

## Item 1 – Cover Page



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This wrap fee program brochure (“wrap brochure”) provides information about the qualifications and business practices of Fortitude Financial, LLC. If you have any questions about the contents of this wrap brochure, please contact us at (509) 931-1199. The information in this wrap brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Please note that the use of the term “registered investment advisor” and description of our firm and/or our associates as “registered” does not imply a certain level of skill or training. Clients are encouraged to review this wrap brochure, our firm brochure, and any brochure supplements (“brochure supplements”) for more information on the qualifications of our firm and our associates.

Additional information about Fortitude Financial, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for our firm is 313235.

**Item 2 – Material Changes**

This wrap brochure reflects the following material changes from the last annual amendment filed on January 13, 2022:

- Item 4A of this wrap brochure has been updated to indicate fees for portfolio management services are negotiable in the case of an assignment of an advisory agreement to Fortitude.

We will ensure that all current clients receive a Summary of Material Changes to this and subsequent wrap brochures within 120 days of the close of each fiscal year. A Summary of Material Changes is also included within our wrap brochure available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for our firm is set forth on the cover page of this wrap brochure. Clients will further be provided with disclosure about material changes effecting our firm and/or a new brochure as may become necessary or appropriate at any time, without charge.

A copy of our wrap brochure, our firm brochure, and any brochure supplements may be requested, free of charge, by contacting us at the telephone number reflected on the cover page.

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## Item 4 – Services, Fees, and Compensation

### A Description of Our Firm and the Fortitude Wrap Fee Program.

Fortitude Financial, LLC, is a Washington limited liability company founded in 2021. Jeremy F. Lewis is our founding principal and sole owner. We became an independent registered investment advisor with the SEC in 2021. Our principal offices are located in Spokane, Washington.

The information contained in this wrap brochure describes our investment advisory services, practices, and fees as they relate specifically to the Fortitude Wrap Fee Program (“Fortitude Wrap Program”). The Fortitude Wrap Program is an open architecture, fee-based investment platform sponsored by Fortitude and managed exclusively by our in-house portfolio managers. Under the Fortitude Wrap Program, we will provide you with comprehensive portfolio management services, including strategy/model portfolio selection, custom portfolio design, initial and ongoing investment implementation, and account supervision and monitoring services. We design portfolios based on the client’s unique financial circumstances and investment objectives. In most instances, depending on the level assets you place under our management, we will also provide you with financial planning and consulting services under this program that are intended to assist you in the overall management and coordination of your financial affairs and investments with your short and long-term financial goals. Under this program, you will also have the option of adding tax preparation and consulting services for additional fees. Further details of each aspect of the Fortitude Wrap Program, including the associated fees, are described below.

Other services offered by our firm are described in a separate Form ADV Part 2A “firm brochure,” a copy of which will be provided to you free of charge. Please refer to the description of the Fortitude Wrap Program below for information regarding how we tailor our services to your investment needs and objectives. As used throughout this wrap brochure, the words “Fortitude,” “we,” “our,” “firm,” and “us” refer to Fortitude Financial, LLC, and the words “you,” “your,” and “client” refer to you as either a client or prospective client of our firm.

When we provide portfolio management services to you under the Fortitude Wrap Program, you will deposit your assets at an independent qualified custodian (the “Custodian”) and grant us limited authority to buy and sell securities within your account on a discretionary basis. This means that our firm and our investment advisor representatives will be authorized to implement trades directly within your account without obtaining your consent prior to each transaction. Our discretionary management of your account will always be conducted in strict accordance with your investment objectives, restrictions, and suitability and our ongoing fiduciary duty to you. You may impose reasonable restrictions on our management of your account, including the ability to instruct us not to purchase certain specific securities, industry sectors, and/or asset classes. We will notify you if we are ever unable to honor any of your investment restrictions for any reason.

In consideration of our services as your portfolio manager under the Fortitude Wrap Program, you will pay our firm a single asset-based advisory fee (*i.e.*, a fee based on a percentage of the value of your assets) which covers the costs of our investment advice, together with substantially all administrative and custodial costs and the fees associated with execution of transactions in your Fortitude Wrap Program account (a “Wrap Fee”). We will absorb these additional costs within the Wrap Fee you pay to us, with Fortitude retaining the remainder of the fees paid net of these charges.

Further details regarding our rendering of portfolio management services under the Fortitude Wrap Program are as follows:

Portfolio Management Services. We will provide you with ongoing and continuous discretionary portfolio management services that are tailored to your investment objectives and needs. We will consult with you at the inception of our relationship and periodically thereafter, as necessary and appropriate, to develop a full understanding of your financial circumstances. During this process, we will gather information with respect to your long- and short-term financial goals; investment objectives and tolerance for risk; time horizon for investments; income and expense expectations; cash flow needs; and tax circumstances, among other factors we deem relevant in providing investment advice to you. We will periodically update and document your investment objectives, restrictions, and suitability information in our records and use these parameters to guide our ongoing management and supervision of your investment account(s).

Client portfolios are typically designed utilizing a diversified combination of some or all of the following instruments: mutual funds, exchange traded funds (“ETFs”), real estate investment trusts (“REITs”), individual stocks and bonds, U.S. government and municipal securities, variable products (life insurance and annuities), cash and cash equivalents. We typically implement the investment strategy recommended for your account through the use of certain proprietary model investment portfolios designed and monitored by our firm (“Model Portfolios”).

The Model Portfolios and investment strategies we utilize have generally been designed to meet a particular investment objective for investors with varying degrees of risk tolerance, ranging from a more aggressively allocated portfolio to a more conservative approach. As part of our lineup of Model Portfolios, we also offer a series of proprietary investment models which have been designed in consideration of various environmental, social, and governance (“ESG”) characteristics of their constituent portfolio securities. Factors that we take into consideration when determining whether any particular Model Portfolio or investment strategy is appropriate for your account include, without limitation, the Model Portfolio or investment strategy’s investment goal and underlying holdings, your financial needs, investment goals, risk tolerance, and investment objectives.

Following implementation of your initial investment portfolio, we will monitor the performance of your account on an ongoing basis and implement changes utilizing our discretionary investment authority as needed or appropriate, in consideration of current economic conditions, our market opinions and assumptions, and your individual financial circumstances and goals. It is your ongoing responsibility to advise us in writing of any material changes to your financial circumstances through our engagement.

Financial Planning and Consulting Services. In addition to our ongoing management and supervision of their investment accounts, clients who place at least \$200,000 of assets under our management will also receive a time-limited block of financial planning and consulting services. The specific allotment of additional service hours we will allocate to your financial planning and consulting needs is determined relative to the total amount of assets you have placed under our management. Please see the fee schedule reflected below in this Item 4 for further details. Should you wish to purchase additional hours of financial planning and consulting services (“Add-on Financial Planning Hours”), you may do so at any time at our then effective hourly rates, subject to the execution of a separate written agreement for such services. A complete description of our financial planning and consulting services and the associated fees we charge for these services is contained in our separate Form ADV Part 2A “firm brochure,” a copy of which will be provided to you free of charge.

Where any of our investment advice or recommendations under the Fortitude Wrap Program concern assets “held away” from the investment accounts we directly manage on your behalf (e.g.,

variable life insurance products, annuity contracts, assets held in employer/government sponsored retirement plans, or qualified tuition plans, etc.) you will make the ultimate investment decision, be responsible for implementation of such decisions, and for the monitoring of all such investments. Except where you separately engage our affiliate, Fortitude Tax, LLC (“Fortitude Tax”) for Tax Preparation and Consulting Services (see a description of these services below in this Item 4), we will not provide you with tax advice. Likewise, we will not provide you with legal advice, however, at your request we will attempt to coordinate our services (including our financial planning and consulting advice) with the services of your existing third-party tax, legal, accounting, and/or insurance advisors.

Optional Tax Preparation and Consulting Services. Tax preparation and consulting services (collectively, “Tax Services”) include the preparation of client tax returns and/or consulting regarding the client’s specific tax circumstances and needs and may be added as an additional service at the client’s option. These additional services are offered through Fortitude Tax. You will be required to enter into a separate written Tax Services Agreement with Fortitude Tax when you wish to receive these services and additional fees will apply. Clients are advised that Fortitude, its affiliates (including Fortitude Tax), and our respective associated persons are not certified public accountants and that clients should seek any formal tax opinions from an independent certified public accountant. You are never required to engage Fortitude, Fortitude Tax, or any of our respective associated persons for Tax Services and may seek tax preparation and consulting advice from any other provider of your choice.

Fortitude Tax typically charges hourly fees for Tax Services at a maximum rate of \$250 per hour, invoiced monthly or quarterly in arrears and payable within thirty (30) days by check, credit card, or other agreed upon payment method. A complete description of our financial planning and consulting services and Tax Services and the associated fees is provided within our firm brochure. If you did not receive a copy of our firm brochure, we will provide one to you, free of charge, by contacting us at the telephone number on the cover page of this wrap brochure.

Wrap Fee Overview. In consideration of the various services we provide to you within the Fortitude Wrap Program, we will charge you an annual asset-based Wrap Fee calculated as a percentage of the market value of your account in accordance with the following fee schedule. These fees are generally non-negotiable except in the case of an assignment of an advisory agreement to Fortitude, although certain individual clients may pay fees that are higher or lower (or otherwise materially different) than those described in this firm brochure based on legacy fee arrangements. In the case of an assignment, the terms of the assigned contract govern the advisory relationship.

<b>Market Value of Assets Under Management</b>	<b>Annual Wrap Fee Rate</b>	<b>Included Annual Financial Planning and Consulting Hours</b>
\$0 – \$199,999	1.50%	0.00 hours
\$200,000 – \$399,999	1.40%	2.00 hours
\$400,000 – \$599,999	1.30%	2.00 hours
\$600,000 – \$799,999	1.20%	4.00 hours
\$800,000 – \$999,999	1.10%	4.00 hours
\$1,000,000 – \$1,499,999	1.00%	6.00 hours
\$1,500,000 – \$2,999,999	0.75%	8.00 hours
\$3,000,000 and above	0.50%	10.00 hours

Our Wrap Fee covers the costs of our investment advice, together with substantially all

administrative and custodial costs, and the fees associated with execution of transactions in your Fortitude Wrap Program account. Accordingly, you will not pay administrative fees, custodial charges or individual transaction costs (such as brokerage commissions, mark-ups, or other transaction charges) for execution of transactions (collectively, “Custodial and Execution Costs”). Hourly fees for any Add-on Financial Planning Hours and/or Tax Services engaged by the client are not covered within our Wrap Fee.

Our Wrap Fees are billed on a calendar quarterly basis in advance (at the start of the billing period) and are calculated based upon the fair market value of your account (including cash balances) as of the close of business on the last business day of the previous billing period. These fees are prorated for any partial billing periods (based on the number of days in the period during which services are provided) and adjusted for any mid-period capital inflows or outflows (based on the date of deposit or withdrawal) to or from your account. If our Fortitude Wrap Program services are commenced in the middle of a billing period, the prorated fee for the initial billing period is billed in arrears at the same time as the next full billing period’s fee is billed. Any adjustments for mid-period deposits or withdrawals of assets are reflected in the following billing period’s Wrap Fee to ensure that the client is only being charged for assets which have resided in their account over time.

Clients should note that once the market value of their account reaches the next fee tier in the above fee schedule, the entirety of their account will be subject to the new fee tier (*i.e.*, annual fee rates are not blended across the value of your account). For illustration purposes only, a client with an account having a market value of \$250,000 would be charged annual fees at a rate of 1.40% across the entirety of their account.

For purposes of calculating our Wrap Fees, we rely upon the market value of your account (including cash balances) as determined by your selected Custodian. The Custodian may use various pricing services such as Reuters and Standard & Poor’s to price securities held in your account. For actively traded securities, these services use the actual last reported sale price. For less actively traded securities such as bonds, these services will use the appropriate valuation methodology to determine the value of the security. You should contact us with any questions or concerns about the manner in which the Custodian has priced any investments held in your account.

You may make additions or withdrawals from your Fortitude Wrap Program account at any time; however, you should note that some or all of the investments in your account may be intended as long-term investments and withdrawals of cash and premature liquidations of securities positions may impair the achievement of your investment objectives.

While we believe that our annual Wrap Fee is reasonable in relation to the value of the services we provide to our clients and the fees charged by other investment advisors offering similar services, clients should note that similar services may be available for lower cost.

**Direct Deduction of Wrap Fees; Reporting.** Our Wrap Fees are directly deducted from your account held at the Custodian upon your written approval of such arrangement and our periodic submission to the Custodian of a written request reflecting the amount of advisory fees to be charged to your account. Your authorization for direct fee deduction is set forth in our written advisory agreement and/or the account opening documents with the Custodian. We will liquidate money market shares or use cash balances from your account to pay our Wrap Fees when due, however, if money market shares or cash value are not available other investments may be liquidated. Please note that unexpected or premature liquidation of investments to pay our fees may impair the performance of your account. We do not offer direct paper or electronic invoicing of our Wrap Fees.

The Custodian will send an account statement to you typically monthly, but no less than quarterly, identifying the amount of funds and each security in your account at the end of the period and setting forth all transactions in your account during the period, including the amount of any fees paid directly to us. *We encourage you to review our invoices and the Custodian's account statements carefully and promptly upon receipt.* If you believe we have miscalculated our fees or if there is any other issue with your account, you should contact us immediately at the phone number listed on the cover page of this brochure.

Fortitude Wrap Program services may be terminated at any time by either party, within five (5) days of entering an advisory agreement, without cost or penalty. Thereafter, our services may be terminated by either party on fifteen (15) days' written notice to the non-terminating party. In the event of termination, we shall be compensated by the client's payment of a pro-rated Wrap Fee based on the number of days services were provided during the terminating billing period. Any excess pre-paid Wrap Fees shall be refunded to the client.

Broker-Dealer Selection and Recommendation. Although clients may request us to execute transactions for their Fortitude Wrap Program account through any broker-dealer of their choice, we generally recommend that clients engage the custodial and brokerage services of LPL Financial, LLC ("LPL"). LPL is a full-service independent securities broker-dealer and investment advisor and member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investors Protection Corporation ("SIPC").

Fortitude is not affiliated with LPL. However, as described in more detail below in Item 9 of this wrap brochure, certain of our investment advisor representatives are concurrently registered as "registered representatives" of LPL (each such individual a "Dually Registered Person"). As a result of this relationship, LPL is responsible for supervising certain activities of Fortitude to the extent our firm manages assets at a broker/dealer and custodian other than LPL. LPL charges a fee for this oversight responsibility. This presents a conflict of interest insofar as it creates a financial incentive for our firm to recommend that you maintain your account with LPL rather than another custodian in order to avoid the oversight fee. However, to the extent we recommend you use LPL for such services, it is because Fortitude believes that it is in your best interest to do so based on the quality and pricing of trade execution, benefits of an integrated platform for brokerage and advisory accounts, and other services provided by LPL. Please see Item 9, "Financial Industry Activities and Affiliations and Related Conflicts of Interest," for further details regarding the conflicts of interest which arise as a result of the dual registration of our investment advisor representatives with LPL.

We do not have the discretion to determine the broker to be used for the execution of client transactions or the commission rates at which such transactions are to be effected for the client. The client has the sole discretion to select the Custodian to be used for custody and execution of transactions for the client's account. The client engages the Custodian by executing the appropriate account opening documentation and authorizes our firm to direct the execution of transactions for the account through the services of the selected Custodian.

In recommending broker-dealers, we have an obligation to seek the "best execution" of transactions in your account. This duty requires that we seek to execute securities transactions for clients such that the total costs or proceeds in each transaction are the most favorable under the circumstances. The determinative factor in the analysis of best execution is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution, taking into



consideration the full range of the recommended broker-dealer's services. The factors we consider when evaluating a broker-dealer for best execution include, without limitation, the broker-dealer's:

- Execution capability;
- Commission rate;
- Financial responsibility;
- Responsiveness and customer service;
- Custodian capabilities;
- Research services/ancillary brokerage services provided; and
- Any other factors that we consider relevant.

Therefore, we will seek competitive commission rates, but we may not obtain the lowest possible commission rates for specific account transactions. With this in consideration, our firm will continue to recommend that clients use LPL until their services do not result, in our opinion, in best execution of client transactions.

If the client selects a Custodian other than our recommended Custodian (*i.e.*, LPL) for execution of transactions (directed brokerage), you are advised that we may be unable to seek best execution of your transactions and your commission costs may be higher than those of our recommended Custodian. For example, in a directed brokerage account, you may pay higher brokerage commissions and/or receive less favorable prices on the underlying securities purchased or sold for your account because we may not be able to aggregate your order with the orders of other clients. In addition, where you direct brokerage, we will typically place orders for your transactions after we place transactions for clients using our recommended Custodian. We reserve the right to reject your request to use a particular Custodian if such selection would frustrate our management of your account, or for any other reason.

For a full description of our brokerage practices, including our policy with respect to aggregation of client trades, please see Item 12 in our firm brochure.

## **B Certain Conflicts of Interest and Other Important Considerations Related to Wrap Fees.**

Our Wrap Fee includes the costs of our ongoing investment advice and supervision of your Fortitude Wrap Program account. We absorb the Custodial and Execution Costs you would otherwise pay separately to the broker-dealer and custodian of your account within the Wrap Fee you pay to us, with Fortitude retaining the remainder of the fees paid. This creates an incentive for us to trade your account less frequently and/or to invest your account in assets that may be subject to waived or reduced brokerage commissions (if available). To address the conflict of interest created by this arrangement, we will always manage your account as your fiduciary in strict accordance with your investment objectives, needs, and suitability.

Depending on the volume of transactions in your account, its holdings, and other factors, the Wrap Fee applicable to your account may represent a premium relative to what we (or another investment advisor) might otherwise charge you under an unbundled fee arrangement (*i.e.*, where advisory fees and execution costs would be charged separately to you). As a general matter, Wrap Fee arrangements are relatively less expensive for actively traded accounts. However, they may result in higher overall costs to the client in accounts that experience little trading activity. You should consider whether participation in a wrap fee-based investment program is appropriate based on your investment objectives and needs. Non wrap fee-based investment programs may be available through our firm or other providers.

Clients should also consider that our Wrap Fee may cost more than if assets were held in a traditional brokerage account. In a brokerage account, a client pays a broker-dealer registered representative a commission for each transaction, and the representative has no duty to provide ongoing advice with respect to the account. If the client plans to follow a buy and hold strategy for the account or does not wish to purchase ongoing portfolio management advice from Fortitude, the client should consider opening a brokerage account rather than a Fortitude Wrap Program account. The investment products available to be purchased under the Fortitude Wrap Program can be purchased by clients outside of the program through broker-dealers or other investment advisory firms not affiliated with Fortitude or LPL.

**C Additional Costs and Expenses.**

Separate and in addition to our Wrap Fee, you will be solely responsible to bear the costs of internal management fees, deferred sales charges, redemption fees, surrender fees, and other internal expenses that may be charged by mutual funds, ETFs, REITs, and other pooled investment vehicles to their shareholders. Most of the mutual funds available in the Fortitude Wrap Program may be purchased directly. Therefore, clients could generally avoid the second layer of fees by not using the advisory services of Fortitude and by making their own decisions regarding their investments.

Clients may also incur certain other charges imposed by custodians, brokers, and third-party managers or other third parties that we do not control. These charges can include such things as deferred sales charges, transfer taxes, wire transfer and electronic fund fees, conversion fees, termination fees, retirement account annual fees, and other charges or taxes. Please consult the account opening documentation provided by your Custodian for more information on the nature of these additional costs. We do not share in any portion of these additional fees and expenses.

As described above, clients should understand that hourly fees for any Add-on Financial Planning Hours and/or Tax Services engaged by the client are not covered within our Wrap Fee. To fully understand the total cost you will incur you should review the prospectus of each mutual fund, ETF, REIT, and/or pooled investment vehicle in which you are invested, the contractual arrangement with the Custodian of your account, and our firm brochure.

**D No Compensation Paid for Referrals.**

We do not pay any referral fees or additional compensation of any kind with respect to referrals of clients to our firm for portfolio management services offered under the Fortitude Wrap Program.

**Item 5 – Account Requirements and Types of Clients**

We typically provide investment advice to individuals, high net worth individuals, partnerships, corporations, and other business entities. Because each client is unique, they must be willing to be involved in the planning and ongoing processes of our management of their account. Such involvement does not have to be time consuming, however we want our clients to remain informed and have a sense of security about their investments.

We typically require a minimum opening account size of \$250,000 to open a portfolio management services relationship. We reserve the right to waive this requirement for individual clients in our sole discretion.

## Item 6 – Portfolio Manager Selection and Evaluation

### A **Selection and Review of Portfolio Managers.**

All services under the Fortitude Wrap Program are managed, directed, and performed exclusively by our in-house portfolio managers. Our portfolio managers are registered as investment advisor representatives of our firm and are retained based on their demonstrated skill and experience in managing client portfolios.

Portfolio manager performances are evaluated by Fortitude's management personnel in light of generally accepted benchmarks and/or our expectation of their performance level within the client's overall investment portfolio. We will consider replacing portfolio managers if they fail to meet the selected benchmark or otherwise fail to meet the expected level of performance we designate for your account.

### B **Conflicts of Interest Related to Use of In-House Portfolio Managers.**

You should be aware that because our in-house portfolio managers will manage your account, we have an incentive to evaluate their performance more favorably than we might otherwise if they were not affiliated with our firm. Likewise, because your portfolio manager is affiliated with our firm, we have a disincentive to terminate their services to your account or to take other negative action as a result of their failure to perform to our expectations.

### C **Additional Disclosures Related to our Advisory Business; Performance-Based Fees and Side-By-Side Management; Methods of Analysis, Investment Strategies and Risk of Loss; and Voting of Client Securities.**

We do not charge any performance-based fees for our services or engage in side-by-side management of accounts. Our advisory services under the Fortitude Wrap Program are always tailored to the client's investment objectives, needs and suitability and clients may impose restrictions on investing in certain securities or types of securities within their Fortitude Wrap Program account. We manage effectively all of our portfolio management client accounts under the Fortitude Wrap Program.

The type of investments we typically recommend for Fortitude Wrap Program accounts are described above. We may also provide advice regarding investments held in the client's portfolio at the inception of our advisory relationship or advice concerning other investment instruments specifically requested by the client.

We may use some or all of the following *methods of analysis* in providing investment advice to you:

**Fundamental Analysis.** In using fundamental analysis, we attempt to determine the intrinsic value of target securities through a review of, among other things, company specific financial disclosures, the strength and track record of management personnel, industry sector financial health, and at a macro level, the overall direction of the economy at large. We use this information as a basis to determine if such securities are underpriced or overpriced relative to current market prices and then to make a buy or sell recommendation to you.

Relying on this type of analysis leaves open the risk that the price of a security may move along with the overall direction of the market, irrespective of the economic and financial factors which may have indicated that an opposite movement would have been expected. The main sources of information we rely upon when researching and analyzing securities using fundamental analysis include research materials prepared by others, annual reports, corporate rating services, prospectuses, and company press releases.

Technical Analysis. We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company or security. This method of analysis presents a risk in that a poorly-managed or financially unsound company may underperform regardless of overall market movement.

Asset Allocation. Rather than focusing on selecting the particular securities or other assets to invest for your account, we attempt to identify an appropriate ratio of various types of investments (for example, stocks, fixed income, and cash) suitable to your investment goals, time horizon, and risk tolerance. A risk of asset allocation is that you may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate to meet with your investment goals.

Mutual Fund, ETF, and REIT Selection and Analysis. We evaluate and select mutual funds, ETFs, and/or REITs for your account based on several factors which may include, without limitation, (1) the experience and track record of the underlying portfolio manager(s), (2) the performance of the fund over time and through various market conditions; (3) expected market conditions that might impact the underlying holdings of the fund or applicable market sector; and (4) whether and to what extent the underlying holdings of the fund overlap with other assets held in your account. We also monitor the fund in an attempt to determine if it is continuing to follow its stated investment strategy.

A risk of this form of analysis is that, as in all securities investments, past performance does not guarantee future results. A fund manager's past track record of success cannot be relied upon as a predictor of success in the future. In addition, the underlying holdings of the fund are determined by independent fund managers and may change overtime without advance warning, creating the potential for overlap with other investments held in your account. This increase in the correlation of your holdings will increase the risk of loss where the value of any overlapping holdings should decrease. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund, which could make the holding(s) less suitable for the client's portfolio.

We typically use the following *investment strategies* in managing client accounts:

Long-term Purchases. We primarily take a long term, passive, "buy and hold" approach to investing client assets. In this type of investment strategy, we suggest the purchase of securities with the idea of holding them in a portfolio for a year or longer. Typically, we employ this strategy when (1) we believe the securities to be currently undervalued, and/or (2) we want the portfolio to have exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our

predictions are incorrect, a security may decline sharply in value before we make the recommendation to sell.

Short-term purchases. When utilizing this strategy, we may suggest the purchase of securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we recommend for purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Active Management/Trading. In limited circumstances, we may purchase or recommend the purchase of securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings. A trading strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. Active or more frequent trading may also result in less favorable tax treatment of capital gains and increased transaction-related costs.

Sustainable, Responsible, and Impact (“SRI”) Investing. Our firm is committed to SRI investing and will implement SRI investing principles upon client request. Where appropriate, a key strategy deployed in our investment research on behalf of clients is to consider three critical factors in evaluating prospective investments. Those factors are referred to by the acronym “ESG,” which stands for Environmental, Social and Governance. In short, we seek to invest in companies who demonstrate a commitment to sustainability; pursue positive societal and/or environmental impacts; and/or affirm ethical conduct and diversity in their corporate governance.

Options. In limited circumstances, we may suggest the use of options as an investment strategy. We typically will only recommend an options strategy as a means to defend the client’s portfolio when we foresee significant volatility in the securities markets. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

A call gives the holder the right to buy an asset at a certain price within a specific period of time. We will suggest the purchase of a call option(s) if we have determined that the stock will increase substantially before the option expires.

A put gives the holder the right to sell an asset at a certain price within a specific period of time. We will suggest the purchase of a put option(s) if we have determined that the price of the stock will fall before the option expires.

We may use options to speculate on the possibility of a sharp price swing. We will also suggest the use of options to “hedge” a purchase of the underlying security; in other words, we may suggest an

option purchase to limit the potential upside and downside of a security we previously recommended for purchase.

We use our best judgment and good faith efforts in rendering investment advice to our clients. We cannot warrant or guarantee any particular level of account performance, or that an account will be profitable over time. Not every investment recommendation or decision we make will be profitable. **Investing in securities involves risk of loss that clients should be prepared to bear.** You assume all market risk involved in the investment of your account assets. Investments are subject to various market, currency, economic, political, and business risks.

Except as may otherwise be provided by law, we are not liable to you for:

- any loss that you may suffer by reason of any investment recommendation we made with that degree of care, skill, and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; or
- any independent act or failure to act by any Custodian of your account(s).

**Summary of Investment Risks.** While all investing involves risks and losses can and will occur, our we generally recommend a broad and diversified allocation of mutual funds and other securities intended to reduce the specific risks associated with a concentrated or undiversified portfolio. Nonetheless, you should consider the following high-level summary of investment risks. **This list is not intended to be an exhaustive description of all risks you may encounter in engaging our firm for advisory services. We encourage you to inquire with us frequently about the risks related to any investments in your account.**

**Risk of Loss.** Securities investments are not guaranteed, and you may lose money on your investments. As with any investment manager that invests in common stocks and other equity securities, our investment recommendations are subject to market risk—the possibility that securities prices will decline over short or extended periods of time. As a result, the value of your account(s) will fluctuate with the market, and you could lose money over short or long periods of time. You should recognize whenever you determine to invest in the securities markets your entire investment is at risk. Clients should not invest money if they are unable to bear the risk of total loss of their investments.

**Economic Risk.** The prevailing economic environment is important to the health of all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument are hinged on dealings in such countries, the investment instrument will generally be subject to a higher level of economic risk.

**Financial Risk.** Financial risk is represented by internal disruptions within an investment or the issuer of an investment that can lead to unfavorable performance of the investment. Examples of financial risk can be found in cases like Enron or many of the dot com companies that were caught up in a period of extraordinary market valuations that were not based on solid financial footings of the companies.

Market Risk. The value of your portfolio may decrease if the value of an individual company or multiple companies in the portfolio decreases or if our belief about a company's intrinsic worth is incorrect. Further, regardless of how well individual companies perform, the value of your portfolio could also decrease if there are deteriorating economic or market conditions. It is important to understand that the value of your investment may fall, sometimes sharply, in response to changes in the market, and you could lose money. Investment risks include price risk, as may be observed by a drop in a security's price due to company specific events (*e.g.*, earnings disappointment or downgrade in the rating of a bond) or general market risk (*e.g.*, such as a "bear" market when stock values fall in general). For fixed-income securities, a period of rising interest rates could erode the value of a bond since bond values generally fall as bond yields go up. Past performance is not a guarantee of future returns.

Risks Related to Analysis Methods. Our analysis of securities relies in part on the assumption that the issuers whose securities we recommend for purchase and sale, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Securities Transactions at the Direction of Clients. Despite any discretionary trading authorization, you may grant us, you will maintain the concurrent ability to direct transactions within your account held at the Custodian. We are not responsible for the consequences of your self-directed investment decisions or the costs and fees they generate within your account.

Interim Changes in Client Risk Tolerance and Financial Outlook. The particular investments recommended by our firm are based solely upon the investment objectives and financial circumstances disclosed to us by the client. While we strive to meet with clients at regular intervals (at least annually, unless otherwise agreed, either in person, telephonically, or by electronic means) to discuss any changes in the client's financial circumstances, the lack of constant and continuous communication presents a risk insofar as your liquidity, net worth, risk tolerance and/or investment goals could change abruptly, with no advance notice to our firm, resulting in a mis-aligned investment portfolio and the potential for losses or other negative financial consequences.

Fortitude does not vote proxies on behalf of its clients. Upon request, we may provide advice to clients on how the client should vote a particular proxy, however, the client is responsible for the ultimate voting decision and to vote the subject proxy. Clients will receive proxies and other solicitations directly from the Custodian or transfer agent of their portfolio securities. If any proxy materials are received by us on behalf of a client, they will be sent directly to the client or a designated representative of the client, who is responsible to vote the proxy.

As of December 31, 2021, we managed \$206,470,519 of client assets on a discretionary basis, and \$0 on a non-discretionary basis.

## **Item 7 – Client Information Provided to Portfolio Managers**

We are required to describe the information about you that we communicate to your portfolio manager(s), and how often or under what circumstances we provide updated information. Our in-house portfolio managers will have ongoing access to your suitability information, written financial plan (if any), and all other information provided to us by you and contained in your client file with the firm. They will use this data to determine an appropriate investment strategy and portfolio that is tailored to your investment objectives and needs.

## Item 8 – Client Contact With Portfolio Managers

There are no limitations on the client’s ability to contact our firm and speak with the in-house portfolio manager of their account. **It is your continuing and exclusive responsibility to give us complete information and to notify us of any changes in your financial circumstances, income level, investment goals or employment status. We encourage you to contact us regularly and promptly to discuss any such changes.**

## Item 9 – Additional Information

Disciplinary Information. Fortitude is required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of our firm or the integrity of our management. No principal or person associated with our firm has any information to disclose.

Financial Industry Activities and Affiliations and Related Conflicts of Interest. Certain of our investment advisor representatives are concurrently registered as “registered representatives” of LPL (each such individual a “Dually Registered Person”). LPL is not otherwise affiliated with our firm. Clients can enter into a separate commission-based arrangement with such Dually Registered Persons (but not with Fortitude directly) and LPL for securities brokerage services (a “Brokerage Arrangement”). Investments made through the Brokerage Relationship are separate from the advisory services we provide to you, and therefore, Fortitude does not have a fiduciary duty over such Brokerage Relationship recommendations.

Under a Brokerage Arrangement, these Dually Registered Persons, acting in their capacity as registered representatives of LPL, may receive commissions, ongoing distribution fees (*i.e.*, trails), and other compensation based on sales of securities to clients. This creates a conflict of interest insofar as our Dually Registered Persons have an incentive to sell securities to clients based upon the commissions and other compensation they may receive rather than the client’s best interests. Alternatively, they may have an incentive to forego providing you with advisory services when appropriate, and instead recommend the purchase of commissionable investments, if they deem that the payout for recommending the purchase of these investments would be higher than providing investment advice on these products for an advisory fee. Clients are advised that fees paid to Fortitude for investment advisory services are separate and distinct from the commissions and/or other forms of compensation that may be earned by any Dually Registered Persons for selling securities products to clients through LPL.

As a matter of policy, Fortitude does not permit its Dually Registered Persons to earn commissions or trails on transactions or assets held in advisory accounts. However, if a client chooses to establish both an advisory account with Fortitude and a Brokerage Arrangement through LPL serviced by one of our Dually Registered Persons, the client and the Dually Registered Person will establish the types of transactions that will be made in each account.

Transactions in the Fortitude Wrap Program are generally effected through LPL as the executing broker-dealer we recommend. We receive compensation as a result of a client’s participation in the Fortitude Wrap Program. Depending on, among other things, the size of the account, changes in its value over time, the ability to negotiate fees or commissions, and the number of transactions, the amount of this compensation may be more or less than what we would receive if the client participated in other programs, whether through LPL or another vendor, or paid separately for investment advice, brokerage, custodial, and other services.

Fortitude’s Dually Registered Persons are subject to regulations that restrict them from conducting securities transactions away from LPL without written authorization from LPL. Clients should, therefore,



be aware that for accounts where LPL serves as the custodian, Fortitude is limited to offering services and investment vehicles that are approved by LPL and may therefore be prohibited from offering services and investment vehicles (some of which may be more suitable for the client) that may be available through other broker/dealers and custodians.

As a result of our associated persons' dual registration with LPL, LPL may have access to certain confidential information (*e.g.*, financial information, investment objectives, transactions and holdings) about our clients, even if the client does not establish any account through LPL. If you would like a copy of LPL's privacy policy, please contact LPL directly at 1-800-558-7567.

Certain of our financial professionals are also independently licensed to sell insurance in one or more states acting as a direct agent representative of a specific insurance company or companies. Insurance related business may be transacted with advisory clients and licensed individuals may receive customary commissions and fees from insurance products sold to clients. Fees paid to Fortitude or its financial professionals for investment advisory services are separate and distinct from any commissions and fees earned by Fortitude or its financial professionals for selling insurance products to clients.

The receipt of securities and/or insurance related commissions or fees by any individual associated with our firm presents a conflict of interest. As fiduciaries we must act primarily for the benefit of our investment advisory clients. As such, we will only transact securities and/or insurance related business with clients when fully disclosed, suitable, and appropriate. Further, we must determine in good faith that any commissions or fees paid to our financial professionals are appropriate. Clients are informed that they are under no obligation to use any individual associated with our firm for the purchase of any securities or insurance products or services. Clients may use any broker-dealer, broker-dealer registered representative, insurance firm or insurance agent they choose for purchase of these products and services. We encourage you to ask us about the conflicts of interest presented by the broker-dealer and insurance licensing of our associated persons.

In addition, as outlined in Item 4, our Tax Services are provided through Fortitude Tax, which is an affiliate of Fortitude through common ownership. The common ownership of Fortitude and Fortitude Tax means that a client's decision to engage our affiliate for Tax Services will result in additional compensation to our shared personnel. Clients are never obligated to engage Fortitude Tax for any services and may utilize the services of any provider of their choice.

Receipt of Institutional Program Benefits. Fortitude recommends that its advisory clients engage LPL for custody and brokerage services and may receive access to certain products and services as a result of its clients' engagement of LPL for these services. There is no direct link between LPL and Fortitude in connection with the investment advice Fortitude provides to clients. Fortitude receives economic benefits through the custody and operating relationships it has with LPL that are not typically available to retail investors. These benefits may include some or all of the following products and services, provided by LPL without cost or at a discount: duplicate client statements and confirmations, research related products and tools, consulting services, access to a trading desk serving Fortitude's associated persons, access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares directly to or from 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 (or reduced) transaction fees, and discounts or no fees on compliance, marketing, research, technology, and practice management products and services provided by third-party vendors.

LPL may also pay for business consulting, professional services, and research received by Fortitude and/or its associated persons, and may also pay or reimburse expenses (travel, lodging, meals, and entertainment expenses) for Fortitude’s personnel to attend conferences or meetings relating to their service platforms or to their advisor custody and brokerage services generally. Some of the products and services made available by LPL through the program may benefit Fortitude but may not benefit its clients. These products or services may assist Fortitude in managing and administering client accounts, including accounts not maintained at LPL. Other services made available by LPL are intended to help Fortitude manage and further develop its business enterprise. The benefits received by Fortitude or its personnel through participation in this program do not depend on the amount of brokerage transactions directed by Fortitude or the amount of client assets held at LPL.

As part of its fiduciary duties to clients, Fortitude endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of the foregoing benefits and services by our firm and/or our associated persons in and of itself creates a conflict of interest and may indirectly influence Fortitude’s choice to recommend LPL to clients for custody and brokerage services. Our firm always acts in a fiduciary capacity and in the best interests of its clients. Accordingly, we will only recommend LPL’s services (or those of any other custodian offering us similar benefits) in line with our duty to seek best execution of trades for client accounts.

Except as outlined above, we have no other arrangements, written or oral, in which we compensate others or are compensated for client referrals.

Our Code of Ethics; Participation or Interest in Client Transactions, and Personal Trading. We subscribe to an ethical and high standard of conduct in all our business activity in order to fulfill the fiduciary duty we owe to our clients. Included in these ethical obligations is the duty to put our client’s interests ahead of our own along with duties of loyalty, fairness, and good faith towards our clients. We disclose to clients material conflicts of interest which could reasonably be expected to impair our rendering of unbiased and objective advice.

Fortitude has a Code of Ethics (“Code”) which all its associated persons are required to follow. The Code outlines proper conduct related to all services provided to clients and will be made available to you, free of charge, upon request by contacting us at the phone number listed on the cover page of this brochure. Prompt reporting of internal violations is mandatory. Fortitude’s management personnel periodically evaluate the performance of our associated persons to ensure the quality of our services and compliance with our Code.

Designed to prevent conflicts of interest between the financial interests of clients and the interests of the firm and its staff, the Code requires, among other procedures, our “access persons” to report their personal securities transactions quarterly and to report all securities positions in which they have a beneficial interest at least annually. These reporting requirements allow supervisors at the firm to determine whether to allow or prohibit certain employee securities purchases and sales based on transactions made, or anticipated to be made, in the same securities which may be purchased or sold for client accounts. The Code is required to be reviewed annually and updated as necessary.

Our firm and our associated persons do not have any proprietary or material interests in or any role in the management of any companies or investments that we recommend to our clients.

Fortitude and/or individuals associated with our firm may manage accounts which belong either to themselves, individually, or to their family or their affiliates (collectively, “Proprietary Accounts”) while simultaneously managing client accounts. It is possible that orders for Proprietary Accounts may be entered simultaneously (but typically only as part of a block trade) with or opposite to orders for client accounts,

pursuant to, for instance, a neutral allocation system, a different trading strategy, or trading at a different risk level. The management of any Proprietary Account is subject to our Code of Ethics and the duty of our firm and its personnel to exercise good faith and fairness in all matters affecting client accounts.

The practice creates an actual conflict of interest with our clients insofar as our firm or individuals associated with our firm may have a financial incentive to trade in securities for Proprietary Accounts in advance of or opposite to transactions in the same securities for client accounts. To address this conflict, our policy is that, assuming the purchase or sale is otherwise appropriate for the subject client accounts, we will purchase or sell securities for our clients' accounts, as the case may be, before purchasing or selling any of the same securities for any Proprietary Accounts. In some cases we may buy or sell securities for our own account for reasons not related to the strategies adopted by our clients. The only exception to this general rule is where our Proprietary Accounts may participate in an aggregated trade with client accounts.

In summary, our practice of buying and selling for Proprietary Accounts the same securities that we buy or sell for client accounts is restricted by the following controls:

- We are required to uphold our fiduciary duty to our clients;
- We are prohibited from misusing information about our clients' securities holdings or transactions to gain any undue advantage for ourselves or others;
- We are prohibited from buying or selling any security that we are currently recommending for client accounts, unless we participate in an aggregated trade with clients or place our orders after client orders have been executed; and
- We are required to periodically report our securities holdings and transactions to the firm's Chief Compliance Officer, who must review those reports for improper trades.

We act in a fiduciary capacity. If a conflict of interest arises between us and you, we shall make every effort to resolve the conflict in your favor. Conflicts of interest may also arise in the allocation of investment opportunities among the accounts that we advise. We will seek to allocate investment opportunities according to what we believe is appropriate for each account. We strive to do what is equitable and in the best interest of all the accounts we advise.

We will disclose to advisory clients any material conflict of interest relating to us, our investment advisor representatives, or any of our employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

Account Reviews and Reporting. Fortitude Wrap Program accounts are generally reviewed by the investment advisor representative(s) who are primarily responsible for overseeing the client's account. The specific individuals conducting account reviews may vary from time to time, as personnel join or leave our firm. The frequency of reviews is determined based on each client's investment objectives and needs. Accounts are generally reviewed quarterly, but in any event, no less than annually.

More frequent reviews of Fortitude Wrap Program accounts may be triggered by a change in the client's investment objectives; income level; risk/return profile; tax considerations; significant account contributions and/or withdrawals; large sale or purchase transactions; security specific events; or changes in the economy more generally.

Participants in the Fortitude Wrap Program will receive standard account statements and trade confirmations from their Custodian at least quarterly. We will provide you with independently prepared written reports periodically at our discretion, and as you may otherwise reasonably request from time to time. The reports we provide to you will contain relevant account and/or market-related information such as an inventory of account holdings and account performance, as examples.

Financial Information. Fortitude does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

Advisors who have discretionary authority over client accounts, custody of client assets, or who require or solicit pre-payment of more than \$1,200 in fee per client, six months or more in advance, are required to disclose any financial condition that is reasonably likely to impair their ability to meet contractual commitments to clients. Fortitude maintains discretionary authority over client funds and securities under the Fortitude Wrap Program. We have no financial commitments that would impair our ability to meet contractual and fiduciary commitments to our clients.

Neither Fortitude, nor any of its principals, have been the subject of a bankruptcy petition at any time in the past.