see custodial fee structure).

We allow clients to direct brokerage. However, we may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices.

Aggregation of Purchase or Sale

We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

Item 13: Review of Accounts or Financial Plans

We review accounts on at least an annual basis for our clients subscribing to our Wrap Comprehensive Portfolio Management service. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only our Financial Advisors will conduct reviews. We generally provide written reports to clients following a meeting which may take place on an annual or semi-annual basis. Verbal or written reports to clients take place on at least an annual basis when we contact clients who subscribe to our Wrap Comprehensive Portfolio Management service.

Financial planning only clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. We do not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc.

Retirement Plan Consulting clients receive reviews of their retirement plans for the duration of the service, including an annual plan review for sponsors and an annual participant education meeting. Our firm also provides ongoing services where clients are met with upon their request to discuss updates to their plans, changes in their circumstances, etc.

Item 14: Client Referrals & Other Compensation

Strategic Alliances:

We have strategic alliances with various professionals (e.g., lawyers, CPAs, lenders, etc.) that offer services that may be appropriate for our clients. On occasion, we will co-sponsor educational seminars or client events with these professionals for which we will be reimbursed for expenses. In certain circumstances, these professionals will also present at the seminars or events. These strategic alliances create a conflict of interest as we may recommend the services of such professionals to our advisory clients to the extent we believe it is in the client's best interest. We do not receive compensation for client referrals and clients are under no obligation to use the services of the professionals; however, the professionals may in certain circumstances provide us with cross referrals of individuals who may benefit from our advisory services. There is no obligation between our firm and the professionals to refer clients to one another.

In some cases, the professionals may also pay us rent to occupy space in our office building. These rates are at market rental rates, and are in no way contingent upon client introductions.

Schwab:

We receive an economic benefit from Schwab in the form of support products, services and portfolio management software it makes available to us and other independent investment advisors. These products and services assist us in managing and administering our client accounts. They include investment research, both Schwab's own and that of third parties.

TD Ameritrade:

Our firm may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between our firm's participation in the program and the investment advice given to clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our firm's participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our firm's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit our firm but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to our clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our firm's choice of TD Ameritrade for custody and brokerage services.

Our firm also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisors participating in the program. TD Ameritrade provides the Additional Services to our firm in its sole discretion and at its own expense. Our firm does not pay any fees to TD Ameritrade for the Additional Services. Our firm and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Our firm's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to our firm, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, our firm's Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with our firm, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to

obtain the Additional Services from TD Ameritrade, our firm may have an incentive to recommend to its Clients that the assets under management by our firm be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. Our firm's receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including to seek best execution of trades for Client accounts.

LPL:

In certain circumstances we will receive from LPL or a mutual fund company, without cost and/or at a discount, support services and/or products, to assist us to better monitor and service client accounts maintained at such institutions. Included within the support services we may receive investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by us to assist us in our investment advisory business operations.

In addition, Mr. Kamps has received \$5,000 worth of shares of restricted stock from LPL Financial in 2014, 2015, and 2016. The stock is typically paid out the following year.

Our clients do not pay more for investment transactions effected and/or assets maintained at LPL as result of this arrangement. There is no commitment made by us to LPL or any other institution as a result of the above arrangement.

Referral Fees

In accordance with Rule 206 (4)-1 of the Investment Advisers Act of 1940, our firm does not provide cash or non-cash compensation directly or indirectly to unaffiliated persons for testimonials or endorsements (which include client referrals).

Item 15: Custody

Account Statements:

Securities in program accounts are held by qualified custodians. All of our clients receive at least quarterly account statements directly from their custodians. If we decide to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm.

Although most securities available in program accounts are custodied at LPL, Schwab, TD Ameritrade, or SEI, there are certain securities managed as part of the account that are held at third parties, and not at Schwab, TD Ameritrade, LPL, or SEI. For example, variable annuities, non-public real estate investment trusts, first trust deeds, hedge funds and managed futures are often held directly with the investment sponsor or custodian. For those outside positions, client will receive confirmations and statements directly from the investment sponsor or custodian.

Affiliated Fund Managers:

Our firm is deemed to have custody of client cash and securities invested in first trust deed funds managed by FFCM, Inc. because a representative of our firm is a managing member of FFCM, Inc. In compliance with SEC Rule 206(4)-2(b)(4)(i), FFCM, Inc. sends a financial statement, audited by a registered Public Company Accounting Oversight Board accountant, to each Fund investor within 120 days of each first trust deed fund's fiscal year end. By ensuring these steps are followed, our firm's annual surprise examination requirement is satisfied.

Trustee of Client Accounts:

In certain circumstances, investment advisor representatives of our firm will act as a trustee to client accounts. As such, our firm is deemed to have custody with respect to assets in these accounts. The client funds and securities for which our firm has custody are subject to examination at least once during each calendar year by an independent public accountant registered with the Public Company Accounting Oversight Board at a time that is chosen by the accountant without prior notice or announcement to our firm and that is irregular from year to year.

Third Party Money Movement:

The SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse Advisory Client funds to a third party under a standing letter of instruction ("SLOA") is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with the account custodian:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

We encourage our clients to raise any questions with us about the custody, safety or security of their assets.

Item 16: Investment Discretion

Our clients need to sign a discretionary investment advisory agreement with our firm for the management of their account.

We do not have any discretionary authority with respect to first trust deed investments.

Item 17: Voting Client Securities

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

Item 18: Financial Information

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