

## Item 1 – Cover Page



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March 15, 2024

This firm brochure provides information about the qualifications and business practices of Fortitude Financial, LLC. If you have any questions about the contents of this brochure, please contact us at (509) 931-1199. The information in this firm 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 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 firm brochure reflects the following material changes from the last annual amendment filed on March 14, 2023:

Items 4, 5 & 10 of this firm brochure has been updated to disclose Fortitude Tax, LLC changed its name to FF-CS Tax, LLC.

Items 12 & 14 have been updated to disclose the use of Charles Schwab & Co., Inc.

We will ensure that all current clients receive a Summary of Material Changes to this and subsequent firm brochures within 120 days of the close of each fiscal year. A Summary of Material Changes is also included within our firm 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 firm 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 firm brochure may be requested, free of charge, by contacting us at the telephone number reflected on the cover page of this firm brochure.

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**Item 4 – Advisory Business**

- A** Fortitude Financial, LLC, is a Washington limited liability company founded in 2021. Jeremy F. Lewis and Benjamin K. Chase are the owners of the firm. We became an independent registered investment advisor with the SEC in April 2021. Our principal offices are located in Spokane, Washington.

The information contained in this brochure describes our investment advisory services, practices, and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our services to the needs of our clients. As used throughout this firm 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.

Prior to forming an investment advisor-client relationship, we may offer you a complimentary general consultation to discuss the nature of our services and to determine the possibility of an advisory relationship. Investment advisory services begin only after the prospective client and Fortitude formalize their relationship by the execution of a written advisory agreement.

- B C** We offer several investment advisory services to our clients. Our investment advice is always custom tailored according to each client’s unique investment profile and needs.

When we provide portfolio management services, you will deposit your assets at an independent qualified custodian (the “Custodian”), typically a licensed broker-dealer, banking or savings institution, 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.

A description of our service offerings is set forth below.

Portfolio Management. Our firm offers 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 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.

In addition to our ongoing management and supervision of their investment accounts, portfolio management 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 in Item 5 of this brochure for further details. Should you wish to purchase additional hours of financial planning and consulting services, 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.

Where any of our investment advice or recommendations 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 elect to separately engage us 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. A complete description of our financial planning and consulting services is provided below.

Financial Planning and Consulting Services. For clients who need financial planning and consulting advice, but for whom ongoing portfolio management is not a good fit, our firm also offers financial planning and consulting as a *stand-alone* service. These services may address, without limitation, some or all of the following topics:

- 
- financial, budgeting, and cash management;
  - risk management, insurance planning, and analysis;
  - financial planning relating to divorce and marriage;
  - estate planning;
  - taxation issues and tax planning;
  - retirement planning;
  - investment planning/asset allocation/portfolio design;
  - educational funding; and
  - investment goal setting.

You may engage us for these services either on a comprehensive or a limited scope basis. We will consult with you and review your pertinent financial documents and information (*e.g.*, bank and brokerage statements, insurance documents, estate and trust documents, tax documents, deal documents, etc.) with the goal of identifying areas of financial concern and determining an appropriate set of goals and objectives relative to the scope of the project and the selected financial topic(s) or transaction(s). We will analyze the data and information you share with us and present you with a comprehensive written financial plan or a shorter checklist or report containing a summary of your financial situation, our general observations regarding the same, and a set of specific actions and/or investment recommendations designed and intended to assist you in achieving your goals.

Financial planning and consulting services are non-discretionary in nature – you retain the sole discretion to accept or reject any of our investment recommendations, in whole or in part. You will also be responsible for the implementation (including the selection of service providers related thereto) and ongoing monitoring of all of your investments under this service. Following delivery of our written plan, report, or checklist to you, a follow up consultation (typically provided by phone or e-mail) is provided within thirty (30) days to address any questions you may have and then the engagement is deemed complete. No further update or review of the written plan, report or checklist is provided unless we are separately engaged for such additional services.

Upon request, we may assist you with implementation of our financial recommendations - additional fees may apply. You are never obligated to use our firm to implement any recommendations. Clients are never charged more than \$1,200 six (6) or more months in advance for these services.

As part of this service, we may recommend the use of certain third-party professionals (*e.g.*, attorneys, tax advisors, accountants) to assist you in implementing the advice and recommendations we provide. We do not receive compensation or referral fees of any kind in connection with these recommendations. You are never obligated to engage any recommended third-party professional(s) and elect to do so at your sole discretion and risk. You will independently contract with such service providers and their fees are not included within the advisory fees paid to our firm.

**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 are provided through our affiliate, FF-CS Tax, LLC (“FF-CS Tax”). Tax Services are typically offered solely as an add-on service to clients that have engaged Fortitude for portfolio management services and/or financial planning and consulting services. However, we may on occasion offer these services on a stand-alone basis. You will be required to enter into a separate written Tax Services Agreement with FF-CS Tax when you wish to receive these services. Clients are advised that Fortitude, its affiliates (including FF-CS 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, FF-CS 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.

**D**     Wrap Fee Program. Fortitude offers its portfolio management services primarily, if not exclusively,

through 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 of 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. You will also have the option of adding tax preparation and consulting services for additional fees.

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 combined costs of our investment advice and the costs of substantially all administrative, custodial, and execution fees (*e.g.*, brokerage commissions) incurred within your account held at the Custodian (a “Wrap Fee”). Please see our separate wrap fee brochure (“Wrap Brochure”) for further details regarding the Fortitude Wrap Program. A copy of our Wrap Brochure will be provided to you at the inception of our relationship.

When you participate in the Fortitude Wrap Program, we will absorb the execution fees generated in your account within the Wrap Fee you pay to us, with Fortitude retaining the remainder of the fees paid by the client. 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 foregoing conflicts, 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 might otherwise charge you under an unbundled fee arrangement (*i.e.*, where our advisory fees and execution costs would be charged separately to you). As a general matter, Wrap Fee arrangements are relatively less expensive for more actively traded accounts. However, they may result in higher overall costs to the client in accounts that experience relatively 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.

- E** As of December 31, 2023, we managed \$200,242,218 of client assets on a discretionary basis, and \$32,515,710 on a non-discretionary basis.

### **Item 5 – Fees and Compensation**

- A** A description of the fees we charge for advisory services is set forth in this Item 5. Our fees are generally not 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.

Wrap Fees for Portfolio Management Services. We charge an annual asset-based Wrap Fee for portfolio management services calculated as a percentage of the market value of the client's account in accordance with the following fee schedule.

Market Value of Assets Under Management	Annual Fee Rate	Included Annual Financial Planning and Consulting Hours
\$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 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 portfolio management 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 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.

Portfolio management 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 portfolio management 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.

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.

The firm has a small number of legacy clients who are not participating in the firm's wrap program and are, therefore, on one of two different fee schedules as follows. The firm does not offer any current accounts in a non-wrap format and does not offer either of the following fee schedules to new clients.

<b>Market Value of Assets Under Management</b>	<b>Annual Fee Rate</b>
\$0 – \$500,000	1.25%
\$500,001 – \$1,500,000	1.00%
\$1,500,001 – \$2,500,000	0.75%
\$2,500,001 – \$5,000,000	0.50%
\$5,000,001 – \$10,000,000	0.40%
\$10,000,001– and above	0.30%

<b>Market Value of Assets Under Management</b>	<b>Annual Fee Rate</b>
\$0 – \$500,000	1.45%
\$500,001 – \$1,500,000	1.20%
\$1,500,001 – \$2,500,000	0.95%
\$2,500,001 – \$5,000,000	0.70%
\$5,000,001 – \$10,000,000	0.60%
\$10,000,001– and above	0.40%

**Fees for Financial Planning and Consulting Services.** We typically charge hourly fees for financial planning and consulting services at a maximum rate of \$400 per hour. The specific hourly rate applicable to your engagement will be set forth in a written advisory agreement and will be determined based upon the complexity of your financial circumstances and planning needs and our expectation of the time, research, personnel and other firm resources required to complete the required services. We will provide you with a written estimate of the number of hours required to complete the requested services and require that you pay up to 100% of our estimated hourly fees in full at inception. In the event additional service hours are required, you will be charged additional hourly fees at the agreed upon rate, which are payable in full at the conclusion of the engagement. All fees are payable by check, credit card, or other agreed upon payment method.

Financial planning and consulting 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 financial

planning and consulting services may be terminated by either party on fifteen (15) days' written notice to the non-terminating party. In the event of termination, any earned but unpaid fees shall be invoiced to the client and shall be immediately due and payable to Fortitude. Any excess pre- paid fees shall be refunded to the client. We will deliver a final written invoice to you itemizing the amount of any refund or unpaid fees due.

- B** Direct Deduction of Wrap Fees; Account Statements. 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 our fees have been miscalculated 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.

- C** Additional Fees and Expenses. As described above, our Wrap Fee for portfolio management services covers the combined costs of our investment advice and the costs of substantially all custodial and trade execution fees (e.g., brokerage commissions) incurred within your account held at the Custodian. Separate and in addition to our Wrap Fee, the client shall be solely responsible to bear the costs of internal management fees, deferred sales charges, redemption fees, surrender fees, and other expenses that may be charged by mutual funds, ETFs, REITs, and other pooled investment vehicles to their shareholders.

Fortitude Wrap Program 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 see our separate Wrap Brochure and the account opening documentation provided by the Custodian of your account for more information on the nature of these additional costs.

The hourly advisory fees we charge for stand-alone financial planning and consulting services cover the costs of our investment advice only. Clients are separately responsible to bear any fees and costs charged in connection with the implementation or monitoring of any investments made under this service.

Fees for Tax Services are separate and distinct from any fees we charge for investment advisory services and are paid to our affiliate, FF-CS Tax.

- D** Our termination policies are described above in this Item 5.

- E** Additional Compensation. Certain of our investment advisor representatives are concurrently registered as “registered representatives” of LPL Financial, LLC (“LPL”), a full-service independent SEC registered securities broker-dealer and investment advisor and member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investors Protection Corporation (“SIPC”). We refer to each such individual throughout this firm brochure as 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 to be separate from the advisory services we provide to you, and therefore, Fortitude does not have a fiduciary duty over such Brokerage Relationship recommendations.

12(b)-1 fees are NOT charged on mutual fund assets held in advisory accounts.

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 offered 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.

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.

Individual Retirement Account Rollover Disclosure. As part of our advisory services to you, we may recommend that you withdraw or “roll over” assets from an employer’s retirement plan to an individual retirement account (“IRA”) that we may advise on and which may therefore result in additional advisory fees payable to us. This type of recommendation represents a conflict of interest for our firm. If we make this type of recommendation you are under no obligation to follow such advice. Alternatively, you may have the options of (1) maintaining your retirement plan as is, (2) rolling over your account to the employer’s new retirement plan, (3) taking a taxable distribution, or (4) rolling over your account to a new IRA. It is important to understand the advantages and disadvantages of each approach, which will depend on individual financial circumstances. Prior to proceeding with any such action, we encourage you to contact us and your independent legal and/or tax professionals for more information.

### **Item 6 – Performance-Based Fees and Side-By-Side Management**

We do not charge any performance-based fees for our services or engage in side-by-side management of client accounts.

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.

### **Item 7 – 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 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

#### **A Our Methods of Analysis and Investment Strategies**

Our investment strategy is based upon an asset allocation structure with an emphasis on diversification, dictated by dynamic macroeconomic factors. We start with a top-down perspective in our analysis process to allocate the weightings of various asset classes. We then use a bottom-up discovery and screening process to identify the holdings to fill these allocations. Both our top-down and bottom-up analyses are monitored and revisited on a scheduled basis to ensure continued optimal positioning. For our security selection process, we use software tools to search and then screen for certain characteristics relevant to each specific asset class. As part of ongoing

maintenance of these strategies once employed in accounts, we use a conditional rebalancing process triggered either by significant market events or gradual security drift within the accounts.

The types of investments we typically recommend are discussed in Item 4 of this brochure.

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; the pursuit of positive societal and/or environmental impacts; and/or who 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.

- B** 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).

- C** 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.

**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 – 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 which is applicable to this Item.

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

As outlined in Item 5, certain associated persons of our firm are concurrently licensed as broker-dealer registered representatives of LPL and/or act as independent insurance agents. Please see Item 5 for a discussion of how we address the conflicts of interest presented by these arrangements. In addition, our Tax Services are provided through FF-CS Tax, which is an affiliate of Fortitude through common ownership. The common ownership of Fortitude and FF-CS 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 FF-CS Tax for any services and may utilize the services of any provider of their choice. Except as described in this Section 10, Fortitude does not have any other relationships, industry activities, affiliations or arrangements and does not collect any additional compensation, directly or indirectly, that create a material conflict of interest with its clients.

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.

Except as outlined in Item 5 with respect to our Dually Registered Persons, our firm and our associated persons are not registered, nor do they have an application pending to register, as a broker-dealer, futures commission merchant, commodity pool operator, or commodity trading advisor or representative of any of the foregoing.

Except for certain benefits and services we receive from our recommended broker-dealers (outlined below in Items 12 and 14 of this firm brochure), we do not receive any additional compensation or benefits, either directly or indirectly, in connection with referrals of our clients to any other investment advisors, broker-dealers, custodians, attorneys, or other third-parties. We will only recommend and refer third party service providers to you when we believe such recommendations to be in your best interests.

### **Item 11 – Code of Ethics, Participation or Interest in Client Transactions & Personal Trading**

**A Our Code of Ethics.** 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.

**B-D** Material/Proprietary Interests in Securities Recommended to Clients. 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.

Personal Trading; Participation or Interest in Client Transactions. As described in Item 6 of this brochure, Fortitude and/or individuals associated with our firm may manage Proprietary Accounts. Proprietary Accounts may buy and sell some the same securities as we buy or sell for client accounts. This 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.

## Item 12 – Brokerage Practices

**A** Recommendation of Broker-Dealers; Best Execution; Directed Brokerage; and Soft Dollar Practices. Although clients may request us to execute transactions for their account through any broker-dealer of their choosing, we generally recommend that clients engage the custodial and brokerage services of LPL Financial (CRD #6413), but do utilize Charles Schwab & Co., Inc. Advisor Services solely for certain legacy clients. Fortitude is not affiliated with LPL or Charles Schwab & Co., Inc. 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 client’s account through the services of the selected Custodian.

As stated previously in Item 5, individuals associated with Fortitude are concurrently licensed as registered representatives of LPL. 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.

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.

The Custodian(s) we recommend to you may provide us with certain brokerage and research products and services that qualify as “brokerage or research services” under Section 28(e) of the Securities Exchange Act of 1934 (“Exchange Act”). This is commonly referred to a “soft dollar” arrangement. These research products and/or services will assist us in our investment decision making process. Such research generally will be used to service all of our client accounts, but brokerage charges and similar fees paid by the client may be used to pay for research that is not used in managing that specific client’s account. Your account may pay the recommended Custodian a charge greater than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the charge is reasonable in relation to the value of the brokerage and research services received.

Additional Benefits We May Receive From Recommended Broker-Dealers. Through its custodial relationships with broker-dealers (including LPL), Fortitude may gain access to such firms’ institutional trading and operations services, which are typically not available to retail clients. These may include access to investment research, brokerage and custody services, and access to no transaction fee or reduced transaction fee mutual funds and other investments that are otherwise available only to institutional clients or which would require significantly higher minimum initial investments. The recommended broker-dealer may also make available to us other products and services that benefit our firm but may not necessarily benefit our clients. Our receipt of these benefits creates conflicts of interest that is described in Item 14 of this firm brochure. Please see Item 14A., “Receipt of Institutional Program Benefits” for further details.

We do not process transactions through LPL in return for the referral of advisory clients.

**B** Trade Aggregation. We may aggregate client orders, so long as it is done for purposes of achieving best execution, and so long as no client is systematically advantaged or disadvantaged. Before aggregating client orders, we document the participating accounts and the allocation instructions. We submit allocation instructions to the broker-dealer before the market closes on the day of the order. We allocate aggregated orders to client accounts at the average price obtained. We allocate partially filled orders pro-rata based on the size of the order placed by each account. If we judge that we cannot or should not allocate a partially filled order pro-rata (*e.g.*, if the quantity of securities obtained is too small or would not have a material impact if distributed among each account), then we apply the following procedures:

- We allocate the order to client accounts only (*i.e.*, no employees that participated in the order may receive any allocation); and
- We document our allocation decision.

### Item 13 – Review of Accounts

- A** Account Review Policy. Portfolio management 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.

Financial planning and consulting clients do not receive updates or account reviews following delivery of our written investment recommendations, unless the client specifically requests such review and pays an additional advisory fee. The client is responsible for the ongoing monitoring of all investments under this service.

- B** More Frequent Account Reviews. More frequent reviews of portfolio management 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.

- C** Reporting to Clients. Clients 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.

### Item 14 – Client Referrals and Other Compensation

- A** Receipt of Institutional Program Benefits. As referenced in Item 12 of this firm brochure, 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

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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 in line with our duty to seek best execution of trades for client accounts. Although Fortitude also utilizes Charles Schwab & Co. for a set of legacy clients, this custodian relationship is solely for the purpose of holding these particular accounts, and Fortitude will continue to recommend any new accounts or clients be held by LPL Financial.

Charles Schwab & Co., Inc. Advisor Services provides Fortitude with access to Charles Schwab & Co., Inc. Advisor Services' institutional trading and custody services, which are typically not available to Charles Schwab & Co., Inc. Advisor Services retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Charles Schwab & Co., Inc. Advisor Services. Charles Schwab & Co., Inc. Advisor Services includes brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For Fortitude client accounts maintained in its custody, Charles Schwab & Co., Inc. Advisor Services generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Charles Schwab & Co., Inc. Advisor Services or that settle into Charles Schwab & Co., Inc. Advisor Services accounts.

Charles Schwab & Co., Inc. Advisor Services also makes available to Fortitude other products and services that benefit Fortitude but may not benefit its clients' accounts. These benefits may include national, regional or Fortitude specific educational events organized and/or sponsored by Charles Schwab & Co., Inc. Advisor Services. Other potential benefits may include occasional business entertainment of personnel of Fortitude by Charles Schwab & Co., Inc. Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist Fortitude in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts, if applicable), provide research, pricing information and other market data, facilitate payment of Fortitude's fees from its clients' accounts (if applicable), and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of Fortitude's accounts. Charles Schwab & Co., Inc. Advisor Services also makes available to Fortitude other services intended to help Fortitude manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, and human capital consultants, insurance and marketing. In addition, Charles Schwab & Co., Inc. Advisor Services may make available, arrange and/or pay vendors for these types of services rendered to Fortitude by independent third parties. Charles Schwab & Co., Inc. Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Fortitude. Fortitude is independently owned and operated and not affiliated with Charles Schwab & Co., Inc. Advisor Services.



- B** Except as disclosed in this Item 14, we have no other arrangements, written or oral, in which we compensate others or are compensated for client referrals.

### **Item 15 – Custody**

With the exception of our ability to directly debit fees as outlined in Item 5, we do not hold, directly or indirectly, any client funds or securities, or have any authority to obtain possession of them. All client assets are held at the qualified Custodian, usually LPL. We currently recommend LPL to act as your qualified Custodian to hold your assets and execute securities transactions for your account.

We shall have no liability to you for any loss or other harm to any property in your account held by any Custodian, including any harm to any property in the account resulting from the insolvency of any Custodian (including, without limitation, LPL) or any acts of the agents or employees of any Custodian, whether or not the full amount of such loss is covered by the SIPC or any other insurance which may be carried by such Custodian. Clients understand that the SIPC provides only limited protection for the loss of property held by a Custodian.

### **Item 16 – Investment Discretion**

Portfolio Management Services. Clients are generally required to grant our firm ongoing and continuous discretionary authority to execute our investment recommendations within their account held at the Custodian. In a discretionary arrangement, you authorize us to purchase and sell securities and instruments in your account(s), arrange for delivery and payment in connection with the foregoing, and act on your behalf in all matters necessary or incidental to the handling of the account, including monitoring of your assets, all without requiring your prior approval of each specific transaction. Except for direct deductions of its advisory fees or where you explicitly authorize otherwise, Fortitude will not be permitted to initiate transfers of funds in or out of client accounts. Our discretionary management of your account will be conducted in strict accordance with your investment objectives and suitability.

Financial Planning and Consulting Services. Financial planning and consulting services are always non-discretionary in nature. The client makes the ultimate investment decision.

### **Item 17 – Voting Client Securities**

- A** 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.
- B** 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.

**Item 18 – Financial Information**

- A** Fortitude does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.
- B** 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. We have no financial commitments that would impair our ability to meet contractual and fiduciary commitments to our clients.
- C**
- D** Neither Fortitude, nor any of its principals, have been the subject of a bankruptcy petition at any time in the past.