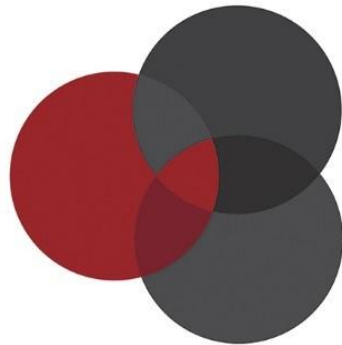


# BROCHURE

(Form ADV Part 2A)



First  
Advisors  
National

715 Peachtree Street, NE, Suite 100  
Atlanta, Georgia 30308

Toll Free: 1-855-FANRIA7(326-7427)

Website: [www.fanria.com](http://www.fanria.com)

Email: [compliance@fanria.com](mailto:compliance@fanria.com)

## Firm Contact

Robert D. Van Sant, Jr.

Chief Compliance Officer

Email: [compliance@fanria.com](mailto:compliance@fanria.com)

**March 31, 2019**

This Brochure provides you with information about the qualifications and business practices of First Advisors National, LLC (FAN*Advisors*). It contains information that you should consider before becoming a client of our firm.

The information contained herein has not been approved or verified by any governmental authority. Our firm is an investment advisory firm registered pursuant to the laws of U.S. Securities and Exchange Commission. Registration of an Investment Adviser does not imply a certain level of skill or training, only that we have filed the requisite registration documents in the appropriate jurisdictions and with the respective governmental entities.

If you have any questions about the contents of this Brochure, please contact us by telephone at 1-855-326-7427 (Toll Free). Additional information about FAN*Advisors*, can be found on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). FAN*Advisors*' CRD/IARD No. is 166212

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**MATERIAL CHANGES (Item 2)**

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*This version of our Brochure dated March 31, 2019 is an annual amendment. The following are material changes to our operations and business practices since our last update filing in March of 2018:*

**Advisory Services (Item 5)**

**Assets under Management**

We have updated our assets under management figure as required by regulations. We currently\* manage \$122,313,424 in client assets on a discretionary basis. \*Our asset under management calculations are as of December 31, 2018.

**General (non-material) Revisions**

We have revised some of the language throughout to provide additional details and to ensure that our disclosures are clear and concise.

**Full Brochure is Available**

The foregoing is a summary of the material changes in the annual amendment to our Brochure. If you have any questions, or would like a full copy of our Brochure, please contact us by phone at 1-855-326-7427 (Toll Free) or by email to [compliance@fanria.com](mailto:compliance@fanria.com).

Additional information about FAN*Advisors*, can be found on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). FAN*Advisors*' CRD/IARD No. is 166212

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**ADVISORY SERVICES (Item 4)**

About Our Business

First Advisors National, LLC (also referred to herein as, “we,” “our,” “us”, or “FANAdvisors”) is a financial advisory firm that provides investment management services, asset allocation advice, and recommendations regarding separately managed portfolios. FANAdvisors is a Georgia domiciled limited liability company. We began providing advisory services and managing clients’ investments in January of 2013 as First American National Investment Advisors and recently changed our name to First Advisors National. Mr. Robert D. Van Sant, Jr. is the sole member and chief compliance officer.

Types of Advisory Services

We assist clients in planning to meet investment goals by recommending the use of specific asset allocation strategies, providing advisement regarding individual securities, and monitoring investment performance. We offer a selection of separately managed portfolios to individuals, corporations, and other businesses entities. A detailed explanation of our services is as follows:

**1. Investment Management Services**

We offer discretionary investment management services as a passive strategy to supplement our client’s investment goals and objectives. Our investment management services utilize individual securities to augment clients broadly diversified separately managed portfolios. We provide investment advice regarding equities, fixed income securities, exchange-traded funds, and mutual funds.

**2. Separately Managed Portfolio Services**

We analyze, select, and recommend third party investment management platforms (“third party money managers”) with managed strategies to meet our client’s financial needs and objectives. These platforms consist of money managers who offer separately managed programs with specific investment strategies and objectives. We monitor the third party money managers’ strategies to ensure that its objectives remain aligned with the investment objectives and risk tolerance of our clients. Although these third party money managers are granted discretionary authority to manage client assets, we are responsible for providing continuous monitoring of our client’s securities managed by these platforms.

**3. Retirement Plan Consulting Services**

We provide non-fiduciary plan consulting services to ERISA plan participants and beneficiaries. Our services generally consist of educational services wherein we assist retirement plan participants (and beneficiaries) in understanding investment options offered by the Plan. We also provide education regarding selection and allocation of the retirement plan’s available investment options. Our services also include general assistance with group enrollment meetings as well as fee and expense evaluations for plan participants (and beneficiaries).

Tailored Services

Our advice, recommendations, and services are based on the individual needs of a client, after analyzing and thoroughly evaluating each client’s goals, objectives, investment horizon, and risk tolerance.

Wrap Fee Programs

Our firm is not a participant in any wrap fee program.

Assets under Management

We currently\* manage \$122,313,424 in client assets on a discretionary basis. We do not manage client assets on a non-discretionary basis. \*Our asset under management calculations are as of December 31, 2018.

**FEES AND COMPENSATION (Item 5)**

Advisory Fees

We earn fees and compensation by providing advice and recommendations as follows:

**1. Fees for Investment Management Services**

Our fee schedule for Investment Management Services is as follows:

Assets Under Management	Annual Rate
No Minimum Asset Requirement	Up to 1.35%

**2. Fees for Separately Managed Portfolio Services**

Our fee schedule for Separately Managed Portfolio Services is as follows:

Assets Under Management	Maximum Annual Rate
No Minimum Asset Requirement	Up to 1.95%

As outlined above, our advisory fees range up to 1.35% for Investment Management Services and up to 1.95% for Separately Managed Portfolio Services. Our advisory fee schedules are negotiable and advisory fee discounts of up to .25% (25 bps) apply at client asset values of \$500,000 or more. Please note that our advisory fee assessment is exclusive of other applicable fees and expenses such as transaction fees, account maintenance fees, and other administrative costs. Please also review the *Other Fees and Expenses section* below for an explanation of additional costs related to advisory services.

**3. Fees for Retirement Plan Consulting Services**

Our fees for retirement plan consulting services are assessed at an annual rate of up to 1%. The fees are based on a percentage of the market value of includable retirement plan assets. Our fees for retirement plan consulting services are negotiable.

**Billing Procedures**

The billing procedures for account custodians may differ. Client’s accounts held by custodian, FolioFn Investments, Inc. (hereinafter, “FolioFn”) are billed monthly in advance. Moreover, client accounts held by FolioFn are not aggregated for billing purposes. Moreover, , client accounts held by custodian, TD Ameritrade Institutional, Division of TD Ameritrade, Inc. (hereinafter, “TDAI”) are billed quarterly in arrears. Clients whose accounts are held by TCA by E\*TRADE are billed monthly in advance. All accounts are subject to the additional fees referenced in the *Other Fees and Expenses section* that follows. More details regarding our billing procedures for specific services are as follows:

**1. Billing for Investment Management Services**

Fees for investment management services are billed and due monthly in advance. For accounts held at Foliofn, the advisory fee assessment is based on the value of the account on the last day of the preceding month. We transmit advisory fee calculations electronically to the account custodian at the beginning of each month.

Clients may also establish accounts at TDAI for investment management services. Fees for investment management services for client accounts held at TDAI are billed and due quarterly in arrears. The advisory fee assessment is based on the balance of account at the end of the quarter . Advisory fee calculations are transmitted electronically to the account custodian shortly after the end of each quarter.

Our investment management clients who utilize TCA by E\*TRADE are billed monthly in advance. Advisory fee assessments are based on the value of the account on the last day of the preceding month. Client advisory fee billing data is transmitted to this custodian electronically.

By agreement and client’s written authorization, advisory fees for investment management services are deducted directly from the client’s designated account(s).

**2. Billing for Separately Managed Portfolio Services**

Fees for separately managed portfolio services for client accounts held at FolioFn are billed and payable monthly in advance. The advisory fee assessment is based on the value of the account on the last day of the preceding month. We transmit the advisory fee calculations electronically to the account custodian at the beginning of each month.

Separately managed accounts held by TDAI are billed and payable quarterly in arrears . The advisory fee assessment based on the average value of the account on the last day of the preceding calendar quarter. Advisory fee calculations are sent to this custodian shortly after the end of each calendar quarter.

Pursuant to our agreement and client’s written authorization, advisory fees for separately managed portfolio services are deducted directly from the client’s account.

**3. Billing for Retirement Plan Consulting Services**

Fees for retirement plan consulting services are billed and payable monthly or quarterly (sponsor’s preference). The fees are calculated based on a percentage of the market value of includable Plan assets. Plan sponsors generally

provide written authorization our advisory fees to be deducted directly from plan assets. The final fee, as agreed upon, is outlined in our consulting services agreement.

## Other Fees & Expenses

Clients will also incur additional fees and expenses related to management of investments and advisory service provisions. As indicated, FAN*Advisors* utilizes the institutional services of FolioFn, TDAI and TCA by E\*TRADE for custodial and brokerage services. Please review *Item 12, Brokerage Practices* for more information regarding our account custodians.

Clients who utilize Foliofn as custodian will also incur either a .20% (20 bps) annual asset-based fee or \$50 fee (whichever is greater) for account maintenance services. The FolioFn account maintenance fee is charged per account on a monthly basis and is based on the asset value of each account as of the last day of the preceding month.

Clients who utilize TDAI for asset based services will incur a .18% (18 bps) annual asset based charge for account maintenance services. This account maintenance fee is charged quarterly in arrears and based on the monthly sum total of the value of the assets in the account (excluding money market funds and non-transaction fee mutual funds) over the quarterly period. The fee is prorated for any account in existence for less than a month period and the fee is assessed on the last day of each billing quarter.

Client accounts custodied at TCA by E\*TRADE will incur a .25% (25 bps) annual asset based charge for account maintenance services. This annual account maintenance fee is assessed per account on a quarterly basis and is based on the asset value of each account as of the last day of the quarter. Clients are also required to maintain a minimum cash balance of five percent (5%)

In addition to the fees outlined above, there are also other expenses that result from the fees charged by mutual funds, exchange traded funds, money market funds, other investment advisors, and investment companies to whom client's assets are allocated. Such fees will be charged in accordance with such funds' prospectuses, as applicable. These fees and expenses are paid by funds or investment companies but are ultimately borne by client as a result of a fund's expense ratio. There may also be an assessment of administration fees for other account transactions such as check requests, bank wires, electronic funds transfer, IRA maintenance fees, and other legal or transfer fees. Clients are responsible for payment of all third-party fees and expenses. It is important to note that the advisory fees paid to FAN*Advisors* are separate and distinct from the maintenance fees and transaction expenses charged by third parties.

## Termination and Refund Policy

Either party may terminate our advisory agreement at any time by providing advance written notice to the other party. Upon receipt of the written termination request, FAN*Advisors* will assess fees pro rata, if applicable, to the date of termination and any unearned portion of prepaid fees will be refunded within fourteen (14) days. Any balances for unpaid fees due to our firm will be collected prior to disbursement of funds, if applicable. In the event we are unable to deduct final fees from an account (in the case of account transfer), we will transmit an invoice to client, which is due upon receipt.

## Other Compensation

Some supervised persons (officers, directors, partners, or investment advisor representatives) of FAN*Advisors* are also registered representatives of a registered broker-dealer. This is outside business activity of our supervised persons and such activities are not offered by FAN*Advisors*. As registered representatives, such supervised persons may also earn commissions or other fees for services to brokerage clients who may also be clients of our firm (pursuant to separate agreements). More details regarding affiliations are outlined in Item 10, *Financial Activities and Affiliations*. Please also review the *Other Business Activities section (Item 4)* of each respective supervised person's Brochure Supplement for a detailed explanation of such compensation.

### 1. Conflicts of Interest

The registration of supervised persons in different capacities (as registered representatives of unaffiliated broker-dealers and investment advisor representatives of FAN*Advisors*) creates an actual conflict of interest with our advisory clients. To mitigate the conflicts of interest relative to dual registration and the receipt of commissions, compensation, and advisory fees, our investment advisor representatives adhere to the following standards: (1) recommendations of products and services are based on an evaluation of the client's best interest (our fiduciary

duty) and, (2) clients will receive written notification of dual compensation or any other actual or potential conflict of interest relative to the purchase or sale of investment products or services.

2. Non-Exclusive Investment Products

The investment products offered by our dually licensed supervised persons or investment advisor representatives are available through other registered representatives not affiliated with FAN*Advisors*. Prospective clients or clients are not obligated to purchase investment products recommended by our supervised persons or investment advisor representatives.

3. Commissions Revenue

Even though our dually licensed supervised persons earn commissions and other sales-based revenue through their affiliation with unaffiliated broker-dealers, FAN*Advisors* receives no commission revenue.

4. Advisory Fee Offset

The advisory services of FAN*Advisors* does not include any assessment for the combination of advisory fees and commissions. Moreover, mark-ups are not applicable to our advisory business.

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**PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT (Item 6)**

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We do not charge performance-based fees and we do not conduct side-by-side investment product management.

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**TYPES OF CLIENTS (Item 7)**

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We generally provide investment advice to individuals, high net-worth individuals, corporations, and other businesses.

We do not impose a minimum investment size or value to establish an account. Nonetheless, the minimum investment value for separately managed portfolio services varies according to the money manger and/or third-party asset management program.

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**METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS (Item 8)**

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Methods of Analysis and Investment Strategies

Clients engage our services to manage all or a portion of their assets on a discretionary basis. We recommend strategies that primarily encompass the use of various third party money managers (separately managed portfolios) based on the client's risk tolerance and investment objectives, among other factors. We also recommend various individual securities (equities, fixed income securities, exchange traded funds, mutual funds and other asset classes) as a passive strategy to supplement the client's stated asset allocation.

We generally use fundamental analysis methods to evaluate individual securities. Our main sources of information include, but are not limited to, research materials prepared by others, inspection of corporate activities, financial newspapers and magazines, and annual reports, prospectuses, and corporate press releases.

Fundamental analysis consists of calculating financial ratios, as well as reviewing cyclical trends of industries in conjunction with monetary policy indicators to assess the overall performance and profitability of markets and companies.

Our investment management services utilize passive strategies for long-term growth. Correspondingly, our investment strategies related to separately managed portfolios allocate clients' assets primarily among two general methodologies, tactical or strategic. The specific details regarding these strategies are as follows:

A tactical asset allocation strategy is an active portfolio management strategy. This investment strategy adjusts the percentage of various asset classes, to include the protection of cash or cash equivalents in periods of heightened volatility, in order to take advantage of market pricing anomalies or strong market sectors. This strategy allows portfolio managers to create extra value by taking advantage of certain situations in the marketplace. It is considered an active strategy since money managers regularly rebalance the asset mix depending on their evaluation of market indicators in an effort to participate in positive market returns and mitigate the impact of negative market returns. Money manager use various indicators of market activity to include fundamental, technical, and/or macroeconomic analysis in determining when and how to change the mix of asset classes or individual securities in a portfolio.

Conversely, a strategic asset allocation strategy is a more passive portfolio management strategy. This investment strategy involves the periodic and often less frequent rebalancing of a somewhat set allocation of various asset classes in order to maintain a long-term goal for asset allocation based on a client's risk tolerance, goals and investment horizon. Since the value of assets can change given market conditions, the portfolio periodically needs to be adjusted to maintain the original long-term goal for asset allocation. Strategic asset allocation is an investment strategy that attempts to balance risk by diversifying among various asset classes with the goal of achieving the anticipated long term performance of each respective asset class. As such, each asset will generally reflect the performance of that asset class and while potentially achieving the anticipated long term performance. This strategy may also reflect increased volatility depending on the actual performance of a given asset class.

As a part of our method of analysis and due diligence, we review and evaluate a third party money manager's investment style or methodology, years in the business, assets under management, regulatory status, and relative portfolio costs to ensure that a money manager meets our initial selection requirements. After selection, we continue to monitor the performance of third party money managers to ensure that they continually provide the performance and value for which the money managers were selected initially.

### Material Risks of Methods of Analysis and Investment Strategies

Although we utilize common investment analysis methods and strategies, there remains some level of material risk. We utilize fundamental analysis methods that measure the risks of companies by formulating assumptions based on historical financial representations. Although we use valid data sources, examine expense ratios, review return and risk ratings extensively, refer to economic indicators, and review the implications of monetary policy, our strategies are implemented as a result of assumptions that are derived from the analysis of historical data. The results of investment strategies derived from this method of analysis are not guaranteed and past performance of an investment is not indicative of future financial returns.

Additionally, there remains some level of material risk in using various methods to evaluate the investment strategies of third-party money managers. Clients should be aware that all securities and/or investment strategies carry various types of risks. While it is impossible to name all potential types of risks associated with specific analysis methodologies and strategies, some common risks are as follows:

- **Risks specific to third-party money managers.** Investing clients' assets with another investment advisor involves risks. Such risks include the realization that the money managers are not as qualified as we believe them to be, that the securities or investment strategies that the money managers use are not as liquid as we would normally use in client's portfolios, or that the money manager's risk management guidelines are more liberal than we would normally employ. Additionally, the investment strategy implemented by a third party money manager may involve an above-average portfolio turnover that could negatively impact the net after-tax gain experienced by a client. Also, portfolio holdings used in money manager's investment strategy are usually exchanged or transferred without regard to the individual tax ramifications to a client.
- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no explicable reason. This means that at times, the price of specific securities could go up or down without real reason and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations. This will ultimately affect a client's securities or portfolio holdings.
- **Risks Related to Time Horizon.** A client may request the liquidation of portfolio holdings at a time earlier than the anticipated investment horizon. If liquidations occur during a period in which the market prices of securities or portfolio values are low, a client will not realize as much value as he/she would have, had the security or portfolio holdings had the opportunity to gain value (or regain its value), as investments frequently do.
- **Regulatory Risk.** Changes in laws and regulations can change the value of company securities. Certain industries are more susceptible to government regulation. If portfolio holdings are invested heavily in a particular sector or industry correlating changes specific regulations could have an impact on the portfolio's returns or holdings.
- **Liquidity Risk.** Liquidity is the ability to readily convert an investment into cash. For example, Treasury Bills are highly liquid, while real estate is not. Likewise, some investment vehicles are highly liquid while others are illiquid. Illiquid investments carry more risk because it can be difficult to sell or liquidate at a fair market price.



- **Financial Risk.** Excessive borrowing to finance a business' operations decreases profitability, because the business must meet the terms of its obligations in good and bad economic times. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value. All businesses are susceptible to financial risks at some point in a business cycle. Some third party money managers may invest in businesses that have excessive debt and this strategy could negatively affect a client's portfolio.
- **Business Continuity Risk.** In the event of a significant business disruption, unforeseeable event or natural disaster that causes total or partial outage affecting our offices or a technical problem affecting applications, data centers or networks, our advisory activities may be adversely impacted. Service providers may also fail to perform and our ability to conduct business may be curtailed by any disruption in the infrastructure that supports operations.

To mitigate such risks, we have adopted a business continuity plan to implement recovery strategies that are designed to maintain critical functions and limit the impact of any business interruption or disaster on client activities or business transactions.

Notwithstanding the method of analysis or investment strategies employed by our firm, the assets within any portfolio are subject to risk of devaluation or loss. There is no guarantee that portfolio holdings or investment assets will achieve the desired investment objectives. Please be aware that in addition to the risks outlined above, there are many different events that can affect the value of assets or portfolio holdings including, but not limited to, changes in financial status of companies, market fluctuations, changes in exchange rates, trading suspensions and delays, economic reports, and natural disasters. While the foregoing information provides a synopsis of the events that may affect investments, this listing is not exhaustive. **We want you to understand that there are inherent risks associated with investing and depending on the risk occurrence, you may suffer LOSS OF ALL OR A SUBSTANTIAL AMOUNT OF YOUR PRINCIPAL INVESTMENT.**

### Recommendation of Specific Types of Securities

We generally focus our advice on and make recommendations relative to separately managed portfolios (i.e., third-party money managers) available through our account custodians. The separately managed portfolios invest in various securities including mutual funds, equities, bonds, fixed-income and debt securities, exchange traded funds, real estate investment trusts, and government securities.

We also recommend individual securities (equities, fixed income securities, and exchange traded funds) as a passive strategy to supplement a client's stated asset allocation(s).

Please be advised that FAN*Advisors* does not offer or recommend alternative investments. Alternative investments include but are not limited to liquid alternative investments such as business development companies and American Depository Receipts (ADRs) and illiquid alternatives such as interests in private equity funds, hedge funds, debentures, promissory notes, or private real estate funds. Any recommendation of an alternative investment by supervised persons of our firm must be approved by our chief compliance officer prior to any recommendation. If a supervised person has received approval to offer or recommend an alternative investment, this outside business activity is fully disclosed in the Other Business Activities section (Item 4) of the supervised person's Brochure supplement. Clients who have questions regarding alternative investments should contact the chief compliance officer to discuss.

### DISCIPLINARY INFORMATION (Item 9)

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Neither our firm nor management personnel has been involved in any industry related legal or disciplinary events.

### OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS (Item 10)

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#### Financial Industry Activities

FAN*Advisors* is not a registered broker-dealer and we do not have an application pending to registration as a broker-dealer. Additionally, our management personnel and principal member, Robert D. Van Sant, Jr. is not registered as and does not have an application pending for registration as a registered representative of a broker-dealer. Notwithstanding the foregoing, our firm permits dual registration and some of our supervised persons or investment advisor representatives are also registered as registered representatives of unaffiliated broker-dealers.

Specific disclosures related to the dual registration of a particular supervised person can be found in the *Other Business Activities Section (Item 4)* of the supervised person's respective Brochure Supplement.

### Financial Industry Affiliations

Furthermore, our management personnel nor supervised persons have applications pending to register as a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor, or associated persons thereof.

### Other Affiliations

It is important to note that FAN*Advisors* is not an insurance agency and we do not receive revenue from insurance related products and services. Nonetheless, some supervised persons of FAN*Advisors* are also licensed insurance agents who offer and sell insurance products for asset and income protection. If such an affiliation is applicable to a supervised person, this outside business activity is fully disclosed in the *Other Business Activities Section (Item 4)* of the supervised persons respective Brochure Supplement.

Some supervised persons of FAN*Advisors* may also offer financial planning services as an outside (or other) business activity. Our firm does not offer such services and does not earn revenue from financial planning services. The offer of financial planning services by supervised persons must be reviewed and approved by the chief compliance officer. Supervised persons who have received approval will have such outside business activities fully disclosed in the *Other Business Activities Section (Item 4)* of the supervised person's Brochure supplement.

Acting in dual capacities and receiving compensation in dual capacities, creates a conflict of interest. Accordingly, this is our notification of the aforementioned conflicts of interest associated with our supervised persons offering of insurance products and/or financial planning services; additional conflicts will be disclosed in writing prior to providing other services. Please review *Other Business Activities Section (Item 4)* of each supervised person's Brochure supplement for more details regarding related affiliations and other business activities.

We do not have arrangements with a related person that is a broker dealer, municipal securities dealer, government securities dealer or broker, investment company or other pooled investment vehicle (including mutual fund, closed-end investment company, unit investment trust, private investment company, or "hedge fund," and offshore fund), other investment advisor or financial planner, futures commission merchant, commodity pool operator, or commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, pension consultant, real estate broker or dealer, sponsor or syndicator of limited partnerships **not already disclosed herein**.

### Other Investment Advisers

As discussed previously, we analyze, select, and recommend third-party money managers (i.e., other investment advisors) for our clients. Please review Items 4 and 5 herein relative to *Separately Managed Portfolio Services*. Due to the nature of these arrangements, the compensation derived from advisory products and services of other investment advisors (i.e., third-party money managers) could result in a substantial concentration of products and services that may benefit our firm indirectly. For example, if we provide a cost differential to one third party money manager that is not available to others, this is a conflict of interest. In the event this conflict occurs, it is typically mitigated by disclosures and bolstered by our fiduciary duty to ensure that our firm and investment adviser representatives collectively act in the best interest of our clients.

Our chief compliance officer will review transactions periodically to determine any existence of conflicts of interest to ensure disclosure, assess over-concentration with respect to any portfolio offering by a particular third-party money manager, evaluate client suitability to ensure compatibility with advisory programs, and assess fee structures for compensation that appears to extend beyond customary thresholds.

## **CODE OF ETHICS, PARTICIPATION, OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING (Item 11)**

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### Code of Ethics

We require that all employees of FAN*Advisors* act in an ethical and professional manner. Our management persons, investment advisor representatives, and other employees (collectively, "personnel") subscribe to a strict code of ethics. Our Code of Ethics is constructed to comply with the investment advisory laws and regulations that require firms to act as fiduciaries in transactions with their clients. Our inherent fiduciary duty requires that we act solely in

our clients' best interest and adhere to standards of utmost integrity in our communications and transactions. These standards ensure that our clients' interests are given precedence.

Accordingly, we have implemented extensive policies, guidelines, and procedures that promote ethical practices and conduct by all of our personnel. The foregoing has been compiled and is collectively referred to as our Code of Ethics. We adopted our Code of Ethics to specify and prohibit certain types of transactions deemed to create conflicts of interest (or perceived conflicts of interest), as well as to establish reporting requirements and enforcement procedures relating to personal transactions by our personnel.

Our Code of Ethics, which specifically deals with our fiduciary duty, professional standards, insider trading, personal trading, and gifts and entertainment, establishes our ideals for ethical conduct based upon fundamental principles of openness, integrity, honesty, and trust. We will provide a copy of our complete Code of Ethics to any client or prospective client upon request.

### Participation or Interest in Client Transactions

We do not recommend that clients buy or sell securities that a related person may have a material financial interest.

### Personal Trading

#### Personal Trading

We may at times, buy or sell securities for our own accounts that we have also recommended to clients. We will always document any transactions that could be construed as a conflict of interest. Conflicts of interest relative to our firm or employees' personal trades may present in many different contexts. Some conflicts of interest related to personal trading include, trading ahead to obtain a better transaction execution price than clients, recommendations or trades based on pecuniary interest or on information that is not available to the public, or structuring transactions in a manner so that the end result is profitable to our firm (and/or an employee). To mitigate or remedy any conflicts of interest or perceived conflicts of interest, we monitor internal trading reports for adherence to our Code of Ethics.

Our Code of Ethics further requires us to (1) act in accordance with all applicable federal and state regulations (2) to act in the best interest of clients, (3) pre-clear transactions in private placements, or initial public offerings and, (4) ensure that the chief compliance officer reviews personal securities transactions to confirm adherence.

#### Simultaneous Trading

From time to time, we may buy or sell securities for personal accounts, respectively, at or around the same time as clients. In any instance where securities are bought or sold at or about the same time, we will uphold our fiduciary duty by always ensuring that transactions are beneficial to the interest of our clients and in compliance with our Code of Ethics.

## **BROKERAGE PRACTICES (Item 12)**

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### Selection and Recommendation

We make recommendation of account custodians after evaluating several factors. These factors include but are not limited to, availability of services, competitiveness of fees and expenses, execution capabilities, reputation, access to securities markets and expertise in handling brokerage support processes.

Our firm maintains a custodial services agreement with Foliofn Investments, Inc ("Foliofn"). Foliofn is a registered broker-dealer, member of FINRA and SIPC and we are participants of Foliofn's institutional services platform for independent investment advisors. Foliofn provides brokerage, operational support, and other custodial services to our firm.

In some instances, we may utilize the institutional platform services of TD Ameritrade Institutional, Division of TD Ameritrade, Inc ("TDAI") for brokerage and other custodial services as well. TDAI is a registered broker-dealer, member of FINRA and SIPC.

We also maintain a custodial services agreement with E\*Trade Savings Bank (formerly Trust Company of America) doing business as TCA by E\*Trade (hereinafter, "TCA by E\*Trade"). E\*Trade Savings Bank is a wholly own affiliate of E\*Trade Financial Corporation. We are participants of the TCA by E\*Trade institutional services platform for independent investment advisors. TCA by E\*Trade clears trades in equities, commodities, currencies, options,

fixed income, and other securities through Virtu Financial. Virtu Financial is a high-frequency trading and market making firm.

Please note that the account custodians (broker-dealers) named above are not affiliated with FANAdvisors. We make recommendations based on the best services for our clients, pre-existing retail relationships, cost implications, and brokerage support processes for transactions. Moreover, we reserve the right to use other or additional firms for custodial services.

**1. Soft Dollar Benefits**

We have not entered into any arrangement to receive research or other products or services other than execution from an account custodian, broker-dealer or any other third party.

Nonetheless, as a participant of institutional services platforms, we do receive ancillary benefits to support operational processes such as duplicate client confirmations and bundled duplicate statements; access to a trading desk serving platform participants exclusively; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; mechanisms to facilitate the deduction of advisory fees directly from client accounts; access to an electronic communication network for order entry and account information; receipt of compliance publications; and access to other products and services that are generally available only to institutional platform participants.

The foregoing benefits are received solely through institutional advisory platforms, and do not necessarily depend upon the proportion of transactions directed to any account custodian.

**2. Brokerage for Client Referrals**

We do not receive client referrals from account custodians, broker-dealers or other third parties in exchange for using any particular broker-dealer.

**3. Directed Brokerage**

(a) As previously stated, we recommend that clients utilize Foliofn or TDAI. Our established service agreements are designed to maximize trading efficiencies and cost effectiveness on behalf of our clients. By recommending that clients use any one of our account custodians (broker-dealers), we seek to achieve the most favorable results relative to trading costs, allocation of funds, and rebalancing of client investments.

(b) Generally, we do not permit clients to direct brokerage. Due to our advice and strategies, we ask that clients mutually agree to use one of our preferred custodians in that otherwise, we may not be able to effect transactions in the most cost effective manner.

**Order Aggregation**

Trade orders executed for accounts held by account custodian, FolioFn are subject to block (or aggregate) trading windows. Block trading windows for advisory accounts are used to execute purchase and sell transactions in a more timely, equitable, cost effective, and efficient manner. The practice of block trading or aggregating orders is reasonably likely to result in more of an administrative convenience for our firm and an overall economic benefit to clients. Clients benefit relatively with averaged purchase or sale execution prices, lower transaction expenses, beneficial timing of transactions, or a combination of these and other factors. The chief compliance officer will review transactions periodically to detect and prevent inefficiencies that may result from using block trading (or order aggregation) processes.

Trade orders executed for accounts held by account custodian TDAI are not subject to block (or aggregate) trading unless we determine that the size of a trade warrants the necessity to use such processes.

**REVIEW OF ACCOUNTS (Item 13)**

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**Periodic Reviews**

Our criteria for reviewing client accounts are as follows:

**1. Review of Investment Management Accounts**

Our investment advisor representatives will provide ongoing investment advice and monitor accounts continually. Our investment advisor representatives are also required to conduct formal reviews of client investment management accounts no less than annually or more frequently at the request of any client. Investment advisor representatives will monitor account performance to evaluate whether the client's investments continue to align

with the stated financial objectives. If reallocation is necessary, our investment advisor representatives may buy or sell investments that are appropriate for a client's stated investment objectives.

Our chief compliance officer will review a client's account documentation and stated asset allocation(s) periodically to ensure that investment advisor representatives adhere to firm policies, procedures, and our fiduciary responsibilities.

**2. Monitoring of Separately Managed Portfolios**

Given the parameters set for the client's asset allocation, our investment advisor representatives will provide ongoing investment advice and monitor the activity of separately managed portfolios continually. Our investment advisor representatives are required to conduct detailed formal reviews of client portfolios at least annually. The annual client reviews are to ensure that the investment allocation and risk tolerance of the portfolio manager continuously aligns with a client's investment goals, investment objective, stated asset allocation. Our annual review process also includes reviewing the various asset classes, investment management styles, specified risk/return requirements and performance of the portfolios. If reallocation is necessary, we may select or recommend different portfolios or third-party money managers.

**3. Review of Retirement Plan Consultation Services**

Reviews for retirement plan consultation services are limited. Plan participants (or beneficiaries) will not receive any scheduled reviews or on-going reports. These services are provided on a global basis and do not include personalized investment advice.

**Intermittent Review Factors**

Intermittent reviews may be triggered by substantial market fluctuation, economic, business, or political events, or by changes in a client's financial status (such as retirement, termination of employment, relocation, or inheritance). Clients are urged to contact us to initiate an intermittent review upon the occurrence of any of the foregoing events.

**Client Reports**

We do not issue separate reports to clients. Clients will receive transaction confirmations from the account custodian shortly after executing purchases or sells. Additionally, the account custodian will send monthly electronic notifications regarding the availability of account statements for each month in which there is trading activity. If there is no activity during any month, clients will receive electronic notifications and/or statements no less than quarterly.

**CLIENT REFERRALS AND OTHER COMPENSATION (Item 14)**

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In some instances, we receive advisory compensation in the form of solicitor or sub-advisory fees from select third-party money managers for offering specific Separately Managed Portfolio Services to our advisory clients. Our solicitor and sub-advisory compensation, agreements, and disclosures comply with Rule 206(4)-3 and other applicable advisory regulations governing such referral or fee sharing arrangements

We also have referral arrangements with unaffiliated third parties ("solicitors") that we compensate for referring clients to us or soliciting clients to use our advisory services. These referral arrangements are required to be disclosed to clients at the time of the referral in a document outlining our compensation agreement with the solicitor. As compensation for referrals, solicitors receive a portion of the ongoing advisory fees that we receive from referred clients.

**CUSTODY (Item 15)**

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**Custodian of Assets**

We do not hold physical custody of client funds or securities. We require that qualified custodians hold client assets. For more information regarding the account custodians (broker-dealers) that service our clients' accounts, please review the *Brokerage Practices Section (Item 12)*. Our firm has indirect custody of client funds and securities because of our authorization and ability to deduct advisory fees directly from clients' accounts; nonetheless, we have implemented the safeguard requirements by requiring safekeeping of clients' funds and securities by a qualified custodian.

We also have indirect custody of client funds and securities due to utilizing asset movement authorizations to process account disbursements at a client's request. To ensure safekeeping of assets subject to movement authorizations, we have implemented the requisite account custodian procedures for safeguarding client assets.

### Account Statements

Client account statements are delivered electronically by the account custodian. Clients will receive electronic notification from the account custodian regarding the availability of account statements. Clients are advised to review account statements carefully, comparing asset values, holdings, activity, allocations, performance, and advisory fees on current statements to that in previously received statements and confirmations. Clients are responsible for ensuring the accuracy of advisory fee calculations.

## **INVESTMENT DISCRETION (Item 16)**

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### Discretionary Authority

It is customary for our firm to exercise discretionary authority in order to manage and direct the investments of clients' accounts. Clients grant this authority upon execution of our advisory agreement. Discretionary authority is for the purpose of making and implementing investment decisions without prior consultation with clients. Investment decisions are made in accordance with a client's stated investment objectives and clients may at any time during our engagement, advise us in writing of any limitations on our authority. We generally allow clients to impose restrictions on investing in individual securities of specific industries or countries, etc., and dollar amounts or percentage of investments in the foregoing. Nonetheless, imposing onerous limitations may adversely affect separately managed portfolios or limit the third party money manager's ability to manage a client's assets due to the composition of portfolios in certain programs. In instances of onerous restrictions, we reserve the right to terminate our advisory service provisions as outlined in the *Refund Policy* section (Item 5).

## **VOTING CLIENT SECURITIES (Item 17)**

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Our firm does not participate in proxy voting on behalf of clients. We may provide information for clarification of the issues presented in proxy solicitation materials; however, our clients are responsible for casting their own proxy votes. Clients are also responsible for directing other shareholder action items relative to mergers, acquisitions, tender offers, bankruptcy proceedings and other type events pertaining to the securities held in accounts managed by us. Clients will receive proxy solicitation and other information regarding shareholder action items, by mail or electronically, from the account custodian or issuer's transfer agent. Clients must follow the instructions for voting or take the action as directed in the mailing or electronic delivery.

## **FINANCIAL INFORMATION (Item 18)**

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### Balance Sheet Requirement

FAN*Advisors* does not require or solicit prepayment of more than \$1,200 in advisory fees per client, six (6) months or more in advance. Moreover, we do not meet any custody requirement that would require submitting our balance sheet.

### Discretionary Authority, Custody of Client Funds or Securities and Financial Condition

It is customary for our firm to exercise discretionary authority with respect to supervising and directing the investments of client accounts. Additionally, we have indirect custody of client funds and securities because of our authorization and ability to deduct advisory fees directly from clients' accounts. More importantly, we do not have any financial condition that will impair our ability to meet contractual commitments to clients.

### Bankruptcy Petition Filings

FAN*Advisors* has not been the subject of a bankruptcy petition at any time during the past ten (10) years.