

Financial & Tax Architects, LLC

12412 Powerscourt Drive, Suite 25

Saint Louis, MO 63131

(314)-858-1122

[www.fta-ria.com](http://www.fta-ria.com)

November 17, 2022

This Form ADV Part 2A (the "Brochure") provides information about the qualifications and business practices of Financial & Tax Architects, LLC. If you have any questions about the contents of this Brochure, please contact us at 314-858-1122. 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.

Financial & Tax Architects, LLC is a registered investment advisor. Registration of an investment advisor does not imply any level of skill or training. The oral and written communications of an investment advisor provide you with information about which you determine to hire or retain an investment advisor.

Additional information about Financial & Tax Architects, LLC (CRD #119169) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2: Material Changes

### Material Changes

Since Financial & Tax Architect's, LLC's last annual amendment on March 31, 2022, the following material changes have occurred:

- On May 6, 2022, Financial & Tax Architects, LLC ("FTA") restructured its business organization. As part of this restructuring, FTA changed from a Missouri S-Corp to a Missouri Limited Liability Company. In addition, David Scott Brooks' ownership interest in FTA was acquired by FTA Holdings Group, LLC ("FTA Holdings"), such that FTA is now wholly owned by FTA Holdings. FTA Holdings is owned by Victoriae, Inc. (86.5%) and Gordon Haave (13.5%). Victoriae, Inc. is wholly owned by David Scott Brooks.
- Item 8 has been amended to describe FTA's investment strategies.
- Item 10 has been amended to reflect that FTA's affiliate changed its name from BHF, LLC to AdvisorMax, LLC.
- Item 10 has been amended to disclose FTA's relationship with its affiliated insurance company, FTA Insurance Services, LLC
- Item 11 has been amended to disclose that FTA or its related persons may buy or sell securities for client accounts at or about the same time that FTA or its related persons buys or sells the same securities for their own accounts.
- Item 12 has been amended to disclose that FTA does not receive client referrals from any custodians, broker-dealers, or other third parties.
- Item 12 has been amended to describe FTA's trade aggregation procedures.

**Item 3: Table of Contents**

Item 1: Cover Page.....1

Item 2: Material Changes..... 2

Item 3: Table of Contents..... 3

Item 4: Advisory Services ..... 4

Item 5. Fees and Compensation..... 6

Item 6: Performance-Based Fees and Side-by-Side Management..... 7

Item 7: Types of Clients and Minimum Account Requirements..... 7

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss ..... 8

Item 9: Disciplinary Information.....13

Item 10: Other Financial Industry Activities and Affiliations.....13

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Code of Ethics  
Description ..... 14

Item 12: Brokerage Practices ..... 14

Item 13: Review of Accounts..... 15

Item 14: Client Referrals and Other Compensation ..... 15

Item 15: Custody..... 15

Item 16: Investment Discretion .....16

Item 17: Voting Client Securities.....16

Item 18: Financial Information.....16

## Item 4: Advisory Services

### Firm Description

Financial & Tax Architects, LLC (“FTA”) is a fee-only investment advisor and has been providing advisory services since 1998. FTA is wholly owned by FTA Holdings Group, LLC. FTA Holdings Group, LLC is owned by Victoriae, Inc. and Gordon Haave. Victoriae, Inc. is wholly owned by David Scott Brooks. FTA is registered with the U.S. Securities and Exchange Commission. As of December 31<sup>st</sup>, 2021, FTA has discretionary assets under management (“AUM”) of \$269,215,780. FTA’s AUM consists of its retail investor advisory services and its financial institution advisory (“sub-advisory”) services. As of the date of this brochure, FTA managed \$141,674,357 for retail clients and \$127,547,423 for financial institutions as a of sub-advisor.

### Retail Investor Discretionary Asset Management

FTA provides discretionary investment advisory services to individual and high-net worth clients who are nearing retirement or who have retired. FTA offers ongoing, continuous portfolio management services to its clients by gathering data from the client and using the data and one-on-one interviews to collectively arrive at their investment objectives, risk tolerance, and time horizon. The selection of FTA’s investment strategies and an allocation using those strategies are based on those factors. In some instances, FTA may create customized models at the request of the client. Customized models are required to be discretionary accounts only.

FTA and the client periodically review their financial situation which may result in alterations of their investment strategies and asset allocation. It is the responsibility of the client to notify FTA of any material changes to their financial situation.

All FTA clients sign a discretionary Investment Advisory Agreement (“IAA”). This allows FTA to manage the clients’ assets without pre-approval for each change to the invested assets. In certain instances, a client may wish to designate specific holdings as restricted for a variety of reasons. Any such designated assets are excluded from FTA’s advisory fee calculations.

### Financial Institution Sub-Advisory Services

FTA’s provides sub-advisory services to other registered investment advisory firms. FTA provides access to its investment strategies under the terms of a sub-advisory agreement. Under the terms of that agreement, FTA relies on the sub-advised firm to determine the investment strategies and asset allocation best suited to the needs of their clients. FTA does not act as a personal, direct investment advisor or enter into an IAA with the sub-adviser clients. FTA does not possess knowledge of the individual information or investment goals and objectives and does not provide personalized investment advice to those clients. Sub-Advisory investment services are considered *impersonal investment advice* (which means that these services are not intended to meet the needs or the objectives of specific individuals or accounts). It is the responsibility of the financial institution to deliver FTA’s ADV Part 2 to their clients.

### Financial Consulting and Guidance

As a complimentary service to our investment advisory services\*, FTA provides advice in the form of financial consulting and guidance. Our financial consulting and guidance services are designed to assist clients with creating an all-encompassing financial plan.

\*In limited circumstances, FTA may charge a fee for guidance services related to 401(k)s depending on the scope of the engagement and the client’s specific needs, which is determined on a client-by-client basis. See Item 5 for more information.

FTA’s financial consulting and guidance services include:

- An initial information intake meeting.
- A follow-up meeting to deliver and discuss initial recommendations.
- A second follow-up meeting, which ideally takes place during the ensuing twelve (12) months to check on progress and adjust recommendations based on changes to any of the assumptions made initially.
- Retirement or pre-retirement strategies are recommended to in a client-specific written retirement financial action plan. The plan explores different opportunities to maximize Social Security benefits, consolidation of investment accounts, investment performance, and the potential benefits of adding insurance products like an annuity. Annuities are sold through an affiliated entity, FTA Insurance Services, LLC. The compensation from annuity sales are commission based and are paid directly to BHF. The retirement financial action plan and the decision to employ any of the recommendations included in the plan are at the sole discretion of the client. Clients can take their plan and disengage with FTA at any time

Our financial consulting and guidance services may also include a review of the client's retirement plan. In some instances, FTA may offer 401k guidance.

The implementation of any FTA financial consulting recommendation is at the sole discretion of the client.

### Private Wealth Strategies

FTA's asset management services rely on a series of proprietary investment models designed to approximate specific market segments for both its retail and sub-advisory clients. Our investment models or Private Wealth Strategies ("Strategies") as we call them, use an investment model which determines when trades are made to maintain the appropriate mix of investments. The Strategies are not mutual funds or pooled accounts; each client maintains the ownership of the underlying investment securities. Their accounts are reviewed and rebalanced monthly or more frequently as needed. At the inception of our advisory relationship, FTA and the client will collectively select a blend or allocation of Strategies. Accounts are reviewed regularly to ensure the agreed upon allocation is maintained. Due to market fluctuations, some allocation disparity make occur for short periods of time.

FTA's sub-advisory services work much the same way. The firm who engages us to provide sub-advisory services determines the Strategies and allocations for their clients. Those allocation are provided to FTA. All accounts are rebalanced, and trades executed at the same time.

A complete list of all Strategies and their descriptions are available upon request.

Clients should be aware the Strategies are not managed in a tax sensitive fashion. Any tax management strategies should be discussed on an individualized basis with a tax professional. FTA does not provide legal, tax or other accounting advice.

### Educational Seminars and Workshops

FTA provides no cost educational seminars and workshops where an FTA representative will provide pre-approved information on topics like financial planning, retirement planning, generic tax planning and Social Security benefit education. These educational seminars and workshops are offered on an impersonal basis and do not focus on the individual needs of those who attend. The seminars are for educational purposes only and do not contain any investment advisory advice to the attendees. Educational seminars are typically held at local colleges or universities. FTA is not affiliated with any academic institution and the presentation materials are neither reviewed nor endorsed by any academic institution.

## Client Exclusions and Investment Restrictions

In some instances, our clients may impose certain trading restrictions on specific securities holdings in their accounts. Those securities are segregated and may not be traded. No other investment restrictions are permitted unless agreed to in writing by FTA.

## Termination of Services

FTA clients may terminate FTA's advisory services at any time by providing written notice. FTA can terminate the advisory agreement upon thirty (30) day's written notice to the client. Termination of the advisory agreement will not affect (a) the validity of any action previously taken by FTA under the agreement; (b) liabilities or obligations of the parties from transactions initiated before termination of the agreement; or (c) the client's obligation to pay advisor fees (pro-rated through the date of termination). Upon termination, FTA will have no further obligation to take any action with regard to the client's securities, cash or other investments.

Sub-Advisory services may be terminated by the sub-advised financial institution at any time. Termination of a sub-advisory agreement will not affect (a) the validity of any action previously taken by FTA under the agreement; (b) liabilities or obligations of the parties from transactions initiated before termination of the agreement; or (c) the client's obligation to pay advisor fees (pro-rated through the date of termination and thirty (30) day notice period). Upon termination, FTA will have no further obligation to take any action with regard to the securities, cash or other investments in any sub-advised accounts.

FTA shall be entitled to a pro rata sub-advisory fee for the period those services were provided during the billing period. The sub-advisory agreement is non-assignable without the written consent of each party

## Wrap Fee Programs

FTA does not have a wrap fee program.

## **Item 5. Fees and Compensation**

Clients will be charged advisory fees in arrears at the beginning of each calendar month based upon the value (market value based on independent third-party sources; client account balances on which FTA calculates fees may vary from account custodial statements based on independent asset valuations and other accounting variances) of the client's account(s) at the end of the previous month. New accounts may be charged a pro-rated fee for the remainder of the month in which the account is opened. Advisory fees shall apply to cash balances unless negotiated or agreed upon otherwise

FTA will request authority from clients to receive monthly payments directly from the client's account(s) held by a qualified third-party custodian. Clients must provide written limited authorization to FTA to withdraw fees from account(s). The custodian will withdraw advisory fees directly from client accounts and deposit them in an FTA fee account.

## Discretionary Asset Management (Retail Clients)

The annual fee for FTA's discretionary asset management services is charged on a monthly basis, in arrears, and is calculated based on a percentage of the assets under management. FTA's discretionary asset management fee is 1.95%. \*

*\*FTA has accounts at legacy custodians that may be charged on a quarterly or monthly basis. All new client accounts are charged monthly.*

### Sub-Advisory Services

The annual fee for FTA's sub-advisory asset management services is charged on a monthly basis, in arrears, and are calculated based on the amount of sub-advised assets under management\*. FTA's sub-advisory asset management fee is .75%

*\*FTA has accounts at legacy custodians that may be charged on a quarterly or monthly basis. All new sub-advisory accounts are charged monthly.*

### Financial Consulting and Guidance Services

FTA's does not charge a fee for its financial consulting services. In some instances, 401(k) guidance services may charge a fee of \$499 depending on the scope and specific needs on a client-by-client basis. Clients are required to pay the fee at the time of service.

### Educational Seminars and Workshops

FTA's educational seminars and workshops are provided free of charge. Attendees are asked to bring three canned goods as a donation. FTA donates those canned goods to a local St. Louis charity.

### Additional Client Fees Charged

The asset management fees paid to FTA does not include the fees and expenses the client may incur when purchases or sales of securities are made in their account. Those fees may include, but are not limited to, transactions fees, brokerage fees, custodial fees, and the management fees or expenses charged by mutual funds companies or ETF's sponsors.

For more details on FTA's brokerage practices, see Item 12 of this Brochure.

### Prepayment of Client Fees

FTA does accept prepayment of any fees.

### External Compensation for the Sale of Securities to Clients

FTA does not receive any external compensation for the sale of any securities.

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

FTA does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). Fees are calculated as described above and are not charged on the basis of income, capital gains or capital appreciation of the assets or any portion of the assets of a client.

## **Item 7: Types of Clients and Minimum Account Requirements**

### Description

FTA provides discretionary asset management services to individuals and high net-worth individuals. FTA also provides sub-advisory asset management services to other financial institutions.

Client relationships vary in scope and length of service.

### Account Minimums

FTA does not have a minimum account size requirement.

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

### Methods of Analysis

FTA's security analysis is based on a number of factors, including those derived from academic research and literature, commercially available software technology, securities rating services, general market and financial information, due diligence reviews, and specific investment analysis.

### Investment Strategies

Financial & Tax Architects manages client assets using strategies which invest in exchange-traded stocks and funds in the equities, debt, and commodity markets. The strategies are designed to provide capital appreciation and income to the investors, but many of them employ trend-following methods to reduce or eliminate exposure to these markets when they enter long-term downtrends in price. Client accounts may be allocated to any combination and weight of these strategies, and the accounts are periodically re-balanced to the designated allocations. Dividends paid into accounts by the investments are re-invested in the account's overall investment allocation.

**Conservative:** These strategies, generally, invest in exchange traded funds which invest in a variety of corporate and government debt instruments.

- **High Yield Corporate Bond Strategy (HYCB)** uses a blend of high-yield corporate bond mutual funds and/or ETFs with specific sell triggers designed to reduce portfolio risk. The strategy is designed to identify and take advantage of the return premiums available in the high-yield corporate bond asset class while attempting to minimize volatility through the use of security-specific risk tolerance limits. Each security employs risk mitigation designed to prevent prolonged downturns.
- **Strategic Enhanced Bond Strategy (SEB)** invests in conservative intermediate-term bond ETFs, combined with a fourth-quarter "prime period" equity exposure. The strategy uses a proprietary model to determine the optimal time periods to hold a mix of U.S. corporate bond funds, inflation-indexed U.S. Treasury securities ("TIPS"), and a S&P 500 Index fund which may be leveraged. Investors should be aware that the use of leverage in this Strategy potentially increases its risk and volatility and therefore may not be suitable for all investors.
- **Strategic Hedged Income Strategy (SHI)** invests in a diversified asset allocation, striving to preserve principal while seeking steady long-term growth. The Strategy utilizes a mix of ETFs identified by the investment model to track the performance of Spot Gold, U.S. Treasury Bills, 10-Year U.S. Treasury Notes, 30-year U.S. Treasury Bonds, and the NAREIT Real Estate Investment Trust Index.
- **Sleep Well Bond (SWB) Strategy** is a Logical-Invest bond rotation investment strategy. The Strategy employs an algorithmic allocation which seeks to offer a risk profile comparable to the broad-based U.S. bond market while also achieving superior returns to its risk profile. The Strategy's rule-based investment strategy is designed to identify the optimal allocation among long-term US Treasuries, U.S. High-Yield Corporate Bonds, Emerging Market Bonds and U.S. Convertible Bonds. Cross-correlation and volatility principals of the asset classes is used to reduce the overall volatility of the Strategy. The Strategy is an all-weather strategy designed to limit risk during inevitable market downturns.

**Moderate:** Strategies in this category invest in all three asset classes.

- **Country Rotation Strategy (CRS)** is a Logical-Invest model investment strategy. The Strategy seeks to add geographic diversity through the rotation of a wide variety of individual country ETFs by blending the mix of risk adjusted forecasted growth in each country. This strategy offers significant non-US global exposure and can allow for the harvesting of returns from those outperforming countries even in a



sideways market. The strategy uses momentum and relative strength indicators to choose between countries. When risk is high, it invests in fixed income ETFs. The strategy pursues a rule-based investment process that allocates between Long Duration Bonds and the four top ranked countries or regions to try to achieve an optimal risk/ return profile.

- **Economic Cycle (EC)** Strategy utilizes employment and housing economic indicators to determine the composition of the strategy. The goal of the Strategy is to mitigate the downside risk associated with investing in the equity market. Therefore, when employment and housing indicators are bullish, the Strategy holds investment vehicles designed to approximate the U.S. equity market. When employment and housing indicators are bearish, the Strategy holds investments designed to track the Barclays Aggregate Bond Index.
- **Foundation Strategy (FDN)** is designed to emulate, to the extent reasonably possible, the diversified investment style practiced by leading endowments, specifically that of Yale University. The strategy invests in ETFs designed to track the performance of the following asset classes; large-cap domestic equities, large-cap foreign equities, 10-Year Treasury Notes, the Goldman Sachs Commodity Index, and the NAREIT Real Estate Investment Trust Index. A technical scoring system is used to grade each asset class. The strategy is designed to identify any asset class in a prolonged downturn and to move the corresponding allocation directed to that asset class into investments which track the Barclays Aggregate Bond Index.
- **Global Sector Strategy (GSS)** is a Logical-Invest model investment strategy The Strategy seeks the optimal allocation between a variety of global equity sectors and the long duration U.S. Treasury market. Global equity sectors have historically presented a well-defined, stable, and long-lasting period along the broad cyclical economic development of global markets, which allows the Strategy to see investment returns that outperform various market sectors even as the US equity market is under pressure. Simultaneously, the Strategy benefits from the long-term inverse correlation between equity markets and long duration bonds while capturing value from the money flows into safe havens such as US Treasuries during crisis times.
- **International Prime Dividend (PDI) Strategy** strives to identify the leading foreign dividend paying stocks or ETFs that show companies with continually increasing, sustainable, dividend payouts. The strategy utilizes an intermediate term tactical overlay to identify whether to be in a bullish posture or defensive posture. When the overlay indicates a bullish posture, the strategy is fully invested in an array of foreign dividend paying stocks and/or ETFs. When the overlay indicates a bearish posture, the strategy invests in an ETF designed to track the Barclays Pan European Aggregate Bond Index.
- **The Prime Dividend Jr. (PDJR)** Strategy is similar to the U.S. Prime Dividend Strategy which seeks to invest in the leading U.S. dividend-paying stocks or ETFs. The Prime Dividend Strategy utilizes an intermediate-term tactical overlay to identify whether to be in a bullish posture or defensive posture. When the overlay indicates a bullish posture, the Strategy is fully invested in the Dividend Aristocrats (NOBL) ETF. When the overlay indicates a defensive posture, the Strategy is fully invested in an ETF designed to track the Barclays Capital US Intermediate Aggregate Bond index.
- **The Sector Growth Strategy (SGS)** invests in strong U.S. equity sectors, in particular, 11 sector ETFs and an ETF that tracks Barclays US Aggregate bond ETF. Momentum indicators are utilized for each sector to determine the composition of the strategy. When a given sector momentum indicator is bullish, the sector ETF is held. When a given sector momentum indicator is bearish, the sector ETF is dropped and replaced with a Barclays Aggregate Bond ETF.
- **Strategic Mid-Cap Strategy (SMC)** strives to exploit two seasonal influences on the stock market which

have, historically, “skewed” returns in certain months of the year and specific sub-periods in the final three months of the year. Each year, the SMC strategy holds an S&P MidCap 400 Index ETF from late-October to the end of May and then invests in intermediate-term bond ETFs from June to late-October. During the third and fourth quarters of each year, the strategy raises the leverage of the midcap exposure by 100% during certain sub-periods totaling less than 25 days. These sub-periods are influenced by end-of-month and holiday seasonal forces.

- **U.S. Prime Dividend Strategy (USPD)** strives to identify the leading U.S. dividend paying stocks or ETFs to invest in companies with a history of consistent and continually increasing dividend payouts. The strategy utilizes an intermediate-term tactical overlay to identify whether to be in a bullish posture or defensive posture. When the overlay indicates a bullish posture, the strategy is fully invested in an array of U.S. dividend paying stocks or ETFs. When the overlay indicates a defensive posture, the strategy is fully invested in an ETF designed to track the Barclays Capital US Intermediate Aggregate Bond index.
- **Value Discount Strategy (VD)** strives to identify undervalued asset classes. The strategy uses ETFs as representations of a specific asset class. Broadly, the represented asset classes include the equity market, U.S. Treasury bonds, corporate bonds, and cash or cash equivalents. The strategy uses a proprietary model to examine and select which asset class is the most undervalued as compared to the equity risk premium for stocks, the credit risk premium for corporate bonds, and the term risk premium for U.S. Treasury bonds. If, after analysis, no asset class is considered undervalued the strategy holds cash or cash equivalents.

**Growth:** These strategies invest in a variety of ways and do not as a rule employ the trend-following risk triggers. They are always “risk on”.

- **Broad Value Strategy (BV)** strives to capture the performance of large- and mid-cap value stocks. FTA uses the iShares MSCI USA Value Factor ETF (VLUE) as a proxy for the sector. This Strategy allows for exposure to stocks with value characteristics typified by lower valuations based on their fundamental characteristics as compared to its industry peers and the market as a whole. Based on their undervalued nature and strong financial attributes, characterized by such factors as high dividend yields, low price to book and low price to earnings ratios, value stocks can be useful for their long-term growth potential.
- **Nasdaq Leaders Strategy (NSDQ)** invests in an equally-weighted basket of equities comprised of the ten largest market value Nasdaq equities. The Strategy is managed passively and rebalances monthly. Actual holdings will vary as the Nasdaq Composite Index is subject to fluctuation. The Strategy is designed to capture the top end growth of the Index. The Strategy is intended to provide a growth component to a broader total allocation.
- **The Reflation Strategy (RF)** strives to capture the growth of certain sectors that often perform well during the early stages of an economic recovery. When the global economy emerges from a recessionary or uncertain period, for example the current COVID pandemic, specific sectors tend to outperform the broader market. These sectors may include precious metals, energy, mining, and companies associated with these industries. Emerging markets also have shown a propensity for growth during a period of deflation. ETFs are used to provide exposure to a specific sector.
- **Value Discount Strategy (VD)** strives to identify undervalued asset classes. The strategy uses ETFs as representations of a specific asset class. Broadly, the represented asset classes include the equity market, U.S. Treasury bonds, corporate bonds, and cash or cash equivalents. The strategy uses a proprietary model to examine and select which asset class is the most undervalued as compared to the equity risk premium for stocks, the credit risk premium for corporate bonds, and the term risk premium for U.S. Treasury bonds. If, after analysis, no asset class is considered undervalued the strategy holds

cash or cash equivalents.

### Security Specific Material Risks

All investment activities and programs carry certain risks that are borne by the investor. Therefore, clients should be prepared to bear investment losses including loss of original principle. While financial markets may increase and decrease, client accounts may experience gains or losses that vary from those of the financial markets taken as a whole. FTA is unable to represent, guarantee or imply that our methods of analysis will be able to successfully predict future results or protect against losses due to market fluctuations. Past performance is not indicative of future results. Clients should not assume the performance of any investment strategy employed by FTA will be profitable.

All investors face the following risks and should discuss these risks with their advisor:

- *Interest-rate Risk* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Market Risk* The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's underlying circumstances. For example, political, economic and social conditions may trigger market events.
- *Inflation Risk* When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Currency Risk* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Reinvestment Risk* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Business Risk* These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- *Liquidity Risk* Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Financial Risk* Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- *Options Trading* The risks involved with trading options are that they are very time sensitive investments. An options contract is generally a few months. The buyer of an option could lose his or her entire investment even with a correct prediction about the direction and magnitude of a particular price change if the price change does not occur in the relevant time period (i.e., before the option expires). Additionally, options are less tangible than some other investments. An option is a "book-entry" only investment without a paper certificate of ownership.
- *Leveraged Risk* The risks involved with using leverage may include compounding of returns (this works both ways – positive and negative), possible reset periods, volatility, use of derivatives,

active trading and high expenses. Leveraged investments are not for long-term investors or buy and hold strategies.

- *Security Specific Risk* FTA primarily uses ETF's, Treasury securities, individual securities, and cash equivalents in the investment strategies it manages. While FTA does not currently invest with any mutual funds in the investment programs, it reserves the right to do so in the future. The specific risks associated with ETF's include all the risks described above, as well as increased liquidity risk should the underlying investments become illiquid, or valuation becomes difficult. There may be tax consequences to holding any security. Other potential risks include a nominal trading risk since unlike a mutual fund which has a set end of day NAV, ETF's must be traded in the market and trading expenses may diminish returns. Finally, an ETF may be shut by its sponsor without notice resulting in a total liquidation of the ETF which may result in an elevated reinvestment risk.
- *Privacy/Cybersecurity Risk* The risk of actual and attempted cyber-attacks, including denial-of-service attacks, and harm to technology infrastructure and data from misappropriation or corruption, and reputation harm. Due to FTA's interconnectivity with third-party vendors, FTA, and thus indirectly our clients, could be adversely impacted if any of them is subject to a successful cyber-attack or other information security event. Although FTA takes protective measures and endeavors to modify them as circumstances warrant, its computer systems, software, and networks may be vulnerable to unauthorized access, misuse, computer viruses or other malicious code and other events that could have a security impact or render FTA unable to transact business on behalf of clients.
- *Pandemic Risk* The recent COVID-19 pandemic has caused and continues to cause disruptions in economies and individual companies and volatility in financial markets throughout the world, including those in which clients invest. The impact of the pandemic and resulting economic disruptions may negatively impact the clients and the performance of their portfolios due to, among other things, (i) interruption of business operations resulting from travel restrictions, reduced consumer spending, and quarantines of employees, customers and suppliers in areas affected by the outbreak, (ii) closures of manufacturing facilities, warehouses and logistics supply chains, and (iii) uncertainty about the duration of the virus' impact on global financial markets. Governments and central banks throughout the world have responded to the pandemic and resulting economic disruptions with a variety of fiscal and monetary policy changes, including direct capital infusions into companies and other issuers, new monetary policy tools, and lower interest rates, but the ultimate impact of these efforts is uncertain. It is not possible to determine the duration or severity of the disruption in financial markets or the long-term economic impact of the COVID-19 pandemic, or other future epidemics or pandemics, which may adversely affect the clients' performance and investment strategies and significantly reduce available investment opportunities.
- *Business Continuity Risk* FTA has adopted a business continuation strategy to maintain critical functions in the event of a partial or total building outage affecting our offices or a technical problem affecting applications, data centers, or networks. The recovery strategies are designed to limit the impact on clients from any business interruption or disaster. Nevertheless, our ability to conduct business can be curtailed by a disruption in the infrastructure that supports our operations.

## **Item 9: Disciplinary Information**

### Criminal, Civil or Disciplinary Actions

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

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

### Broker-Dealer or Representative Registration

FTA does not employ any registered representatives of a broker/dealer or custodian.

### Futures or Commodity Registration

FTA is not registered or has an application pending to register as a futures commission merchant, commodity pool operator, or a commodity-trading advisor.

### Material Relationships Maintained by this Advisory Business and Conflicts of Interest

FTA Insurance Services, LLC: FTA Insurance Services, LLC ("FTAIS") is an affiliated insurance company that sells insurance and annuity products to FTA clients.

Certain investment advisory representatives ("IAR's") are licensed, in their separate capacity, as insurance agents. When acting in their separate capacity as insurance agents, they may sell, for a commission, disability, long-term care, life insurance, annuities, and other insurance products. The commission compensation is paid by the insurance sponsor or underwriting company. The receipt of commissions creates a financial incentive to recommend products for which the IAR is paid a commission. Consequently, the advice rendered may be biased. FTA clients are never obligated to purchase any insurance or annuity products.

AdvisorMax, LLC: AdvisorMax, LLC is an affiliated insurance field marketing organization ("FMO"). AdvisorMax acts as a wholesaler of insurance products, including annuities, to independent insurance agents across the country. AdvisorMax receives a sales commission from its wholesaler who has the direct relationship with the product underwriters. Some of the independent insurance agents who use AdvisorMax's wholesaler services may also have their own financial institution, typically a registered investment adviser, and participate in FTA's sub-advisory asset management services.

BHFM, Media, LLC: BHFM Media provides commercial and digital marketing support to AdvisorMax agents. This support includes purchasing radio advertising time and digital ad placement. Other services include radio and video production, and script writing for radio programs or podcasts. BHFM Media charges a fee for its services in addition to its sub-advisory fee for IA Firms.

RIA Compliance Services, LLC: RIA Compliance Services, LLC ("RIACS") is an affiliate of FTA. RIACS provides compliance support services to third party investment advisory firms who use FTA's sub-advisory services. RIACS charges a monthly fee which is not included in the sub-advisory fees charged by FTA.

FTA's senior management may participate in the profits generated by these activities.

AdvisorMax, LLC, BHFM Media, LLC, and RIA Compliance Services, LLC do not provide services to FTA clients. These entities provide services to unaffiliated investment advisers and independent insurance agents

### Recommendations or Selections of Other Investment Advisors and Conflicts of Interest

FTA does not recommend or select other registered investment advisors.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Code of Ethics Description**

FTA has adopted a Code of Ethics ("Code") pursuant to Rule 204A-1 under the Investment Advisers Act of 1940. The Code establishes rules of conduct for its employees and is designed to, among other things, govern personal securities trading activities in the accounts of employees. The Code contains general ethical principles and personal securities reporting provisions. In summary, the Code prohibits employees from taking inappropriate advantage of their positions and the access to information concerning any investments or investment strategies for personal gain or in a manner detrimental to the interests of FTA clients.

The Code of Ethics further includes FTA's policy prohibiting the use of material non-public information and protecting the confidentiality of client information. FTA requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.

Any individual violating the Code of Ethics may be subject to discipline as deemed appropriate, including verbal reprimand, letter of censure or suspension, termination or disgorgement of any profits received as a result of the breach.

FTA will provide a copy of its Code of Ethics upon request.

### **Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

FTA does not maintain a material financial interest in any securities or issuer of securities. FTA has no material financial interest in any securities being purchased or sold in any client account(s).

FTA or its related persons may invest in the same securities that are recommended to clients. Additionally, FTA or its related persons may buy or sell securities for client accounts at or about the same time that FTA or its related persons buys or sells the same securities for their own accounts. This practice creates a conflict of interest for FTA or its related persons to favor their transactions over client transactions. To mitigate this conflict, FTA and its related persons, as fiduciaries, will place the client's interest ahead of their own.

## **Item 12: Brokerage Practices**

### **Best Execution**

Best execution does not necessarily mean the lowest achievable commission costs. FTA places significant importance to qualitative execution, meaning the trade execution is consistent with its fiduciary duty. The quality and availability of the trading platform is essential to FTA's service arrangements and capabilities. FTA relies on the ability of the custodian to provide execution services at the best prices available to it.

### **Selection of Broker/Dealers and Custodians**

FTA seeks to recommend a broker-dealer/custodian that will hold client assets and execute transactions on terms that are, overall, most advantageous when compared with other available third-party providers and their services. FTA considers a wide range of factors, including:

- Capability to execute, clear, and settle trades (buy and sell securities for your account) itself or to facilitate such services.
- Capability to facilitate timely transfers and payments to and from accounts.
- Availability of investment research and tools that assist us in making investment decisions. - Quality of services.
- Competitiveness of the price of those services and willingness to negotiate the prices.
- Reputation, financial strength, and stability.

### **Brokerage for Client Referrals**

FTA does not receive client referrals from any custodians, broker-dealers, or other third parties.

## Directed Brokerage

FTA requires clients to use specific independent qualified custodians. FTA clients enter into a custodial agreement with their custodian. FTA requires its sub-advisory clients to use a specific qualified custodian. By requiring clients to use a particular custodian, FTA may not achieve the most favorable trade execution or lowest custodial fees available. Currently, FTA has custodial relationships with Schwab Institutional Services, TD Ameritrade, Axios, and Interactive Brokers as qualified custodians.

## Soft Dollar Arrangements

FTA does not participate in a soft dollar arrangement with any custodian. The SEC defines soft dollar practices as an arrangement under which products or services other than execution services are obtained by FTA from or through a broker-dealer in exchange for directing client transactions to the broker-dealer.

## Principal Trading and Agency Cross Trades

FTA does not engage in principal trading or agency cross trading transactions.

## Trade Aggregation

FTA provides investment management services for various clients. Accordingly, there are occasions on which FTA will purchase or sell the same security for multiple clients. In these instances, FTA will aggregate the orders and send to the custodian for execution. However, the custodian is ultimately responsible for executing the orders.

## **Item 13: Review of Accounts**

### Periodic Review of Client Accounts or Financial Plans

FTA continuously supervises client accounts and reviews client accounts not less than quarterly or upon the specific request of the client. Off-cycle reviews may be triggered by material events, including, but not limited to, changes of financial circumstances, additions or subtractions of client assets, account drift or variance from stated account allocation, financial market conditions, or the prevailing political environment.

### Regular Reports Provided to Clients

Clients may receive performance or other reports directly from FTA. FTA encourages its clients to compare any reports it provides against the account statements provided by the custodian. Should there be a question or concern regarding any report or statement, the client should contact FTA or the account custodian.

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

### Economic Benefits Provided to FTA from External Sources

FTA does not receive any economic benefits from external sources.

### Payments for Client Referrals

Presently, FTA has no referral arrangement with any third-party. However, in the future FTA may enter into agreements to pay referral fees. Any future referral program will be in accordance with Rule 206 (4)-1 of the Investment Advisors Act. Any referral fees will be calculated based on a percentage of the assets under management from the referred client account.

## **Item 15: Custody**

Client assets are maintained with a qualified custodian. However, FTA is deemed to have custody of certain assets due to its ability to deduct advisory fees from client accounts. Clients should receive at least quarterly statements from the qualified custodian or bank that holds and maintains clients' investment assets. FTA urges its clients to

carefully review such statements and compare such official custodial records to the account statements that may be provided to you by FTA. FTA's statements may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

#### **Item 16: Investment Discretion**

For discretionary investment management accounts, FTA requires that the authority to determine which securities and the amounts of securities that are bought or sold be provided in writing. Any limitations on this discretionary authority shall be included in this written authority statement. Clients can change or amend these limitations, but such amendments need to be submitted to FTA in writing. Clients have the ability to place reasonable restrictions on certain assets held in their custodial accounts. Any such restrictions placed on FTA's discretionary authority shall be set forth in writing or included as an attachment to the IAA.

#### **Item 17: Voting Client Securities**

Although FTA has discretionary authority with respect to the acquisition and disposition of client securities, FTA does not take responsibility for voting proxies on the behalf of its clients. Clients should expect to receive proxy materials directly from the custodian.

Clients should be aware that FTA will neither advise nor act on behalf of the client in legal proceedings involving securities are held or were previously held in the client's account(s), including, but not limited to, the filing of "Proofs of Claims" in class action settlements.

#### **Item 18: Financial Information**

Registered investment advisors are required in this item to provide you with certain financial information or disclosures about their financial condition. FTA does not require prepayment of more than \$1,200 in fees per client, six month or more in advance. FTA has no financial commitment that impairs its ability to meet contractual and fiduciary issue commitment to clients, and has not been the subject of a bankruptcy petition.