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# Form ADV Part 2A Disclosure Brochure

Disclosure Brochure Date: July 15, 2019

This brochure provides information about the qualifications, business practices and advisory services provided by Firstmetric, LLC ("Firstmetric"). If you have any questions about the contents of this Disclosure Brochure ("Brochure"), please contact us at (800) 801-6855 or by email at [compliance@firstmetric.com](mailto:compliance@firstmetric.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Firstmetric is registered as an investment adviser with the SEC. Registration of an investment adviser does not imply a certain level of skill or training.

Additional information about Firstmetric is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 | **Material Changes**

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This Item provides a summary of any material changes that were made to this Brochure that reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators.

Firstmetric® may, at any time, update this Brochure and either send clients a copy or offer to send clients a copy (either by electronic means such as email or client portal, or in hard copy form). Pursuant to rules and regulations we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year.

**Since the last update on March 15, 2019, Firstmetric® has updated the following items:**

- 1. Item 4 | Advisory Business (Updated to reflect Firstmetric's investment adviser registration filing with the U.S. Securities and Exchange Commission.)**
- 2. Item 5 | Fees and Compensation (Updated investment management and advice fixed flat fees.)**

At any time you may also view a current Brochure for Firstmetric® on the SEC's public disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Alternatively, you can always request a copy of the most recent Brochure free of charge by contacting us at:

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## Item 4 | **Advisory Business**

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### **Firm Description**

Firstmetric, LLC (“we”, “us”, “our”) is a privately held limited liability company founded in 2017 and organized in the state of Michigan and is registered as an investment adviser with the U.S. Securities and Exchange Commission (“SEC”). Scott C. Salaske, Chief Executive Officer and Chief Compliance Officer is Firstmetric’s principal owner and is the sole Member and Manager of Firstmetric, LLC.

The foundation of Firstmetric® is built upon maintaining a culture of ethics and integrity with a strong emphasis on clear and transparent communications with our clients and the investing public. At the core of Firstmetric’s culture is our strong embrace of the fiduciary duty to put your interests first.

### **Advisory Services**

Firstmetric® offers the following Advisory Services to individuals, high net worth individuals, trusts, foundations, estates, business entities, qualified retirement plan sponsors and charitable organizations throughout the United States:

**> Ongoing discretionary investment management** of your investment account(s). This includes asset allocation and investment selection, portfolio implementation, rebalancing, monitoring and reporting through our online client website portal. We manage your accounts on a discretionary basis, which means you give us the authority to purchase or sell securities for your accounts in our discretion. We do not provide services on a non-discretionary basis. However, you may choose to open non-discretionary accounts that Firstmetric® will have the ability to view-only as needed upon your request.

**> Tax optimization**, which includes, but is not limited to asset location and tax loss harvesting, if applicable based on your types of accounts.

**> Investment and retirement planning** in conjunction with discretionary investment management services. We work with you to understand your cash flow accumulation and/or distribution needs in determining your specific investment goals and objectives. These

goals and objectives may be set forth in a written Investment Policy Statement (“IPS”) and financial plan or similar document that describes your asset allocation strategy that conforms to your investment objectives, risk tolerance level, expected rate of return requirements, cash flow accumulation and/or distribution needs, tax status and other items. We make investment decisions for your accounts based on the information provided to us by you about your overall general financial situation, financial and investment goals, risk tolerance, time horizon, return expectations and other items. Our recommendations may be limited if you do not provide us with accurate and complete information, or fail to keep us informed of any changes to your investment objectives, general financial situation, tax status, restrictions or other relevant information. Investment and retirement planning services are not offered as a standalone service. They are only offered in conjunction with ongoing discretionary investment management services.

**> Ongoing investment and financial advice as needed** on a range of investment and financial topics related to the ongoing management of your investment account(s) or as the advice relates to your IPS and/or financial plan.

**> Portfolio transition services** may be necessary if you don’t currently use an index based investment strategy and do not wish to fully liquidate your legacy investment securities in your taxable investment accounts, which may result in a significant tax liability. We evaluate your existing legacy investment securities and work with you to develop a plan to transition from your legacy investment securities to the index based investment portfolio recommended by Firstmetric®. This entails working around your legacy investment securities in your taxable investment account(s) to make the transition to an index based investment strategy less costly by managing the timing of realizing any capital gains in the liquidation of your legacy investment securities. This service is only offered for taxable accounts (non-qualified) and is not offered for retirement accounts (qualified). There are no additional fees or costs for this additional service.

### **Types of Investments**

Firstmetric® will create and manage your investment portfolio using low-cost, globally diversified passive index funds and asset class investment securities. We may use model portfolios if the model matches your

investment goals and objectives. Firstmetric® will allocate your assets among various investments taking into consideration your unique ability, need and willingness to take investment risk. Mutual funds and/or exchange traded funds (“ETFs”) that follow a passive index fund and/or asset class investment philosophy generally have low turnover. Consequently, the fund expenses are generally lower than fees and expenses charged by other types of funds or investments.

## ERISA Accounts

Firstmetric® is deemed to be a fiduciary to investment management clients that are employee benefit plans or individual retirement accounts pursuant to the Employee Retirement Income Security Act (“ERISA”) and regulations under the Internal Revenue Code of 1986 (the “Code”), respectively. We acknowledge that we are a fiduciary and our investment management services are for the exclusive benefit of plan participants. Firstmetric® discloses information about our investment management services that we provide and the compensation we receive for such services in both our Investment Management Agreement and in this ADV Part 2A. Additional information can be found under Item 5 | Fees and Compensation and Item 7 | Types of Clients sections below.

## Investment Restrictions

You may request reasonable restrictions be placed on and customizations to your account(s). Firstmetric® reserves the right to not accept and/or to terminate management of your account(s) if we feel that your imposed restrictions would not be in your best interest or limit or prevent us from meeting or maintaining your investment strategy and/or goals and objectives.

## Limitations on Investment Securities

We typically do not invest in individual equity securities, except for ETFs that trade during the day like individual securities. We typically only transact in individual equities and bonds when selling existing individual holdings of new client account(s) or in the course of implementing and following a legacy securities liquidation plan under portfolio transition services discussed above.

Some of the investment securities we purchase are institutional share class mutual funds with lower costs that are not ordinarily available to the general public. Examples of such funds, but are not limited to, mutual funds offered by [Dimensional Fund Advisors](#) (“DFA”) and [Vanguard](#).

## Limitations by Custodian

We require you to establish your investment account(s) with either Schwab Advisor Services, a division of Charles Schwab & Co., Inc. (“Schwab”) or TD Ameritrade Institutional, a division of TD Ameritrade, Inc (“TD Ameritrade”). Both Schwab and TD Ameritrade are registered broker-dealers, Members FINRA/SIPC. Schwab and TD Ameritrade are qualified custodians for all Firstmetric® client accounts. Firstmetric® may be limited to the investment securities available to transact through Schwab and TD Ameritrade.

## Wrap Fee Programs

We do not offer or manage your account(s) as part of a wrap or bundled fee program.

## No Legal or Tax Advice

Firstmetric® does not provide any legal or tax advice. You should seek the counsel of a qualified accountant, CPA and/or attorney when necessary or appropriate.

## Assets Under Management

Firstmetric® manages client accounts and assets on a discretionary basis. Discretionary assets under management as of July 11, 2019 were approximately \$110,733,967.

## Item 5 | Fees and Compensation

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We do not charge you a percentage of your account(s) value and/or portfolio value known as an Assets Under Management ("AUM") fee. Instead our fees for investment management services and advice are based on a fixed flat fee without regard to the value of your account(s), your total overall portfolio value or the physical number of accounts.

### **Our fixed flat quarterly fee for our investment management services and advice is \$750.**

The fee stated above is our only source of revenue and compensation we receive. We do not charge you any other fees for our services.

Our fees are payable each quarter in arrears following the end of each calendar quarter. Firstmetric® does not require any fees to be paid in advance.

Our fees are exclusive of, and in addition to brokerage commissions, transaction fees and other related expenses, which are incurred by you. Firstmetric® does not pay or receive any portion of these commissions, transaction fees and other related expenses.

Firstmetric® will request authority from you to receive our quarterly fees paid directly from your account(s) held by Schwab or TD Ameritrade; your independent qualified custodian(s). You must provide written limited authorization to Firstmetric® to withdraw investment management fees from your account(s). See additional information in Item 15 | Custody.

Fee payments are calculated on a pro-rata basis for new and terminated clients. Your initial fee is based on the Effective Date of your Firstmetric® Investment Management Agreement.

In certain circumstances, the Firstmetric® fixed flat investment advisory fees charged to clients prior to the date of this Disclosure Brochure may be different than those provided for in this Disclosure Brochure. Those advisory fees and services are described in each individual client's Investment Management Agreement, IPS or other documents that pre-dates this Disclosure Brochure.

Either you or Firstmetric® may terminate your Firstmetric® Investment Management Agreement without penalty upon written notice to the other party at anytime.

Termination of the Firstmetric® Investment Management Agreement by either you or Firstmetric® will not affect (a) the validity of any action previously taken by Firstmetric® under the agreement; (b) liabilities or obligations of the parties from transactions initiated before termination of the agreement; or (c) your obligation to pay investment management fees pro-rated through the date of termination. Upon termination of the Firstmetric® Investment Management Agreement, Firstmetric® will have no obligation to recommend or take any action with regard to the investment securities, cash or other investments in your account(s). All investment securities in your account(s) on the date of the written termination notice will NOT be liquidated and will remain in your account(s) and under the custody of Schwab and/or TD Ameritrade. You can then contact Schwab and/or TD Ameritrade directly and assume self-management of your account(s).

In the event of your death or disability, Firstmetric® will continue to provide services under your Firstmetric® Investment Management Agreement unless we are notified in writing of your death or disability and the authorized party notifying us has been verified with official documents or through other means acceptable to Firstmetric®.

### **Other Fees and Expenses**

All fees paid to Firstmetric® are separate and distinct from the fees and expenses charged by mutual funds and ETFs to shareholders or any transaction fees charged by the custodian(s). Mutual fund and ETF expenses are described in each fund's prospectus. These expenses will generally include the mutual fund and/or ETF management fee and other fund expenses.

### **Other Compensation**

Neither Firstmetric®, nor any person providing services on behalf of Firstmetric®, accepts any compensation or revenue in connection with the management of your account(s) except for the investment management fees charged directly to you as stated above as described in your Firstmetric® Investment Management Agreement.

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

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Firstmetric® does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of your assets) nor do we offer side-by-side management (charging performance-based fees and another type of fees such as hourly or asset based).

## Item 7 | **Types of Clients**

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Firstmetric® offers its investment management services and advice for a wide variety of clients, including individuals, high net worth individuals, trusts, foundations, estates, business entities, qualified retirement plan sponsors and charitable organizations throughout the United States.

### **Account and/or Relationship Requirements**

Firstmetric® does not require or have a defined minimum client account and/or relationship size.

### **ERISA Accounts**

If any of your accounts are a pension or other employee benefit plan governed by ERISA and under discretionary investment management services Firstmetric® acknowledges that we are qualified to serve as a discretionary investment manager and will accept fiduciary status to certain plans under Section 3(38) of ERISA. In this capacity, the plan's sponsor or those who would otherwise be responsible for selecting and monitoring the plan's investment options are allowed to delegate these fiduciary duties to Firstmetric®. In providing our investment management services, the sole standard of care imposed upon us is to act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

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

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### **Methods of Analysis**

Our Investment Policy Committee establishes our overall investment strategies used, reviews the brokerage firms we recommend, and approves of particular investments which may be used by Investment Adviser Representatives of Firstmetric®. The sole member of the Investment Policy Committee is Scott C. Salaske, Chief Executive Officer & Chief Compliance Officer of Firstmetric®.

Our investment approach is firmly grounded in the belief that markets are fairly efficient and that diversification is key to managing risk, that risk and return are related and that asset allocation decisions are the primary determinant of a portfolio's risk and expected return. Our recommended asset allocation strategies are diversified utilizing multiple asset classes, investment styles, market capitalizations, sectors and/or regions to provide a globally diversified investment strategy.

In analyzing investment securities, Firstmetric® may use various sources of information, including, but not limited to, the following: Morningstar, Bloomberg, FactSet, mutual fund and ETF issuer websites, and software and/or other technology information services available from mutual fund and ETF issuers.

Firstmetric® cannot guarantee that any investment security, investment strategy or analysis will prove to be profitable or successful in meeting your investment goals and objectives. Any investment strategies are subject to the risk of loss and you should be prepared to bear such losses in connection with investment strategies offered by Firstmetric®.

### **Investment Strategies**

The primary investment securities recommended for our investment strategies are passively managed index and/or asset class mutual funds and ETFs offered primarily by [Dimensional Fund Advisors](#) and [Vanguard](#).

Our security analysis is based on a number of factors, including those derived from academic research and literature, commercially available software technology, securities rating services, general market and financial information, due diligence reviews and specific investment analysis that you may request of specific securities or strategies.

Firstmetric® adheres to a long-term, buy-and-hold and rebalance investment philosophy. We do not try to time the movement of the stock and/or bond markets or anticipate the future direction of market or interest rate movements. Firstmetric® intentionally does not react to market movements in managing your account(s) other than through regular rebalancing, tax-loss harvesting non-qualified taxable accounts and cash flow needs.

We continuously monitor your account(s) and periodically rebalance your account(s) back to your Target Asset Allocation Strategy as defined in your IPS in an effort to optimize returns for the intended level of risk of your investment portfolio(s). We consider tax implications and the volatility associated with each of our chosen asset classes when deciding when and how to rebalance your account(s).

## Tax-Loss Harvesting

**You must opt-out in writing if you do not want tax-loss harvesting services. By default, this service is provided to all clients at no additional cost who have taxable (non-qualified) investment accounts.**

Tax-loss harvesting is a technique used to try and lower your current tax liability while trying to maintain the expected risk and return profile of your investment portfolio. It harvests previously unrealized investment losses to be used to offset taxes due on other realized capital gains and income by selling a security at a capital loss and reinvesting the proceeds in a security with closely-correlated risk and return characteristics as the investment security sold. The realized loss can then be applied to lower your current tax liability and the tax savings can be reinvested to potentially grow the value of your investment portfolio.

All clients by default are opted-in to tax-loss harvesting. If you wish to opt-out of tax-loss harvesting services for your accounts you must provide written notice to Firstmetric®.

When and how often tax-loss harvesting is performed for your non-qualified taxable accounts is at the discretion of Firstmetric® and is applied on a client-by-client basis.

Some potential risks associated with tax-loss harvesting strategies are as follows:

1. When Firstmetric® purchases “similar” investments as part of the tax-loss harvesting strategy, it is a reference to investments that are expected, but are not guaranteed, to perform similarly to those sold. Expected returns and risk characteristics are no guarantee of actual performance.
2. If you and/or your spouse have other taxable or non-taxable investment accounts that are not managed by Firstmetric®, and hold in those accounts any of the securities that are held in your managed Firstmetric® account(s), you cannot trade any of those securities 30 days before or after Firstmetric® trades those same securities as part of the tax-loss harvesting strategy to avoid possible tax wash sale rules and, as a result, a nullification of any tax benefits of the tax-loss harvesting strategy. More information about wash sale rules, can be found in [IRS Publication 550](#).
3. We only monitor for tax-loss harvesting and tax wash sales in accounts that are managed by Firstmetric®. You are responsible for monitoring any account(s) not managed by Firstmetric® to ensure that transactions in the same security or a substantially similar security do not create a “wash sale.”

**You should consult with an accountant, CPA or tax attorney regarding the unique tax consequences of investing and using a tax-loss harvesting strategy, based on your unique tax situation.**

You are responsible for how the transactions in your account(s) are reported to the Internal Revenue Service (“IRS”) or any other taxing authority. Firstmetric® assumes no responsibility for the tax consequences of any transaction and how it is reported to the IRS. The tax-loss harvesting strategy used by Firstmetric® is not intended as tax advice.

## Risk of Loss

Investing in securities involves risk of loss that you should be prepared to bear. Investing in foreign stock markets involves additional risks, including political, economic, and currency risks, as well as differences in accounting methods. Investing in fixed income instruments may involve certain costs and risks such as liquidity risk, interest rate risk, and credit risk. There can be no guarantee that an investment strategy will meet its investment objectives or that it will not suffer losses.

## Cybersecurity Risk

There are a number of operational and systems risks involved in investing, including but not limited to “cybersecurity” risk. As the use of technology has increased, your account(s) have become potentially more susceptible to operational risks through breaches in cybersecurity. A breach in cybersecurity refers to both intentional and unintentional events that may cause Firstmetric® to lose proprietary information, suffer data corruption, or lose operational capacity. This in turn could cause Firstmetric® and/or your account(s) to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial loss. If a cybersecurity breach were to occur it could result in a third party obtaining unauthorized access to your information, including Social Security numbers, home addresses, account numbers, account balances, account holdings, as well as potentially other non-public personal information. Cybersecurity breaches may involve unauthorized access to digital information systems (e.g., through “hacking” or malicious software coding), and may also result from outside attacks such as denial-of-service attacks (i.e., efforts to make network services unavailable to intended users). In addition, cybersecurity breaches of third-party service providers (e.g., an account’s custodian or client service portal) or issuers of securities in which an account invests can subject your account(s) to many of the same risks associated with direct cybersecurity breaches. Although Firstmetric® has put in place systems and has taken measures designed to reduce the risks associated with cybersecurity threats, there is no guarantee that such efforts will succeed.

## Risks Investing in Mutual Funds and ETFs

Your account(s) bear all the risks of the investment strategies employed by the mutual funds and ETFs held in your account(s), including the risk that a mutual fund or ETF will not meet its investment objectives. For the specific risks associated with certain mutual funds or ETFs, please see the investment prospectus for additional details.

## Unique Risks Investing in ETFs

An ETF is a security that trades on an exchange during market hours and typically seeks to track an index, commodity, or a basket of assets like an index fund. However, some ETFs are actively managed and do not seek to track a certain index or basket of assets. ETFs may trade at a premium or discount to their Net Asset Value (“NAV”) and may also be affected by market fluctuations of their underlying investment holdings. ETFs may also have unique risks depending on their structure and underlying investments.

## Risks Investing in Stock Funds

Stock markets are volatile and can decline significantly and quickly over short or even long periods in response to adverse issuer, political, regulatory, market, or economic developments. In a diversified stock fund the overall systematic (market risk) poses the greatest potential for losses in your account(s). In addition, stock investments may be subject to risk related to market capitalization as well as company-specific risk.

Foreign stock investing involves risks not typically associated with U.S. domestic investments, and the risks may be further amplified in emerging market countries. These risks may include, among others, adverse fluctuations in foreign currency values, as well as adverse political, social and economic developments affecting one or more foreign countries.

In addition, foreign investing may involve less publicly available information and more volatile or less liquid securities markets, particularly in markets that trade a small number of securities, have unstable governments, or involve limited industry.

## Risks Investing in Bond Funds

In general, the bond market is volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term fixed income securities.) The ability of an issuer of a bond to repay principal prior to a security's maturity can cause greater price volatility if interest rates change, and, if a bond is prepaid, a bond fund may have to reinvest the proceeds in securities with lower yields. Fixed income securities also carry inflation risk, credit risk (the risk of changes in the financial condition of an issuer) and default risk (the risk that the issuer may fail to pay its debts) for both issuers and counterparties. Unlike investing in individual bonds, typically bond funds do not have a set maturity date, so holding them until maturity to avoid losses caused by price volatility is not possible. In addition, investments in certain bond structures may be less liquid than other investments, and therefore may be more difficult to trade effectively.

## Risks Investing in Municipal Bond Funds

Investing in the municipal bond market can be affected by adverse tax, legislative, or political changes, and by the financial condition of the issuer of individual municipal securities. Municipal bond funds normally seek to earn income and pay dividends that are expected to be exempt from federal income tax. If you are a resident in the state of issuance of the bonds held by the fund, interest may also be exempt from state and local income taxes. Income exempt from regular federal income tax (including distributions from tax-exempt, municipal, and money market funds) may be subject to state and local taxes, or federal alternative minimum tax. Certain municipal bond funds normally seek to invest only in municipal securities generating income exempt from both federal income taxes and the federal alternative minimum tax; however, outcomes cannot be guaranteed, and the funds may sometimes generate income subject to these taxes.

**You should consult with an accountant, CPA or tax attorney regarding the unique tax consequences of investing in municipal bond funds.**

## Item 9 | Disciplinary Information

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Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us, or the integrity of our management such as:

**> A criminal or civil action in a domestic, foreign or military court of competent jurisdiction.**

Firstmetric® does not have anything to report applicable to this item.

**> An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign regulatory authority.**

Firstmetric® does not have anything to report applicable to this item.

**> A self-regulatory organization ("SRO") proceeding.**

Firstmetric® does not have anything to report applicable to this item.

## Item 10 | Other Financial Industry Activities and Affiliations

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We do not have any other relationships, arrangements or affiliations with broker/dealers, mutual funds, other investment advisers, or other entities which could create any material conflict of interest for us in rendering investment management services and advice to you except as stated below.

### Financial Publications & Websites

Scott C. Salaske, CEO & CCO of Firstmetric®, is a contributor to various publications and websites and is the host of the [Seeking Wealth](#) podcast. Firstmetric® may or may not hold or recommend some or all of the individual securities mentioned in a particular article or podcast episode in your account(s).

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

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### **Code of Ethics**

We have adopted a Code of Ethics for all employees of Firstmetric® describing our high ethical standards of business conduct, and fiduciary duty to you. The Code of Ethics includes provisions relating to the confidentiality of client information, prohibition of insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All of our employees must acknowledge the terms of the Code of Ethics annually, and as amended from time-to-time.

Our Code of Ethics further includes our policy prohibiting the use of material non-public information and protecting the confidentiality of your information. We require that all employees must act in accordance with all applicable federal and state securities laws and regulations governing registered investment advisers. Any employee not in observance of the above may be subject to discipline.

Firstmetric® will provide a complete copy of our Code of Ethics free of charge to you or any prospective client upon request.

### **Participation or Interest in Client Transactions**

Firstmetric® employees and persons associated with us are required to follow our Code of Ethics. Subject to satisfying this policy and applicable laws, our officers, directors and employees and affiliates may trade for their own accounts in securities which are recommended to and/or purchased for your account(s). The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (1) making decisions in the best interest of your account(s) and (2) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code of Ethics certain

classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of your account(s). Nonetheless, because the Code of Ethics allows employees to invest in the same securities as we may purchase or sell in your account(s), there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is regularly monitored under the Code of Ethics, to reasonably prevent conflicts of interest between us and your account(s).

### **Personal Trading Practices**

Our Code of Ethics also requires employees to: 1) pre-clear certain personal securities transactions that are not exempt transactions, 2) report personal securities transactions on at least a quarterly basis, and 3) provide Firstmetric® with a detailed summary of certain holdings and securities accounts (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest.

## Item 12 | **Brokerage Practices**

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Firstmetric® does not maintain custody of your account(s) that we manage or advise on. At all times your account(s) and assets must be maintained in an account at a qualified custodian. We require that you use Schwab Advisor Services®, a division of Charles Schwab & Co., Inc. or TD Ameritrade Institutional, FINRA-registered broker-dealers, members SIPC as the qualified custodians/broker-dealers for your account(s) and securities transactions. We do not allow you to direct us to use a specific broker-dealer to execute transactions. You must use the broker-dealers that Firstmetric® recommends, which are Schwab or TD Ameritrade.

Firstmetric® is independently owned and operated and we are not affiliated with any custodian including Schwab or TD Ameritrade. The custodian(s) will hold your assets in a brokerage account, and purchase and sell securities when we instruct them to. You will enter into a separate agreement with Schwab or TD Ameritrade to custody your accounts(s) and assets. Firstmetric® will also require that you grant us a Limited Power of Attorney ("LPOA") to execute

securities transactions in your account(s) held at Schwab or TD Ameritrade.

Schwab and TD Ameritrade may charge brokerage commissions (transaction fees) for executing securities transactions. We do not receive any portion of these separate fees and/or charges.

## Research and Other Soft Dollar Benefits

Schwab and TD Ameritrade provides us and you with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab or TD Ameritrade retail customers. Schwab and TD Ameritrade also makes available various support services. Some of those services help us manage or administer your accounts; while others help us manage and grow our business. Schwab and TD Ameritrade support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts held at Schwab. No requirements of client assets are mandated by TD Ameritrade. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab or TD Ameritrade in trading commissions, transaction fees or assets in custody.

The availability of these services from Schwab and TD Ameritrade benefits us because we do not have to produce or purchase them. The benefits we receive, that you may also benefit from, may give us an incentive to recommend that you maintain your account(s) with Schwab or TD Ameritrade, based on our interest in receiving Schwab's and TD Ameritrade's services that benefit our business rather than based solely on your interest in receiving the best value in custody services and the most favorable execution of transactions. This is a potential conflict of interest. We believe, however, that our recommendation of Schwab or TD Ameritrade as custodians and broker-dealers is in the best interests of our collective clients. Our selection is primarily supported by the scope, quality, and price of Schwab's and TD Ameritrade's services and not Schwab's and TD Ameritrade's services that benefit only us. We do not believe that recommending our clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

## Brokerage for Client Referrals

Firstmetric® does not receive client referrals, compensation or revenue from any broker-dealer or third party in exchange for using a specific broker-dealer or third party.

## Directed Brokerage

The Schwab and TD Ameritrade custodial arrangements are a type of directed brokerage arrangement since Schwab and TD Ameritrade generally requires that your transactions be placed within the broker-dealer arm of Schwab and TD Ameritrade for execution. You should understand that not all investment advisers require you to use Schwab or TD Ameritrade as a custodian or otherwise direct brokerage. We have selected Schwab and TD Ameritrade to provide you with brokerage and custodial services because we believe they can provide you with best execution. In seeking best execution through a broker-dealer on behalf of our clients, the determinative factor is not the lowest possible cost, but whether the transaction represents the best overall qualitative execution. Accordingly, when taking into consideration qualitative execution, we consider the full range of broker-dealer services such as: historical relationship, reputation, financial strength, execution capability, commission and/or transaction rates, technology, responsiveness, customer service and other factors.

To help ensure that you are receiving best execution and to address the conflict of interest surrounding these arrangements, we perform periodic reviews of the quality of execution and services provided by Schwab and TD Ameritrade in comparison to alternative similar directed brokerage options.

## Valuation

We will value securities in your accounts that are listed on a national securities exchange or on NASDAQ at the last quoted sales price on the principal market where the securities are traded. We receive this information from Schwab, TD Ameritrade and/or independent third party pricing services.

## Trade Error Corrections

From time-to-time, we may make an error in submitting a trade order in your account(s). In all circumstances involving trade errors caused by Firstmetric®, you are "made whole" and the error will be corrected at no cost to you. If the correction of the trade error by us results in a loss, Firstmetric® is responsible for that loss. If the correction of the trade error by us results in a gain, then the gross amount of any gains are donated to charity. We do not retain any trade error gains in your account(s).

In instances where multiple trades are corrected at the same time for the same event, we will net the results of each correction against each other. Gains received during these corrections may be used to offset losses resulting from other corrections within the total trade error correction.

We may also correct trade errors by reallocating a purchased security to another client's account(s) in situations in which Firstmetric® determines such allocation will be in the client's' best interest. Such reallocations may prevent Firstmetric® from incurring trade error losses. We will not correct a trade error made in your account(s) by allocating the trade to a different account, unless that account was meant to receive the trade in the first place.

## Trade Order Aggregation

Because investment decisions often affect more than one client, we frequently will attempt to purchase or sell the same security for more than one client at the same time. This practice is referred to as "block trading". Firstmetric® may determine that aggregating (or blocking) trade orders is also prudent and necessary in order to fulfill our fiduciary duty to obtain best execution for each client as set forth above. When aggregating client trade orders, we consider many factors including, but are not limited to the following:

1. No investment management client account(s) is favored over any other accounts. Clients participating in an aggregated order shall receive an average share price with other transaction costs shared on a pro-rata basis.
2. We will not aggregate transactions unless block trading is consistent with our duty to seek best execution and the terms of our Investment

3. Management Agreement with each client for which trades are being aggregated;
4. Before placing a blocked trade, we will specify the participating client accounts and the intended allocation among those clients;
5. If the aggregated order is filled in its entirety, it will be allocated among client accounts in accordance with the terms of the order; if the order is partially filled, it will be allocated on a pro-rata basis within the same terms of the order;
6. Notwithstanding the foregoing, the order may be allocated on a random basis rather than that specified in the original order if all client accounts receive fair and equitable treatment and the reason for different allocations is justified based on conditions spelled out in our procedures;
7. Our books and records will separately reflect the orders for each client account that are aggregated, as well as the securities purchased and sold for and held by that account;
8. We receive no additional compensation of any kind as a result of the proposed aggregation;

Although Firstmetric® will attempt to block trade transactions for each client when prudent, there may be times when trades will be executed independently for each client. This means at times we may not combine multiple orders for shares of the same securities purchased or sold for multiple investment management client accounts. There could be many reasons why we may choose not to "block" trade certain client accounts, such as, but are not limited to, cash flow management, timing of interest and dividend payments, and timing of client deposits and withdrawals.

## Item 13 | Review of Accounts

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### Managed Account Reviews

Account information, including quantities and values of securities held, the amounts of cash and cash equivalents, and account transaction activity for your account(s) are maintained in Firstmetric's technology systems. This account information is typically reconciled daily against statements and/or electronic files from appropriate custodians.

We review your account(s) and securities positions on a continuous basis for adherence to your agreed upon

investment strategy as described in your IPS. The reviews are conducted and/or supervised by Scott C. Salaske, Chief Executive Officer and Chief Compliance Officer of Firstmetric®.

Periodic reviews directly with you are on an “as needed” and/or “as-requested” basis depending upon your needs and nature of the financial issue(s) to be addressed. Reviews that are conducted directly with you focus primarily on any changes to your financial situation, tax status, cash flow needs, and overall investment goals and objectives. Typically such reviews are conducted via email, telephone, in-person meetings and/or video conference.

## Regular Client Reporting

You will receive access to the Firstmetric® client website portal to review ongoing performance, asset allocation and unofficial tax reporting information for your account(s) under management with Firstmetric®. On a quarterly basis Firstmetric® will upload to your Firstmetric® client website portal a billing invoice for Firstmetric® fees agreed to in your Firstmetric® Investment Management Agreement, which are directly debited and paid from your account(s). We may also provide you with additional reporting as agreed upon with you on a case-by-case basis or in the discretion of Firstmetric®.

You will also receive either monthly or quarterly account statements, trade confirmations and year-end tax statements directly from Schwab or TD Ameritrade; the independent account custodians.

Firstmetric® does not provide or deliver any reporting in hard copy format. All reporting is required to be accessed through the Firstmetric® client website portal.

## Item 14 | Client Referrals and Other Compensation

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At times we may receive referrals from you and other clients, as well as from other professional service providers, such as lawyers, accountants, financial planners and registered investment advisers. While this might provide an incentive for us to discount fees for clients or professionals who refer business to us, it is

our strict policy not to do so. We do not accept any referral fees or any form of remuneration from other professionals for making referrals to unaffiliated professionals or third parties.

Referrals from other professional service providers could cause us to want to return the referrals, however we are careful to refer our business, and that of our clients, in as unbiased a way as possible. None of these individuals or firms are compensated in any way for providing client referrals. Firstmetric® will never share your non-public personal information with an unaffiliated professional or third party unless you provide us with written authorization to do so.

## Item 15 | Custody

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We previously disclosed in Item 5 | Fees and Compensation, that Firstmetric® directly debits investment management fees from your account(s). When you authorize direct payment of investment management fees, your custodian (Schwab or TD Ameritrade) is advised of the amount of the fee(s) to be deducted from your account(s).

The ability to deduct our investment management fees from your account(s) causes Firstmetric® to exercise limited custody over your funds or securities pursuant to Rule 275.206(4)-2 of the Investment Advisers Act of 1940. We do not have physical custody of any of your funds and/or securities in your account(s). You will receive account statements from your independent qualified custodian (Schwab or TD Ameritrade) no less than quarterly. Your account statements from your custodian will indicate the amount of our investment management fees deducted from your account(s) each billing period.

Schwab or TD Ameritrade does not verify the accuracy of our investment management fees. You should carefully review your account statements for accuracy.

If you have any questions regarding your statements or if you do not receive a statement from your custodian (Schwab or TD Ameritrade), please contact us immediately by email at [compliance@firstmetric.com](mailto:compliance@firstmetric.com) or by telephone at (800) 801-6855.

## Item 16 | **Investment Discretion**

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Firstmetric® requires discretionary authority for our investment management services to determine which securities and the amounts of securities that are to be purchased or sold in your account(s). You will need to execute a Schwab or TD Ameritrade Limited Power of Attorney ("LPOA") to permit us to trade in your account(s) on your behalf. The LPOA is incorporated as part of the new account agreements required to open your account(s) with the qualified custodian (Schwab or TD Ameritrade) and are also detailed further in your Firstmetric® Investment Management Agreement.

In all cases, discretionary authority is exercised in a manner consistent with your stated investment objectives as outlined and agreed to in your IPS. When selecting securities and determining amounts to purchase or sell, we observe the investment policies, limitations and restrictions that we have discussed and agreed upon with you and are documented in your IPS.

It is your responsibility to promptly notify us if there is ever any change in your financial circumstances, tax status or investment objectives for the purpose of reviewing, evaluating, and/or revising our previous recommendations.

## Item 17 | **Voting Client Securities**

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### **Proxy Voting**

As a general matter of policy and practice, we do not vote proxies on your behalf. Since we do not vote proxies you will retain the responsibility for receiving and voting proxies for any and all securities maintained in your account(s). We may provide advice to you regarding voting of proxies in special circumstances. In the event that you have instructed a custodian, broker-dealer, transfer agent or issuer to deliver proxies to us on your behalf, we will decline to vote on such matters unless we specifically agree to do so in writing.

## **Class Actions**

You should note that Firstmetric® does not instruct or give advice to you on whether or not to participate as a member of class action lawsuits and will not automatically file "Proof of Claims" on your behalf even if you have instructed the custodian, broker-dealer, transfer agent or issuer to deliver such communications directly to us. However, if you notify us in writing that you wish to participate in a class action, we will make reasonable efforts to provide you with any available transaction information necessary for you to file a Proof of Claim if the records exist upon your written request.

## **Other Shareholder Action**

With regard to all matters (other than proxies) for which shareholder action is required or solicited with respect to securities beneficially held in your account(s), such as (1) all matters relating to class actions, including without limitation, matters relating to opting in or opting out of a class and approval of class settlements and (2) bankruptcies or reorganizations, we disclaim responsibility for electing/voting (by proxies or otherwise) Firstmetric® will not take any action with regard to such matters. All shareholder actions and/or proxies will be delivered to you directly from the custodian, broker-dealer, transfer agent or issuer.

## Item 18 | **Financial Information**

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Registered investment advisers are required, under certain conditions, to provide you with financial information or disclosures about our financial condition. Firstmetric® has no financial conditions that would impair our ability to meet our contractual commitments to clients.

Pursuant to SEC regulations, financial statements are not required to be provided because Firstmetric® does not serve as a custodian for your funds and securities and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance, and has not been the subject of a bankruptcy proceeding.