



**FINANCIAL TRUST**  
ASSET MANAGEMENT

## **Part 2A of Form ADV: Firm Brochure**

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This brochure provides information about the qualifications and business practices of Financial Trust Asset Management, Chartered dba Financial Trust Asset Management ("FTAM"). If you have any questions about the contents of this brochure, please contact us at 561-391-8188. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Financial Trust Asset Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for FTAM is 108998.

FTAM is an SEC-registered investment adviser. Registration with the United States Securities and Exchange Commission (SEC) or any state securities authority does not imply a certain level of skill or training.

## Item 2 Material Changes

Regulatory rules require that we provide a summary of any material changes to this brochure and any subsequent brochures within 120 days of our business' fiscal year. In addition, we will provide other ongoing disclosure information about material changes or an updated brochure when necessary.

- This brochure updates information provided since our last annual update to the ADV Part 2 which was submitted on 03/25/2024. We have the following material change to report since the last annual update of this Brochure:
  - On January 31, 2025, Financial Trust Asset Management, Chartered acquired Hueston Financial Services, LLC, a Florida state-registered investment adviser. Corresponding updates have been made to sections 4 and 5 of this Brochure.
    - The combined firm will operate as Financial Trust Asset Management, Chartered but will also do business as Hueston Financial Services.
    - Arno Mayer, Greg Vigrass and Anthony Stephen Hueston IV are the owners and control persons of the combined firm.
    - Item 4 has been updated to include the combined firm's owners, office locations, and to describe the combined firm's advisory business.
    - Item 4 has been updated to add Tax Planning Services. For Clients who desire, Tax Planning Services are provided by Certified Public Accounts ("CPAs"), including Hueston & Company CPA LLC and Hinkle Rhine & Root LLC CPA, who will assist with filing of personal tax returns and various tax planning strategies under a separate engagement agreement.
    - Item 5 has been updated to reflect the combined firm's fee schedule and billing practices.
    - Item 10 has been updated to describe Anthony Stephen Hueston IV's affiliation and work performed for Hueston & Company CPA, LLC and the resulting conflict. We also added our arrangement with Hinkle Rhine & Root LLC CPAs relating to tax planning services.
  - Financial Trust Asset Management, Chartered has regulatory assets under management of more than \$100 million and was approved as SEC registered firm effective 3/31/2025.
  - The billing schedule for client accounts held at Charles Schwab & Co., Inc. has changed from quarterly in arrears to monthly in arrears.
  - As of February 19, 2025, Marguerite Tavares is the successor CCO for FTAM.

Since our Annual Updating Amendment, filed on February 24, 2025, we have the following additional material changes:

- We added an additional owner to the firm, Joseph Hage. The revised list of owners of FTAM are Arno Mayer, Greg Vigrass and Anthony Stephen Hueston IV, and Joseph Hage.
- As of June 1, 2025, Joseph Hage is the successor President for FTAM
- Financial Trust established an insurance entity known as FT Insurance Services, LLC. Please see Item 5 *Fees and Compensation* and Item 10 *Other Financial Industry Activities and Affiliations* for more detailed information.
- Our advisory fee for managing client account(s) now includes variable annuity contracts and as such will be calculated as a percentage of the total AUM. Please see Item 5 *Fees and Compensation* for more detailed information.
- We offer class action litigation monitoring and securities claim filing services to those clients who do not opt-out of the same. Please see Item 19 *Additional Information* for more detailed information.

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## Item 4 Advisory Business

Financial Trust Asset Management, Chartered dba Financial Trust Asset Management ("Financial Trust" or "FTAM") is a registered investment adviser with its principal place of business located in Boca Raton, Florida and an offices in Bradenton, Florida. Financial Trust began conducting business in 1989. On January 31, 2025, Financial Trust acquired Hueston Financial Services, LLC, a Florida state-registered firm located in Bradenton, FL which was wholly-owned by Anthony Stephen Hueston IV. The combined firm operates as Financial Trust Asset Management but also does business as Hueston Financial Services or "HFS". All items below refer to the combined firm, unless otherwise stated. Listed below are the firm's principal shareholders:

- Arno O. Mayer, CFA, CFP® - Chief Investment Officer / Founder & Majority Partner
- Gregory M. Vigrass - Chief Executive Officer / Partner
- Joseph Hage – President / Partner
- Anthony Stephen Hueston IV, CPA, CFP® - Chief Financial Officer / Partner

The following paragraphs describe our services and fees. Please refer to the description of each advisory planning service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our", "FTAM", "Financial Trust", "firm" and "us" refer to Financial Trust Asset Management and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm.

Financial Trust offers investment advisory services to its clients. Financial Trust provides investment management services to institutional clients – which may include pension and profit-sharing plans, charitable organizations, corporations and other businesses, and other investment advisors – as well as individuals and high net worth individuals. Financial Trust generally invests clients' assets in equities, fixed income securities, exchange traded funds ("ETFs"), and mutual funds. Financial Trust's investment strategies include active strategies, enhanced indexes, proprietary indexes, and tactical strategies. Financial Trust's recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company.

Financial Trust provides continuous advice to clients regarding the investment of client funds based on the individual needs of the client. We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

We may revert to our relationship with Goldman Sachs as they have partnered with institutions to compliment additional services in banking (commercial and private banking platforms), investment banking, and alternative investments. Amendments to our firm's brochure shall occur prior to implementing any of the aforementioned services if suitable for your particular financial situation. Such amendments shall include as applicable (i) revenue sharing arrangements, (ii) shared economic benefits between all relevant parties, and (iii) material conflicts of interests prior to proceeding with our alliance with Goldman Sachs. Please see Items 12 (Brokerage Practices) and 14 (Client Referrals and Other Compensation) of this brochure for further information on services and products we may receive from third parties (other than clients), including the firm's procedures for addressing conflicts of interest that arise from such practices.

As of December 31, 2024, Financial Trust was managing \$115,310,076 in Assets under Management or AUM (\$111,634,773 on a Discretionary Basis and \$3,675,303 on a non-discretionary basis) and \$30,773,598 of Assets under Advisement on a non- discretionary basis through WRAP and Unified Managed Account Platforms ("Programs").

### Financial Trust's Proprietary Models and Strategies

Financial Trust employs a multidisciplinary approach in managing its investment strategies including Quantitative, Fundamental, and Technical Analysis.

## Equity Strategies

- American Leaders Index
- International Leaders Index
- American Disciplined Equity™
- American Disciplined Mid Cap
- American Disciplined Small Cap
- Disciplined Dividend Income™
- ValueMomentum Leaders™
- Health Value
- International ValueMomentum
- Asia ValueMomentum
- Europe ValueMomentum
- Latin ValueMomentum
- Global Resources
- Global REIT
- VMV Large Cap
- VMV Mid Cap
- VMV Small Cap
- VMV Developed Markets ex U.S.
- VMV Emerging Markets

## Tactical Toolbox™

- Tactical American Disciplined Equity™
- Tactical American Disciplined Mid Cap
- Tactical American Disciplined Small Cap
- Tactical American Leaders
- Tactical Asia ValueMomentum
- Tactical Disciplined Dividend Income™
- Tactical Europe ValueMomentum
- Tactical International Leaders
- Tactical International ValueMomentum
- Tactical Latin ValueMomentum
- Tactical ValueMomentum Leaders™
- Tactical Global Cash Flow

## Fixed Income Strategies

- Flexible Income
- All Weather Flexible Income

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## Qualified Retirement Plans

Financial Trust provides investment advisory services to companies with various employee benefit and pension plans ("Plan"). The level of services provided is separately contracted with each plan. We will work with plan trustees/fiduciaries and the third-party administrators ("TPAs") selected by the plans providing investment selection recommendations, periodic review of investment selections, and analysis of the current retirement plan structure, custodian, third party administrator, daily record-keeper, and fees. In addition, Financial Trust will, if contracted by the Plan also provide a documented process for regular benchmarking of retirement plan features, plan design, fees, and Plan Providers.

**Fiduciary Status:** Financial Trust is an SEC-registered investment adviser under the Investment Advisers Act of 1940 and represents that it is not subject to any disqualification as set forth in Section 411 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In performing fiduciary services, we are acting either as a non-discretionary fiduciary of the Plan as defined in Section 3(21) under ERISA, or as a discretionary fiduciary of the plan as defined in Section 3(38) under ERISA, as set forth in the arrangement with each plan sponsor.

## Participant Services

Financial Trust provides investment advisory services to the participants of various plans. Participants choose their investments from a pre-screened list chosen by Financial Trust. Financial Trust may also provide plan participants with educational information regarding investing and products offered by the client or Plan.

## Advisory Services Provided to Other Investment Advisers

Financial Trust provides its models to wrap fee programs ("Programs") sponsored by various independently registered SEC registered investment advisers or Plan Sponsor. or Plan Sponsor. Financial Trust may also provide its models to other unaffiliated third-party programs. Financial Trust provides sub-advisory services to the Programs to include proprietary model recommendations. The Plan Sponsor is responsible for effecting the wrap client's portfolio transactions without commission charges, providing custodial services for the wrap client's assets, or providing any combination of these or other services, all for a single fee, "wrap fee", paid by the client to the Plan Sponsors. Clients will receive a wrap fee brochure (Form ADV Part 2A-Appendix 1) from the Plan Sponsor.

## Assets Under Advisement

Assets under advisement include those assets/portfolios which are delivered to third party platforms such as Goldman Sachs, Adhesion, and GeoWealth. Financial Trust does not have discretion of the assets under advisement and therefore it does not execute trades or vote proxies for the end-client. Clients are able to impose restrictions on investing in certain securities or types of securities or by setting these restrictions on their custodial platform. Trades executed for discretionary clients as well as third party investment platforms may be done at different times with different portfolio/security weightings and other factors, such as brokerage fees associated with the individual accounts. These differences may cause differences in investment performance of the accounts invested using the models.

## Held Away Accounts

Financial Trust offers an additional investment management service for "held away accounts," such as 401(k), 403(b), and 529 plan accounts. We use a third-party platform, Pontera, to leverage an order management system to implement asset allocation and opportunistic rebalancing strategies on behalf of clients. We regularly review the available investment options in these accounts, monitor them, and rebalance and implement our strategies in the same way we do other accounts, though using different tools as necessary.

A link will be provided to these clients allowing them to connect account(s) to the platform. Once a client’s account is connected to the platform, Financial Trust will review the current account allocations. When deemed necessary, Financial Trust will rebalance the account, considering the client’s investment goals and risk tolerance; any change in allocations will consider current economic and market trends. Client accounts will be reviewed at least quarterly and allocation changes will be made as deemed necessary.

Pontera’s platform allows Financial Trust to avoid having custody of clients’ funds since the Firm does not have direct access to client log-in credentials. We are not affiliated with Pontera and receive no compensation from Pontera for using their platform. Pontera charges Financial Trust an annual fee of 0.30% of the assets on their platform.

**Financial Planning**

For clients who have engaged us for investment management services, we may at our discretion provide general financial planning services at no additional cost. The CFP Standards of Professional Conduct define financial planning as “the process of determining whether and how an individual can meet life goals through the proper management of financial resources. Financial planning integrates the financial planning process with the financial planning subject areas.” These subject areas may include but are not limited to assessments of personal financial position and planning related to insurance, investments, taxes, and retirement.

**Tax Planning Services**

For clients who have engaged us for investment management services, tax planning services may be offered at the client’s bequest. Tax planning services are provided by Certified Public Accounts (“CPAs”), including Hueston & Company CPA LLC and Hinkle Rhine & Root LLC CPA, collectively referred to as “CPA Firms.” CPA Firms will assist with filing of personal tax returns and various tax planning strategies. Tax Planning Services are provided through a separate engagement agreement between you and the CPA Firm. Please see Items 5, 10 and 14 below for more information relating to Fees, Affiliations, and Referral Compensation respectively.

**Item 5 Fees and Compensation**

The following is a summary of the annual fees for our various services:

First \$2,000,000	1.25%
\$2,000,000 to \$5,000,000	1.00%
Over \$5,000,000	Negotiable

The annual management fee for clients with accounts at Charles Schwab is billed monthly in arrears and is based upon the value of the account including accrued interest at month end. This fee is prorated for flows during the billing period of \$500 or greater into or out of the account. Client understands he/she will receive a copy of the invoice showing the amount of the fee, the formula used to calculate the fee, the value of the assets on which the fee was based, and the time period covered by the fee, on a monthly basis. For clients with multiple accounts at the same custodian, where there is insufficient cash for the quarterly fee in one account, fees may be taken from another account. For client accounts held at Schwab, Financial Trust manages the billing and will consolidate related family accounts held at Schwab for purposes of achieving the minimum account size and determining the annual fee.

The annual management fee for clients with accounts at Goldman Sachs is billed monthly in arrears and is based upon the average daily value of the account. Goldman Sachs calculates the monthly management fee and remits the payment to Financial Trust Asset Management. Fees are shown on Goldman Sachs’s monthly statements and monthly Billing notices in their electronic file cabinet on the Goldman Sachs website. Goldman Sachs will send emails regarding monthly statements and Billing notices as they become available. When opening an account, fees are prorated for the number of days the account was established. Fees will be debited from the account in accordance with the client authorization in

the Agreement. As Goldman Sachs manages the billing for clients' accounts custodied at Goldman Sachs, accounts are not aggregated with other family accounts custodied at Goldman Sachs or any accounts held with another custodian, such as Schwab.

As discussed above, our advisory fee for managing your account, including your variable annuity contract, will be calculated as a percentage of the total AUM. The advisory fee is based on the value of the investment sub-accounts within your variable annuity. The value of your variable annuity contract will be included in the AUM calculation for purposes of determining the advisory fee. Please be aware that your variable annuity contract has its own separate fees and charges, such as mortality and expense charges, administrative fees, and fund expenses, which will reduce the value of your contract. These fees are in addition to the advisory fee you pay to us. Our advisory fee, combined with the fees and charges within your variable annuity contract, will impact the overall cost of your investment. You are responsible for paying the advisory fee directly to us. This fee is separate from any commissions you may have paid when purchasing the variable annuity contract. The advisory fee covers the ongoing investment management and monitoring of your variable annuity and other assets as outlined in our advisory agreement.

No portion of the Advisory Fee shall be based on capital gains or capital appreciation of the Assets, and no increase in the Advisory Fee shall be effective without prior written notification to you.

In addition to our Advisory Fee, you may also incur certain charges imposed by unaffiliated third parties. Such charges include, but are not limited to, transaction charges, custodial fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund purchased for the Account which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), fees imposed by variable annuity providers and disclosed in the annuity contract, certain deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Financial Trust reserves the right to negotiate fees. A client's fee may be different than the fee schedule listed above. Pre-existing advisory clients are subject to the minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Discounts, not generally available to our advisory clients, may be offered to family members and friends of supervised persons of our firm. Financial Trust reserves the right to charge any of the related accounts for fees for the other related account(s) based on fund availability, unless otherwise documented. Financial Trust will generally deduct fees from client accounts, when clients have provided our firm written authority to do so. However, our firm has accepted some client accounts where the client is invoiced and pays our fees. Clients should be aware that the investment management fee does not include transfer fees, or margin interest and any commissions and mark-ups/mark-downs on transactions directed to other broker/dealers as well as any specialized custodial account charges such as IRA account fees. This amount may vary in special situations and will be disclosed to client. The fees charged are negotiable in situations where client's portfolio size begins outside our published fee brackets or in other situations deemed appropriate by us in our sole discretion.

### Pension Consulting and other Retirement Plan Participants Services Fees

In connection with its pension consulting services, Financial Trust fees that are negotiated separately with each Plan client. Negotiated fees are generally based on the value of the Plan's assets and the complexity of the Plan. In lieu of asset-based fees, we may agree to a fixed fee structure for consulting services, when specifically requested by the Plan or as directed in Plan documents.

As previously noted, fees are negotiated based on the size and complexity of the plan, among other things. These fees are either directly debited from the Client's account by the record-keeper, TPA, or custodian or billed directly to the Client, and are payable in advance or in arrears, as separately negotiated with each client.

Participants in plans should note that the Plan's Third Party Administrator ("TPA") or qualified custodian sends a



statement that includes the value of participants investments, our advisory fee, and how it is calculated. TPAs and custodians do not verify the accuracy of fee calculations. Participants should review these statements and compare them with the agreement to verify the accuracy of calculation of our fees.

#### ERISA / Pension Protection Act of 2006 (PPA)

We may also have IRA accounts or other retirement accounts that are subject to the Pension Protection Act of 2006 (PPA). In all cases, an "eligible investment advice arrangement" or advisory agreement will be executed with the client. We will be considered a "fiduciary advisor" and will charge fees to the retirement account based on a level fees basis which means the fees will not vary depending on the basis of the investment option selected.

The amount of compensation and other consideration reasonably anticipated to be paid, directly or indirectly, to us, our Affiliates or Related Entities for their services in connection with the Recommendation(s) is not in excess of reasonable compensation within the meaning of § 4975(d)(2) of the Code and ERISA Section 408(b)(2). Financial Trust is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include, among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Financial Trust may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Financial Trust's advisory fees.

#### Tax Planning Services

Financial Trust will pay the annual personal tax return services as invoiced by the CPA Firm providing client requested tax planning services, not to exceed \$1,000. Tax planning services are provided through a separate engagement agreement between Client and the CPA Firm. Tax planning clients are responsible for any fees that exceed FTAM's contribution. FTAM is not a tax advisor and as such will not be providing tax advice for any FTAM client. It should also be noted that tax rules for non-resident aliens or NRAs can be complex, especially with varying tax treaties. It's important to consult with a qualified tax advisor to understand the specific implications of your situation.

#### Advisory Services Provided to Other Investment Advisers

Financial Trust provides sub-advisory model recommendations to Plan Sponsor under a particular Program for a fee. Financial Trust earns a portion of the advisory fees charged by the platform sponsor which vary from program to program based on the extent and nature of the services provided by Financial Trust. This fee is separate from any asset-based fee charged by the platform sponsors. Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. A client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

Financial Trust provides its model recommendations to wrap fee sponsors and Unified Managed Account programs ("Programs") sponsored by GeoWealth, Adhesion, SMArtX, BX Index, and Goldman Sachs (the "Plan Sponsors"). Financial Trust provides sub-advisory model recommendation services to the Programs. All Plan Sponsors are independent and registered SEC investment advisers. The Plan Sponsors may recommend retention of Financial Trust for its sub-advisory model recommendations, pay Financial Trust's investment advisory fee, monitor and evaluate Financial Trust's performance. The Plan Sponsor or Program is responsible for effecting the wrap client's portfolio transactions without

commission charges, and provide custodial services for the wrap client's assets, or provide any combination of these or other services, all for a single fee, wrap fee, paid by the client to the Plan Sponsors. Clients should receive a wrap fee brochure (Form ADV Part 2A-Appendix 1) from the Plan Sponsor. Financial Trust earns a portion of the advisory fees charged by the platform sponsor which vary from program to program based on the extent and nature of the services provided by Financial Trust. This fee is separate from any asset-based fee charged by the platform sponsors.

## Termination of Services

**Termination of the Advisory Relationship:** Unless a client has received the firm's disclosure brochure at least 48 hours prior to signing the investment advisory contract, the investment advisory contract may be terminated by the client within five (5) business days of signing the contract without incurring any advisory fees. Thereafter, a client agreement may be canceled at any time, by either party, for any reason upon notice. Fees will continue to accrue up until the termination notification. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's fees, we will prorate the fee according to the number of days in the billing period.

## Additional Fees and Expenses

Clients may incur certain fees or charges imposed by third parties, other than Financial Trust, in connection with investments made on behalf of the client's account[s]. The client is responsible for all custodial and securities execution fees charged by the custodian and executing broker-dealer. The Investment Advisory Fee charged by Financial Trust is separate and distinct from these custodian and execution fees. Please refer to Item 12, Brokerage Practices for additional information concerning the Adviser's brokerage and custodial arrangements.

Certain professionals of Financial Trust are also licensed insurance agents through FT Insurance Services, LLC. In such capacity, they may offer insurance products and receive normal and customary commissions as a result of such a purchase. This presents a conflict of interest to the extent that they may recommend the purchase of an insurance product to certain clients of Financial Trust, that results in a commission being paid to one or more of them as licensed insurance agents. Nevertheless, to the extent that a representative of Financial Trust recommends the purchase of insurance products where the representative receives commissions for doing so, a conflict of interest exists because the representative has an incentive to make recommendations based on the compensation received rather than on a client's needs. In order to mitigate this conflict of interest, it is the policy of Financial Trust to disclose to clients when the sale of particular insurance products will result in commissions being paid to Financial Trust or its employees. Clients of Financial Trust are under no obligation to transact insurance business through FT Insurance Services, LLC.

In addition, all fees paid to Financial Trust for investment advisory services are separate and distinct from the expenses charged by mutual funds and exchange-traded funds to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A client could invest in these products directly, without the services of Financial Trust, but would not receive the services provided by Financial Trust which are designed, among other things, to assist the client in determining which products or services are most appropriate to each client's financial situation and objectives. Accordingly, the client should review both the fees charged by the fund[s] and the fees charged by Financial Trust to fully understand the total fees to be paid. In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker-dealers, including, but not limited to, any transaction charges imposed by a broker-dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

## Held Away Accounts

Fees for held away accounts using Pontera's platform will be deducted from a household taxable/non-retirement account, per client agreement.

## **IRA Rollover Considerations**

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm. An employee typically has a variety of options when dealing with their retirement assets in a company plan. It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.

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

Financial Trust does not currently charge performance-based fees or participate in side-by-side management. Performance-based fees are generally calculated as a percentage of investment profits often both realized and unrealized. Performance based fees can be an incentive to the investment manager to generate positive returns but may also create an inherent conflict of interest as it may give the manager more incentive to take greater risks or direct investments that are perceived to have higher return potential to the accounts that pay a performance fee versus the accounts that pay only a regular investment management fee. Side by Side management refers to the practice of managing accounts that are charged performance-based fee while at the same time managing accounts that are not charged performance-based fees.

## **Item 7 Types of Clients**

Financial Trust provides advisory services to the following types of clients:

- Pension and profit-sharing plans (other than plan participants)
- Charitable organizations
- Corporations or other businesses not listed above
- Other Investment Advisers
- Individuals (other than high net worth individuals)
- High net worth individuals

In general, we require a minimum of \$1,000,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, advisors using Financial Trust's strategies on Unified Managed Account platforms, account minimums may vary.

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

### **Methods of Analysis**

Financial Trust's Investment Committee meets regularly to evaluate and discuss the firm's investment strategies, output data from our proprietary models, individual stock holdings, and client portfolios. This includes an assessment of global economic and financial markets information and their implications for the firm's investment strategies.

Financial Trust's general methods of analysis consist of Charting, Fundamental Analysis, Technical Analysis, and Quantitative Analysis.

**Quantitative Analysis** – the use of mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share and predict changes to that data.

**Technical Analysis/Charting** – a method of analyzing securities that analyzes data generated by past market activity. Among other items, technical analysis/charting evaluates patterns in price and volume.

**Elliott Wave Theory** – a form of technical analysis, which generally asserts that markets move in a pattern of waves in which bull markets generally follow a pattern of five waves up and three waves down and bear markets a pattern of 5 waves down and three waves up.

**Volume Price Analysis** – a form of technical analysis that analyzes trend, volume, and spread of price movement to determine market sentiment, manage risk, and predict changes in price.

**Macroeconomic Analysis** – the analysis of the economy as a whole. It includes but is not limited to the analysis of domestic and international factors ranging from production, inflation, labor markets, and government policy.

**Fundamental Analysis** – a method of analyzing securities that focuses on evaluating a company's business prospects to arrive at an estimate of the company's intrinsic value. This may include financial statement analysis, industry analysis, and macroeconomic analysis.

**Asset Allocation** – Rather than focusing primarily on security selection, asset allocation attempts to identify an appropriate ratio of equities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

**Mutual Fund and/or ETF Analysis** – looks at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. In addition, we monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

## INVESTMENT STRATEGIES

**Note:** For benchmark descriptions and disclosures, please see the "Benchmark Descriptions" section after the strategy descriptions.

### Equity Index Strategies

#### American Leaders Index

The American Leaders index invests in the top 25 stocks in the Standard & Poor's 500 index as ranked by market capitalization. These companies are generally large cap US companies. Each stock is equally weighted in the portfolio. The portfolio is rebalanced and reallocated on a quarterly basis. For comparison purposes this strategy is measured against the S&P 100 Index.

#### International Leaders Index

The International Leaders Index invests in the top 50 international ADRs ranked by market capitalization. Each stock is equally weighted in the portfolio. The portfolio is rebalanced and reallocated on a quarterly basis. For comparison purposes this strategy is measured against the MSCI All Country World Index ex US Large Cap (Net of Withholding Taxes).

### Smart Beta Equity Strategies

Financial Trust's Smart Beta Strategies invest in the highest rated stocks within each of the 11 economic sectors of the associated universe/benchmark. Stocks within each sector are ranked according to Financial Trust Asset Management's proprietary ranking system which ranks the companies in three broad areas. The Earnings

Momentum ranking compares each company’s revenue growth and net income growth in each of the last 3 years. The Profitability and Quality ranking compares profitability and quality factors such as return on equity, return on assets, profit margin, and financial leverage. The ValueMomentum Leaders™ ranking compares valuation and momentum factors. The scores are then combined to come up with an overall ranking. Each portfolio is invested in the top 20% of stocks in each sector. Sector weights are kept equal to the benchmark. However, within each sector, positions are equally weighted. The portfolio is rebalanced and reallocated on a quarterly basis.

Each strategy and its associated benchmark for comparison purposes are listed below. Note: For these strategies, the stocks in the benchmark also comprise the strategy’s investment universe.

Strategy	Universe/Benchmark
American Disciplined Equity™	S&P 500 Index
American Disciplined Mid Cap	S&P Midcap 400 Index
American Disciplined Small Cap	S&P Small Cap 600 Index

### Active Equity Strategies

#### Disciplined Dividend Income™

The Disciplined Dividend Income™ strategy invests in a portfolio of U.S. dividend paying stocks with a favorable combination of rankings based on Financial Trust’s Yield Momentum (YM) and Profitability and Quality (PQ) scores. The strategy’s investible universe is comprised of stocks of U.S. companies that pay a dividend and have a market capitalization greater than \$2 billion (excluding REITs and Limited Partnerships). The Yield Momentum ranking scores companies based on dividend yield and positive price momentum. The Profitability and Quality ranking compares profitability and quality factors such as return on equity, return on assets, profit margin, financial leverage, and price volatility. The top 50 stocks based on the YM and PQ ranks are then selected for the portfolio. The portfolio is equally weighted and is rebalanced and reallocated on a quarterly basis. For comparison purposes, this strategy is measured against the S&P 500 Index.

#### ValueMomentum Leaders™ Strategies

The ValueMomentum Leaders™ strategies invest in 20 to 50 stocks from the associated universe that are ranked using Financial Trust’s proprietary ValueMomentum Leaders™ methodology. This methodology ranks stocks based on a combination of value and momentum factors. To be initially included in the portfolio, companies must have higher year-over-year earnings. Positions are equally weighted, and the portfolio is rebalanced and reallocated on a monthly basis. In select strategies as indicated below, we conduct additional analysis using Elliott Wave Theory as well as top-down macroeconomic and fundamental analysis.\*

Each strategy, its universe, and its benchmark for comparison purposes are listed below.

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<i>Strategy</i>	<i>Universe</i>	<i>Benchmark</i>	<i>Additional Portfolio Manager Evaluation*</i>	<i>Target Number of Stocks</i>
ValueMomentum Leaders™	Stocks of US Companies with a market capitalization greater than \$2 billion.	S&P 500	No	50
Health Value	Stocks of US Companies in the healthcare sector	MSCI US IMI Healthcare	No	50
International ValueMomentum	US Listed Stocks and ADRs of International companies with a market capitalization greater than \$2 billion	MSCI ACWI x US Net	Yes	35
Asia ValueMomentum	US Listed Stocks and ADRs of Asian companies	MSCI AC Asia Pacific Index Net	Yes	20
Europe ValueMomentum	US Listed Stocks and ADRs of European companies	MSCI Europe Index Net	Yes	20
Latin ValueMomentum	US Listed Stocks and ADRs of Latin American companies	MSCI Emerging Markets Latin America Index Gross	Yes	20
Global Resources	US Listed Stocks and ADRs of International and Domestic companies in the Natural Resources Sector	S&P Global Natural Resources Index	Yes	20
Global REIT	US Listed Stocks and ADRs of International and Domestic Real Estate Investment Trusts (REITs) and Real Estate related securities	MSCI World Real Estate Index Gross	Yes	20

### VMV (ValueMomentum and VAER) Equity Strategies

Each VMV strategy invests in a portfolio of 20 stocks from its associated universe. First, the universe is filtered to include only stocks with higher year-over-year earnings. Second, Financial Trust Asset Management's proprietary VAER (Volatility Adjusted Excess Return) ranking compares each stock's volatility adjusted excess return over four different timeframes. Third, Financial Trust Asset Management's proprietary ValueMomentum Leaders™ methodology ranks stocks based on a combination of value and momentum factors. Lastly, we conduct additional analysis using Volume Price Analysis, Elliott Wave Theory, and broad top-down macroeconomic and fundamental analysis.

<i>Strategy</i>	<i>Universe</i>	<i>Benchmark/Universe</i>
VMV Large Cap	Stocks in the S&P 500 index	S&P 500
VMV Mid Cap	Stocks in the S&P Midcap 400 Index	S&P Midcap 400 Index
VMV Small Cap	Stocks in the S&P Small Cap 600 Index	S&P Small Cap 600 Index
VMV Developed Markets ex U.S.	US Listed Stocks and ADRs of companies in developed market countries (excluding the United States)	MSCI EAFE Index Net
VMV Emerging Markets	US Listed Stocks and ADRs of companies in emerging market countries	MSCI Emerging Markets Index Net

## Tactical Toolbox™

Financial Trust's Tactical Toolbox™ suite of strategies aims to provide investors with dynamic equity and fixed income exposure by utilizing a tactical overlay that adjusts each strategy's risk profile based on current market conditions. The tactical overlay generates a signal based on a form of technical analysis known as volume-price analysis, which is conducted on each strategy's associated "Signal Generating ETF". Depending on the signal for each segment, the overlay will shift funds to either a 90 or 10 percent equity allocation within that particular segment. The remaining funds are invested according to Financial Trust's Flexible income strategy, a global fixed income portfolio constructed with ETFs that aims to reduce interest rate risk by keeping overall portfolio duration in a low range.

For comparison purposes, the benchmark for each tactical strategy is a blend of the associated equity component benchmark with a weight of 60% (see equity component descriptions for the appropriate benchmark) and the Bloomberg Barclay's 1-5 Year Government/Credit Index with a weight of 40%. The component benchmark weights are rebalanced monthly.

Each tactical strategy and its underlying equity component strategy and signal generating ETF are listed in the table below.

<b><i>Tactical Strategy</i></b>	<b><i>Equity Component</i></b>	<b><i>Signal Generating ETF</i></b>
Tactical American Disciplined Equity™	American Disciplined Equity	SPDR S&P 500 ETF (SPY)
Tactical American Disciplined Mid Cap	American Disciplined Mid Cap	SPDR S&P Midcap 400 ETF (MDY)
Tactical American Disciplined Small Cap	American Disciplined Small Cap	iShares Core S&P Small-cap ETF (IJR)
Tactical American Leaders	American Leaders	iShares S&P 100 ETF (OEF)
Tactical Asia ValueMomentum	Asia ValueMomentum	iShares Asia 50 ETF (AIA)
Tactical Disciplined Dividend Income™	Disciplined Dividend Income	SPDR S&P 500 ETF (SPY)
Tactical Europe ValueMomentum	Europe ValueMomentum	iShares Europe 50 ETF (IEV)
Tactical International Leaders	International Leaders	iShares MSCI ACWI ex US Index ETF (ACWX)
Tactical International ValueMomentum	International ValueMomentum	iShares MSCI ACWI ex US Index ETF (ACWX)
Tactical Latin ValueMomentum	Latin ValueMomentum	iShares Latin America 40 ETF (ILF)
Tactical ValueMomentum Leaders™	ValueMomentum Leaders	SPDR S&P 500 ETF (SPY)

Note: Within the tactical strategies, the composition of the Flexible Income portion of the portfolio may deviate slightly from the stand-alone Flexible Income strategy due to trading issues, turnover management, and other considerations.

## Tactical Benchmarks

<b><i>Tactical Strategy</i></b>	<b><i>Benchmark</i></b>
Tactical American Disciplined Equity	60% S&P 500 Index / 40% Bloomberg Barclay's 1-5 Year Government/Credit Index
Tactical American Disciplined Mid Cap	60% S&P Midcap 400 Index/ 40% Bloomberg Barclay's 1-5 Year Government/Credit Index
Tactical American Disciplined Small Cap	60% S&P Small cap 600 Index/ 40% Bloomberg Barclay's 1-5 Year Government/Credit Index
Tactical American Leaders	60% S&P 100 Index/ 40% Bloomberg Barclay's 1-5 Year Government/Credit Index
Tactical Asia ValueMomentum	60% MSCI AC Asia Pacific Index Net/ 40% Bloomberg Barclay's 1-5 Year Government/Credit Index



Tactical Disciplined Dividend Income	60% S&P 500 Index/ 40% Bloomberg Barclay's 1-5 Year Government/Credit Index
Tactical Europe ValueMomentum	60% MSCI Europe Index Net/ 40% Bloomberg Barclay's 1-5 Year Government/Credit Index
Tactical International Leaders	60% MSCI All Country World Index ex US Large Cap Net/ 40% Bloomberg Barclay's 1-5 Year Government/Credit Index
Tactical International ValueMomentum	60% MSCI AC World Index ex US Net/ 40% Bloomberg Barclay's 1-5 Year Government/Credit Index
Tactical Latin ValueMomentum	60% MSCI Emerging Markets Latin America Index Gross/ 40% Bloomberg Barclay's 1-5 Year Government/Credit Index
Tactical ValueMomentum Leaders	60% S&P 500 Index/ 40% Bloomberg Barclay's 1-5 Year Government/Credit Index

## Tactical Mixtures

### Tactical Global Cash Flow

The Tactical Global Cash Flow Strategy is a mixture of the following tactical strategies ran as a single model:

- Tactical American Leaders
- Tactical Disciplined Dividend Income
- Tactical International Leaders
- Tactical Global REIT \*\*\*

For comparison purposes this portfolio is measured against a blend of 60% MSCI All Country World Index (net of withholding taxes) and 40% Bloomberg Barclays 1-5Yr Government/Credit Index rebalanced monthly.

Note: When a signal for a particular component of the Tactical Global Cash Flow goes negative, Financial Trust at its discretion, may use representative ETFs for the long only equity component for that particular segment of the strategy. This may be done in order to prevent small position sizes. The representative equity ETFs will be the same as the signal generating ETFs listed above.

\*\*\*The Tactical Global REIT Strategy is a mixture of two component strategies, Financial Trust's Global REIT (GREIT) and Flexible Income strategies. The model switches between two sets of allocations determined by a signal given by a tactical overlay based on Volume-Price Analysis of the SPDR Dow Jones Global Real Estate ETF (RWO). If the tactical overlay gives a bullish signal, the strategy allocates 90% of funds into the GREIT strategy and 10% into the Flexible Income strategy. On the other hand, if the overlay gives a bearish signal, the strategy allocates 10% of funds into the GREIT strategy and 90% into the Flexible Income strategy. NOTE: The Tactical Global REIT Strategy is NOT managed as a standalone model. It is only implemented as a part of the Tactical Global Cash Flow Strategy.

## Fixed Income Strategies

### All Weather Flexible Income

The All-Weather Flexible Income strategy is a fixed income portfolio that invests in exchange traded funds across all sectors of the bond market, excluding municipal bonds. First, Financial Trust Asset Management's proprietary VAR (Volatility Adjusted Return) ranking compares each ETF's volatility adjusted return over four different timeframes. Second, Financial Trust Asset Management's proprietary Yield Momentum (YM) ranking ranks each ETF by high dividend yield and price momentum. Lastly, we conduct additional analysis using Volume Price Analysis, Elliott Wave Theory, and broad top-down macroeconomic and fundamental analysis. To manage interest rate risk in the strategy, we may adjust the maturity of holdings and/or use leveraged inverse ETFs to tactically adjust the duration of the portfolio. For comparison purposes this strategy is measured against the Bloomberg Barclays Global Aggregate Bond Index.



## Flexible Income

The Flexible Income strategy is a short duration fixed income portfolio that invests in exchange traded funds across all sectors of the bond market, excluding municipal bonds. First, Financial Trust Asset Management's proprietary VAR (Volatility Adjusted Return) ranking compares each ETF's volatility adjusted return over four different timeframes. Second, Financial Trust Asset Management's proprietary Yield Momentum (YM) ranking ranks each ETF by high dividend yield and price momentum. Lastly, we conduct additional analysis using Volume Price Analysis, Elliott Wave Theory, and broad top-down macroeconomic and fundamental analysis. To manage interest rate risk in the strategy, we may adjust the maturity of holdings and/or use leveraged inverse ETFs to tactically adjust the duration of the portfolio. For comparison purposes this strategy is measured against the Bloomberg Barclays 1-5Yr Government/Credit Index.

Financial Trust may from time to time modify specific nuances of the strategies. These changes should not affect the overall basic description and goal of the strategy.

## Benchmark Descriptions

**Bloomberg Barclay's 1-5 Year Government/Credit Index** - a fixed income index of short-term US corporate and government securities with maturities from one to five years

**Bloomberg Barclay's Global Aggregate Bond Index** - a measure of global investment grade debt from twenty-four local currency markets including treasury, government-related, corporate and securitized bonds from both developed and emerging issuers

**Bloomberg Barclay's U.S. Aggregate Bond Index** - a broad-based fixed income benchmark that measures investment grade, U.S. dollar-denominated debt including treasury, government-related, corporate, and securitized bonds

**MSCI AC Asia Pacific Index Net\*** - an index covering large and mid-cap stocks across developed and emerging market countries in the Asia Pacific region

**MSCI ACWI ex US Net\*** - an index comprised of large and mid-cap stocks across developed and emerging countries excluding the United States.

**MSCI ACWI Net\*** - an index comprised of large and mid-cap stocks across developed and emerging countries

**MSCI All Country World Index ex US Large Cap Net\*** - an index comprised of large cap stocks across developed and emerging countries excluding the United States.

**MSCI EAFE Net\*** - an index covering large and mid-cap stocks across developed market countries excluding the US and Canada

**MSCI Emerging Markets Latin America Index Gross\*** - an index covering large and mid-cap stocks across 5 emerging markets countries in Latin America

**MSCI Emerging Markets Net\*** - an index covering large and mid-cap stocks across 23 emerging markets countries

**MSCI Europe Index Net\*** - an index covering large and mid-cap stocks across 15 developed markets countries in Europe

**MSCI US Investable Market Index Health Care** - an index covering large, mid, and small cap stocks within the US equity universe that are classified in the Health Care sector as per GICS.

**MSCI World Real Estate Index** - an index covering large and mid-cap stocks across 23 developed markets countries in the Real Estate industry group

**S&P 100 Index** - an index which generally covers 100 of the larger and more stable companies in the S&P 500

**S&P 500 Index** - an index covering large cap U.S. equities covering approximately 80% of available market capitalization

**S&P Global Natural Resources** - an index comprised of 90 of the largest publicly traded companies in natural resources and commodities businesses

**S&P Midcap 400 Index** - an index covering mid cap U.S. equities

**S&P Small cap 600 Index** - an index covering small cap U.S. equities

**Blended Benchmarks** – For the blended benchmarks used for the Tactical Toolbox™ strategies, please see the descriptions above for the indexes in the blend. Blended benchmarks are rebalanced monthly for calculation purposes.

\*Regarding indexes listed as “Net,” benchmark returns are calculated with dividends reinvested after the deduction of withholding taxes. “Gross” indexes do not adjust return calculations for these withholding taxes.

Sources: Barclays, MSCI, S&P Dow Jones Indices

#### **Note on Material Deviation of Strategies from Benchmark**

Clients cannot invest directly in an index. At any time, Financial Trust’s investment strategies differ materially from the stated benchmark to which it is compared. Financial Trust’s strategies are not designed to replicate these benchmarks. In selecting strategy benchmarks, Financial Trust has considered the universe, scope, methodology, and correlation of the strategy relative to the benchmarks chosen. However, there are no fixed limitations on off-benchmark assets (i.e. assets not held within the benchmark) or deviations in position weights. Position and weighting deviations can arise due to, but are not limited to, the following: the strategy methodology, the active nature of select strategies, different weighting schemes, and tactical asset allocation decisions and signals. Investors should take into account these differences when evaluating investment performance.

In particular, Financial Trust’s Tactical Toolbox™ suite of strategies will, by design, always differ materially from the blended 60/40 equity/fixed income benchmark. These strategies, depending on the tactical signal at the time, will either hold a 90/10 equity/fixed income allocation, or a 10/90 equity/fixed income allocation. After observing the historical frequency of positive and negative signals, Financial Trust chose a 60/40 equity/fixed income blend for these benchmarks because it believed that the “average” allocation over a market cycle is approximated by a 60/40 blend. However, it is important to note that this is just an approximation, and there is no guarantee that this average allocation will come out to 60/40 in the future.

#### **Risks**

Different types of investments involve varying degrees of risk. Past Performance is not indicative of future results. Therefore, current and prospective clients should never assume that future performance of any specific investment or investment strategy will be profitable. Any changes to a client’s personal situation, financial situation, or investment objectives should be communicated to Financial Trust, preferably in writing, so that any adjustments to the investment process for the client can be implemented.

All investing involves risk of loss. Clients and prospective clients should be prepared to bear investment loss, including loss of original principal. Securities investments are not guaranteed and you may lose money on your investments. The additional material risk involved in each of the strategies may be the frequency of trading which may cause additional brokerage, transaction, and tax costs.

Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, 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.

All of Financial Trust's strategies are exposed to the following risks:

**Company Specific Risk** - The value of a particular security may decline as a result of factors specific to the company itself. These factors may include but are not limited to a downturn in the company's earnings prospects, change in management, regulations affecting the company, and lawsuits against the company.

**Credit Risk** - The value of a portfolio's fixed income investments is dependent on the creditworthiness of the issuer. Any deterioration in the issuer's financial position may result in a situation where the issuer is unable to pay interest and principal when due. This risk exists in both individual bonds held in client portfolios as well as those that are held in fixed income ETFs. Risk of credit problems may adversely affect the value of a company's equity securities as well.

**Currency Risk** - For strategies that invest in international securities or have domestic securities with international business exposure, a depreciation in the foreign currency can negatively affect investment returns for those securities.

**Investment Style Risk** - Investment styles can go in and out of favor. Therefore, investment styles used by Financial Trust may underperform as a result of going out of favor.

**Inflation Risk** - Inflation is the general increase in prices for a broad basket of products in an economy. Unexpected inflation can increase the cost of living and reduce real investment returns. The resulting loss in purchasing power can negatively affect the ability of a client to reach his/her goals.

**Market Risk** - The price or value of securities can decline for a variety of reasons outside of Financial Trust's control. These reasons may include but are not limited to: changes in the macroeconomic environment, geopolitical developments, shifts in interest rates, unexpected changes in inflation, regulatory changes, shifts in investor sentiment, or demographic trends.

**Structured Notes Risk** - A fixed income investment generally involves investing in individual corporate debt, federal and state municipal government debt securities, loans, asset backed securities (*e.g.*, mortgage backed securities) and structured products (including structured notes). These securities are generally rated as either investment grade or high yield by external rating agencies. The fixed income market can be volatile and fixed income securities are subject to the following risks, among others:

- *Call Risk*: Issuers of callable bonds have the option to redeem the bonds before maturity, which can leave investors with reinvestment risk at lower yields if the bonds are called in a declining interest rate environment.
- *Credit & Default Risks*: Both issuers and counterparties of fixed income securities carry credit risk, which pertains to the issuer's ability to meet its debt obligations. Default risk is the potential that the issuer might fail to make interest or principal payments.
- *Corporate & Government Debt Securities*: Corporate bonds offer the potential for higher yields compared to government bonds, but they also carry higher credit risk. Government bonds, particularly those issued by stable governments, are considered relatively safe, but they might offer lower yields. Both types of bonds can be influenced by changes in interest rates, potentially affecting their market value.
- *Non-U.S. Fixed Income Securities*: Investing in fixed income securities from foreign countries introduces additional risks, including currency exchange rate fluctuations, political instability and different regulatory environments.
- *High-Yield & Investment Grade Debt*: High-yield debt, often referred to as junk bonds, carries higher default risk but can offer attractive returns. Investment grade debt, on the other hand, includes bonds issued by more creditworthy entities, providing more stability but generally lower yields. Economic factors, interest rate changes and market

sentiment can impact both types of debt.

- **Inflation Risk:** Fixed income investments can be vulnerable to inflation, eroding the purchasing power of future interest and principal payments. This risk is particularly relevant for longer-term bonds.
- **Interest Rate Risk:** Fixed income securities are susceptible to interest rate risk. That is, as interest rates rise, bond prices usually fall, and vice versa. This effect is typically more pronounced for longer-term fixed income securities.
- **Liquidity Risk:** Some fixed income securities may have limited market liquidity, making it challenging to buy or sell them at favorable prices, especially in times of market stress.

**Derivatives** (e.g., options and structured notes): Derivatives involve risks different from, and possibly greater than, the risks associated with investing directly in securities and other more traditional investments. Risks associated with derivatives include the risk that the derivative is not well correlated with the security, index or currency to which it relates; the risk that the derivative may result in losses or missed opportunities; the risk that the strategy will be unable to sell the derivative because of an illiquid secondary market; the risk that a counterparty is unwilling or unable to meet its obligation, which may be heightened in derivative transactions entered into “over-the-counter” (i.e., not on an exchange or contract market); and finally, the risk that the derivative transaction could expose the strategy to the effects of leverage, which could increase the client’s exposure to the market and magnify potential losses. An option is a type of derivative that grant the purchaser the ability to buy or sell a security at a predetermined price. Structured notes are a type of derivative whose value is determined by reference to changes in the value of specific securities, currencies, interest rates, commodities, indices or other financial indicators (the “Reference Instrument”). Structured notes may present additional risks that are different from those associated with a direct investment and may be more volatile, less liquid and more difficult to price accurately and subject to additional credit risks.

**Alternative Investment Risk** - Clients considering an investment strategy utilizing alternative investments (e.g., hedge funds, private equity funds, private real estate funds, private credit, etc.) should understand that alternative investments are generally considered speculative in nature and may involve a high degree of investment risk and lower liquidity, particularly if concentrating investments in one or few alternative investments. An investment may be considered an alternative based on the type of assets it holds, the strategy it pursues, or the structure of the investment itself – an alternative investment may or may not be listed on a public exchange (e.g., real estate investment trusts). These risks are potentially greater than and substantially different from those associated with traditional equity or fixed income investments.

**Quantitative Risk** - A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

**Technical Analysis/Charting Risk** – Since technical analysis/charting relies on historical information, there is a risk that historical patterns may be incorrect or have no ability to predict future asset prices.

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The following risks apply primarily to select strategies. See risk description for applicable strategies.

**Asset Allocation Risk** - A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry, asset class, or market sector. The ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, may no longer be appropriate for the client’s goals. Furthermore, correlations between asset classes may change over time which could result in reduced diversification benefits and thus increased overall risk for the client. Asset allocation risk is most applicable to Financial Trust clients that blend strategies together in an overall portfolio. Additionally, the Tactical Toolbox™ strategies are also exposed to this risk, particularly the Tactical Mixtures.

- **Cryptocurrency/Digital Currency Risk** – Financial Trust may utilize cryptocurrency ETFs in select strategies. As cryptocurrencies are the underlying assets, many of the risks inherent in cryptocurrency investing can be

present in cryptocurrency ETFs as well. Risks of cryptocurrencies include, but are not limited to, the following: cryptocurrencies are not backed by real assets and are not backed or supported by any government or central bank; a cryptocurrency's price is completely derived from market forces of supply and demand, traded between consenting parties and tracked on digital ledgers commonly known as blockchains; cryptocurrencies are subject to increased price volatility, and dramatic movements, flash crashes or market manipulation may occur; cryptocurrencies can be susceptible to hacking or other IT risks such as technical glitches, human error and hacking; the cryptocurrency market is still evolving, and changes in regulation or taxation could impact cryptocurrency values; cryptocurrencies with lower trading volumes can result in limited liquidity; and trading in investment vehicles with cryptocurrency exposure can result in risks associated with the business or financial condition of counterparties or other cryptocurrency market participants. Financial Trust mitigates these risks by investing in cryptocurrency ETFs instead of investing directly in cryptocurrencies and performing appropriate due diligence before investing in a cryptocurrency ETF. Further, investing in cryptocurrency ETFs is not a significant investment strategy for Financial Trust and represents a relatively small portion of overall investments. Regardless, investing in cryptocurrency ETFs is subject to risk of loss that clients should be prepared to bear.

- **ETF/Mutual Fund Risk** - A risk of mutual fund and/or ETF (Exchange Traded Fund) analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio. For ETFs tracking a benchmark, there is a risk that the return of the ETF will not match the underlying index as a result of expenses and the possibility that due to supply and demand conditions in the market for the ETF, the fund may trade at a premium or discount to the actual net asset value of the securities owned by the ETF. Clients should also be aware that to the extent that they invest in ETFs or Mutual Funds that there are two layers of advisory costs – advisory fees charged by Financial Trust plus any management fees charged by the ETF or mutual fund. ETF/Mutual Fund Risk is applicable to any of Financial Trust's clients investing in mutual funds or ETFs. Additionally, Financial Trust's Fixed Income strategies and Tactical Toolbox™ strategies are exposed to ETF Risk.
- **Foreign and Emerging Market Investing Risk** - Investing in securities of foreign entities involves certain risks not associated with U.S. investments. These risks may include but are not limited to adverse exchange rate fluctuations and adverse political and economic developments that may be unique to foreign countries. Additionally, certain countries may have unstable governments particularly in emerging market countries. Foreign countries may have different tax laws and accounting practices. There may be less publicly available information on securities issued by foreign entities. Many of these risks are often more pronounced in the less developed emerging market countries. Foreign and emerging market investing risk applies primarily to the following strategies: Disciplined Dividend Income, International Leaders Index, International ValueMomentum, Asia ValueMomentum, Europe ValueMomentum, Latin ValueMomentum, Global Resources, Global REIT, VMV Developed Markets ex U.S., VMV Emerging Markets, Tactical Disciplined Dividend Income, Tactical International Leaders, Tactical International ValueMomentum, Tactical Asia ValueMomentum, Tactical Europe ValueMomentum, Tactical Latin ValueMomentum, Tactical Global ValueMomentum, Tactical Global Cash Flow, Flexible Income, and All Weather Flexible Income.
- **Industry/Sector Concentration Risk** - Financial Trust's investment process may result in portfolios that have a high concentration in certain industry groups or sectors. Unfavorable changes to these industry groups or sectors may present greater volatility and risk than more diversified portfolios. Industry/Sector Concentration risk applies primarily to Financial Trust's Equity Index strategies, Active Equity strategies, Tactical Toolbox™, and Fixed Income strategies.

- **Interest Rate Risk** - For fixed income securities that depend on the level of interest rates in the economy, an adverse change (rise) in interest rates can negatively affect the value of principal of a client's fixed income securities. Interest Rate Risk applies primarily to Financial Trust's Fixed Income strategies.
- **Inverse ETF and Leveraged ETF Risk** – The use of leveraged and inverse ETFs can expose the investor to unique risks associated with these products. The below risks primarily apply to the Flexible Income, All Weather Flexible Income, and Tactical Toolbox™ strategies that use inverse leveraged ETFs to tactically adjust duration in the fixed income portfolios:
  1. Compounding Risk – These products are designed with the goal of replicating the benchmark's index daily return times some multiple. Because of this, for periods greater than a single day, the ETF will not match the return of the benchmark times the multiple. This risk becomes particularly pronounced in times of high volatility.
  2. Risk associated with Use of Derivatives – These products use derivatives to obtain the desired exposure. Investing in derivatives may be considered aggressive and may expose the ETF to greater risks than investing directly in the reference asset(s) underlying those derivatives. These risks include counterparty risk, liquidity risk and increased correlation risk
    - a. Counterparty risk – credit risk that a counterparty is unwilling or unable to make timely payments to meet its contractual obligations.
    - b. Liquidity risk – during periods of market disruptions, the ETF may not be able to acquire or dispose of certain holdings quickly or at prices that represent true market value, and therefore may impact the ability of the fund to achieve a high correlation to the index.
    - c. Correlation Risk – the risk that product will not achieve the desired correlation to the benchmark it seeks to track.
- **Real Estate Investment Trust (REIT) Risk** - Financial Trust will invest in REITs. REITs are sensitive to broad changes in the economy and to risks that relate to owning real estate. Real estate is highly sensitive to local economic conditions and developments of where those properties are located. Real estate values may in the future experience a decline in value which would adversely affect the values of these securities. REIT Risk applies primarily to Financial Trust's Global REIT portfolio.
- **Small Capitalization Company Risk** - Investing in the securities of smaller companies generally involves greater risk than investing in larger more established companies. Securities of smaller companies have a tendency to be more volatile and have less liquidity, exacerbating price moves when many investors try to sell the security. Smaller companies often have less diversified businesses and less financial resources than their larger counterparts which can make them more sensitive to swings in an economy's business cycle. Small Capitalization Company risk applies primarily to the following strategies: American Disciplined Small Cap, VMV Small Cap, Tactical American Disciplined Small Cap, Health Value, Disciplined Dividend Income, Asia ValueMomentum, Europe ValueMomentum, Latin ValueMomentum, Global Resources, Global REIT, Tactical Health Value, Tactical Disciplined Dividend Income, Tactical Asia ValueMomentum, Tactical Europe ValueMomentum, Tactical Latin ValueMomentum, ValueMomentum Leaders™, and Tactical Global Cash Flow.
- **Tactical Allocation Risk** - When utilizing tactical allocation, there is a risk that the client may not fully participate in the upside in strong markets. Furthermore, in choppy/sideways markets, a tactical approach can lead to "whipsaw risk" which is the risk that frequently changing signals may cause the client to exit the market and then buy back securities sold at a higher price resulting in a drag on performance. Tactical Allocation risk applies to the Tactical Toolbox™ strategies.
- **Risks of Investing in Options** - In rare circumstances, after consulting with a client, we may use options as an investment strategy. 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 primary types of options are calls and puts:

1. A call gives the buyer the right to buy an asset at a certain price within a specific period of time. We may buy a call if we believe that the stock will increase substantially before the option expires.
2. A put gives the buyer the right to sell an asset at a certain price within a specific period of time. We may buy a put if we believe that the price of the stock will fall before the option expires.

In rare circumstances, only after consulting with the client, we may use, but are not limited to, the following strategies:

- We may purchase options to speculate on the possibility of a sharp price swing. Buying options involves paying a premium, which can decay over time.
- We may use options to "hedge" the purchase of an underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.
- We may use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee/premium for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price. In effect, for receiving this premium, you forgo any upside in the underlying security beyond the agreed upon price in the contract.

Investing in options involves risk. Options may involve certain costs and risk such as liquidity, interest rate, market, credit, and the risk that a position could not be closed when most favorable.

## **Item 9 Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our firm and our management personnel have the following regulatory action to disclose:

On 12/05/2018, Financial Trust entered into a Stipulation and Consent Agreement with the State of Florida Office of Financial Regulation (the "FOFR"). The FOFR found that Financial Trust violated Florida statutes and rules by: (1) incorrectly completing three items on Form ADV; (2) sharing confidential client information to a third-party service provider without specifically disclosing to clients that the information would be shared with that service provider; (3) failing to concurrently send invoices to clients each time a management fee was deducted from their accounts; (4) failing to obtain an audited financial statement during the periods when such fees were being debited; and (5) continuing to state on advisory agreements that Financial Trust was SEC registered after Financial Trust withdrew its SEC registration following a change in SEC registration requirements. Without admitting or denying the findings, Financial Trust agreed to cease and desist from future violations of these rules and to pay an administrative fine of \$8,000.

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

### **BX Index Arrangement Regarding Proprietary Strategies for Investment Advisers**

Financial Trust has entered into an agreement with BX Index to make some of FTAM's strategies available to investment advisers through the BX Index platform, for which FTAM will receive compensation from BX Index for the use of its strategies, as described in the agreement between the parties. Financial Trust's President and CEO, Greg Vigrass, has entered into an independent contractor relationship with BX Index, pursuant to which he receives compensation for consulting on areas including platform development. Although FTAM and Mr. Vigrass benefit from the success of this relationship, potential conflicts of interest arising from the relationship are mitigated in the following ways: the BX Index platform includes strategies from several other investment advisers and no BX Index clients using the BX Index platform are compelled to utilize FTAM's strategies through the BX Index platform. Further, clients of FTAM may be invested in strategies similar to those we make available to investment advisers via the BX Index platform, but trading and rebalancing for clients of FTAM will take place prior to or concurrent with updates to strategies made available

through the BX Index platform.

### **Tax Planning Services**

Anthony Stephen Hueston IV is a tax manager with Hueston & Company CPA, LLC. In his capacity as a tax manager, Mr. Hueston recommends Hueston & Company CPA, LLC, to advisory clients in need of tax services. Tax services provided by Hueston & Company CPA, LLC are separate and distinct from our advisory services and are provided for separate and typical compensation. The receipt of additional compensation represents a conflict of interest because we have an incentive to recommend services based on the compensation received. This conflict is mitigated by disclosures, procedures and the firm's fiduciary obligation to place the best interest of our Client first. No client of Financial Trust or Financial Trust dba Hueston Financial Services is obligated to use Hueston & Company CPA, LLC, for any tax services. Clients have the option to purchase these services through another tax manager of their choosing.

Referral arrangements with an affiliated entity present a conflict of interest to us because we may have a direct or indirect financial incentive to recommend an affiliated firm's services. While we believe that compensation charged by an affiliated firm is competitive, such compensation may be higher than fees charged by other firms providing the same or similar services. You are under no obligation to use the services of any firm we recommend, whether affiliated or otherwise, and may obtain comparable services and/or lower fees through other firms.

We also have an arrangement with Hinkle Rhine & Root LLC CPAs of which we may recommend to advisory clients in need of tax services. Tax services provided by Hinkle Rhine & Root LLC CPAs are separate and distinct from our advisory services and are provided for separate and typical compensation. No client of Financial Trust or Financial Trust dba Hueston Financial Services is obligated to Hinkle Rhine & Root LLC CPAs for any tax services. Clients have the option to purchase these services through another tax manager of their choosing.

### **Licensed Insurance Agency**

Financial Trust is also licensed as an insurance agency, FT Insurance Services, LLC. Therefore, persons providing investment advice on behalf of our firm may be licensed as insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. See the *Fees and Compensation* section in this brochure for more information on the compensation received by insurance agents who are affiliated with our firm.

### **Insurance License**

Persons providing investment advice on behalf of our firm are licensed as insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm, who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm. *Please see the "Fees and Compensation" section in this brochure for more information.*

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

Our firm has adopted a Code of Ethics which sets forth ethical standards of business conduct that we require of our employees, including compliance with applicable state and federal securities laws. Financial Trust and our personnel owe a duty of loyalty, fairness, and good faith towards our clients and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. It also provides guidance on Employee Trading. Our code also provides for oversight, enforcement, and recordkeeping provisions.



Financial Trust's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. All employees are reminded that such information may not be used in a personal or professional capacity.

Currently, our firm does not participate in agency cross-transactions. Additionally, our firm prohibits principal transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client. It is the expressed policy of our firm that employees may not participate in any illegal trading activity. Financial Trust forbids "front-running" client accounts, which is a practice generally understood to be employees knowingly putting their own financial interest above (or in front of) the client's interest when personally trading. Financial Trust also strictly forbids trading on "Insider-Information", which is trading for clients or employee accounts based on material non-public information.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price, and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata with each account paying the average price. When possible our employee accounts will be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest.

- No principal or employee of our firm may knowingly put his or her own interest above the interest of an advisory client.
- No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
- Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
- We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or a designee of the Chief Compliance Officer.
- We have established procedures for the maintenance of all required books and records.
- Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.

All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm. We have established policies requiring the reporting of Code of Ethics violations to our senior management. Any individual who violates any of the above restrictions may be subject to termination.

## **Item 12 Brokerage Practices**

Financial Trust may recommend that clients establish brokerage accounts with one of the following: Schwab Institutional, division of Charles Schwab & Co., Inc. ("Schwab") or Goldman Sachs. Both firms are FINRA registered broker-dealers, members of SIPC, and maintain custody of clients' assets and effect trades for their accounts. Although we recommend that clients establish accounts at Schwab or Goldman Sachs, it is the client's decision to custody assets with a specific custodian. Financial Trust is independently owned and operated and not affiliated with any brokerage

firm.

When our firm recommends a particular custodian/broker-dealer we take into consideration our fiduciary responsibility towards our clients. For clients in need of brokerage or custodial services, and depending on client circumstances and needs, the adviser may recommend the use of one of several brokers including Schwab or Goldman Sachs provided that such recommendation is consistent with our firm's fiduciary duty to the client. Our clients must evaluate these brokers before opening an account and then direct the use of such broker. The factors considered by the adviser when making recommendations are the broker's ability to provide professional services, our firm's experience with the broker, the broker's reputation, and the broker's quality of execution services and costs of such services, among other factors. Clients are not under any obligation to effect trades through any recommended broker.

## Best Execution

When we recommend a broker-dealer to clients in need of brokerage and custodial services, the factors we consider when recommending a broker-dealer include:

- range of professional services offered to clients and to investment advisers
- commission rates or trading costs
- quality of execution services
- financial stability and reputation
- custodial platform provided to clients

Financial Trust may recommend that clients establish brokerage accounts with one of the following: Schwab Institutional, a division of Charles Schwab & Co., Inc. ("Schwab"), or Goldman Sachs. Both firms are FINRA registered broker-dealers, members of SIPC, and maintain custody of clients' assets and effect trades for their accounts. Although we recommend that clients establish accounts at Schwab, Goldman Sachs, or other Independent Brokers/Custodians, it is the client's decision to custody assets with one of the firms. Financial Trust is independently owned and operated and not affiliated with any brokerage firm.

Schwab, Goldman Sachs, and other Brokers/Custodians may provide Financial Trust with access to its institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them. In the case of Schwab Institutional, no platform fee is charged as long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon our firm committing to the brokers any specific amount of business (assets in custody or trading commissions). The Broker's brokerage services include the execution of securities transactions, custody, research, 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 our client accounts maintained in the broker's custody, the brokers generally do not charge separately for custody services but are compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through them or that settle into their accounts.

The brokerages also make available to our firm other products and services that benefit Financial Trust but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at the brokers.

The brokers' products and services that assist us in managing and administering our clients' accounts include software and other technology that

- provide access to client account data (such as trade confirmations and account statements),
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts,
- provide research, pricing and other market data,
- facilitate payment of our fees from clients' accounts, and

- assist with back-office functions, recordkeeping, and client reporting.

Brokerages also offer other services intended to help us manage and further develop our business enterprise. These services may include:

- compliance, legal, and business consulting,
- publications and conferences on practice management and business succession, and
- access to employee benefits providers, human capital consultants, and insurance providers.

## Soft Dollars and Brokerage Benefits

The brokers may make available, arrange, and/or pay third-party vendors for the types of services rendered to Financial Trust. The brokerages 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 our firm. The brokers may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that client's custody their assets at the brokers, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost, or quality of custody and brokerage services provided by the various brokers, which may create a potential conflict of interest. The brokerages charge brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions) or asset-based fees.

The brokerages enable Financial Trust to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. The brokerages commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by the brokerages may be higher or lower than those charged by other custodians and broker-dealers. As a result of receiving such services for no additional cost, we may have an incentive to continue to use or expand the use of the brokerages services. We examined this potential conflict of interest when we chose to enter into the relationship with the brokers and have determined that the relationship is in the best interests of Financial Trust's clients and satisfies our client obligations, including our duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, while Financial Trust will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by us will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. Financial Trust and the brokers are not affiliated.

## Directed Brokerage

Clients, when undertaking an advisory relationship, may instruct our firm to execute all transactions through a broker, such as Charles Schwab or Goldman Sachs or another Broker. When the client directs Financial Trust to use a particular broker or dealer with which we do not have agreements in place, it should be understood that our firm may not have authority to negotiate commissions among various brokers, directed trades will generally be executed separately and we will not aggregate directed trades with other client transactions, or obtain volume discounts and best execution may not be achieved. In addition, a disparity in commission rates may exist between commissions charged to Adviser's clients.

## Aggregation and Allocation Policies

Financial Trust will aggregate at its sole discretion and when a trade aggregation is possible. This aggregation of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as

transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block. Situations may occur which do not allow for aggregated trading of all orders, such as trading done across multiple brokers as well as other conditions. Hindsight is 20/20, and the firm will aggregate when it deems the aggregation to be in the best interest of clients but will also choose or be required to execute some transactions separately, in this case executions can result in varying prices.

Aggregate trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Financial Trust will typically aggregate trades among clients whose accounts can be traded at a given broker and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. Financial Trust's aggregate trading policy and procedures are as follows:

- Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Financial Trust, or our firm's order allocation policy.
- The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- The portfolio manager must reasonably believe that the order aggregation will benefit and will enable Financial Trust to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial trade. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account or to avoid excessive ticket charges in smaller accounts.
- Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- If the order will be allocated in a manner other than that stated in the initial statement of allocation, an explanation of the change must be provided to the Chief Investment Officer no later than the morning following the execution of the aggregate trade.
- Financial Trust's client account records separately reflect each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for that account.
- Funds and securities for aggregated orders are clearly identified on Financial Trust's records and to the broker-Dealers or other intermediaries handling the transactions by the appropriate account numbers for each participating client. No client or account will be knowingly favored over another.

## Envestnet Platform

For clients with certain Schwab separately managed accounts, Financial Trust will utilize the services of Envestnet, with whom we have entered into a sub-advisory relationship to allow us to more efficiently implement our separate account strategies. Although Financial Trust's strategies will be used, trading will be performed by Envestnet. Clients with participating accounts will pay .05 bp per year for the use of this platform. Although Envestnet will route the majority of trades through Charles Schwab, in an effort to obtain best execution and minimize market impact, Envestnet may step

out trades to another broker-dealer, particularly in the event of thinly traded securities or illiquid stocks or ETFs. Clients should note that the executing broker may impose additional charges in the event of a stepped-out trade such as a commission or a markup or markdown on the trade that will be paid by the client. Neither these fees nor the platform usage fees are retained by Financial Trust.

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

While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are generally reviewed quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances or the market, political, or economic environment. These accounts are reviewed by: Arno O. Mayer CFA CFP® Chief Investment Officer of Financial Trust.

### **Reports**

In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide quarterly portfolio review reports summarizing account performance, balances and holdings. These reports will also remind the client to notify us if there have been changes in the client's financial situation or investment objectives and whether the client wishes to impose investment restrictions or modify existing restrictions.

The Models and Strategies are continually and periodically monitored based on the dynamics of each of the models and the strategies created to monitor the models.

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

#### **Client Referrals**

Financial Trust may pay referral fees to independent persons or firms ("Promoters") for introducing clients to us. Whenever we pay a referral fee, we require the Promoter to provide the prospective client with a copy of this document (our Firm Brochure) and a separate disclosure statement that includes the following information:

- the Promoter's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Promoter.

As a matter of firm practice, your advisory fees are not increased as a result of any referral arrangement by Financial Trust.

Please refer to Item 10 above for more information regarding our arrangement with CPA Firms for those advisory clients who seek tax planning services.

Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with your account custodian.

### **Item 15 Custody**

All clients' accounts are held in custody by unaffiliated broker/dealers or banks. Although under regulatory interpretation we are considered to have custody, it is not required that Financial Trust have a surprise audit or file an ADV-E solely for the purpose of being able to debit advisory fees and/or maintain standing letters of authorization provided the following criteria is met:

1. You provide a written, signed instruction to the qualified custodian that includes the third party's name and address or account number at a custodian;
2. You authorize us in writing to direct transfers to the third party either on a specified schedule or from time to time;
3. Your qualified custodian verifies your authorization (e.g., signature review) and provides a transfer of funds notice to you promptly after each transfer;
4. You can terminate or change the instruction;
5. We have no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party;
6. We maintain records showing that the third party is not a related party to us nor located at the same address as us; and
7. Your qualified custodian sends you, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Financial Trust hereby confirms that we meet the above criteria.

It is important for clients to carefully review their accounts to verify the accuracy of the advisory fee calculation, among other things. Also, on at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Clients should contact us directly if they believe that there may be an error in their statement. In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

## **Item 16 Investment Discretion**

Clients may hire us to provide discretionary asset management services in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission. Our discretionary authority includes the ability to determine the security to buy or sell and/or determine the amount of the security to buy or sell without contacting the client. Clients give us discretionary authority when they sign a discretionary agreement with our firm and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by providing us with written instructions.

## **Item 17 Voting Client Securities**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

## **Item 18 Financial Information**

Advisers are required to provide certain financial information or disclosures about their financial condition. Financial Trust has no financial commitment/contingency that impairs its ability to meet its contractual and fiduciary commitments to its clients and has not been the subject of a bankruptcy proceeding.

## **Item 19 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure. We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Should our privacy policy change, we will deliver a copy of the current privacy policy notice to you.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

### **Class Action Lawsuits**

We offer class action litigation monitoring and securities claim filing services to those clients who do not opt-out of the same. If you do not opt-out you will be participating in this service and as such you authorize us to appoint our vendor to file securities class action claims on your behalf. This service requires us to provide private information to our vendor to assist with the class action suit research. Our vendor's sole business is securing class action claims and monitors each claim you have, collects the applicable trade history and documentation, interprets the terms of each settlement, files the appropriate claim form, interacts with the administrators and distributes your award on your behalf. The vendor charges a contingency fee which is subtracted from your award when the award is paid to you. This fee is separate and apart from our advisory fees as described above under Item 5.

If you select to opt-out of the class action litigation monitoring and securities claim filing services, we do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding any of these policies under this Item.