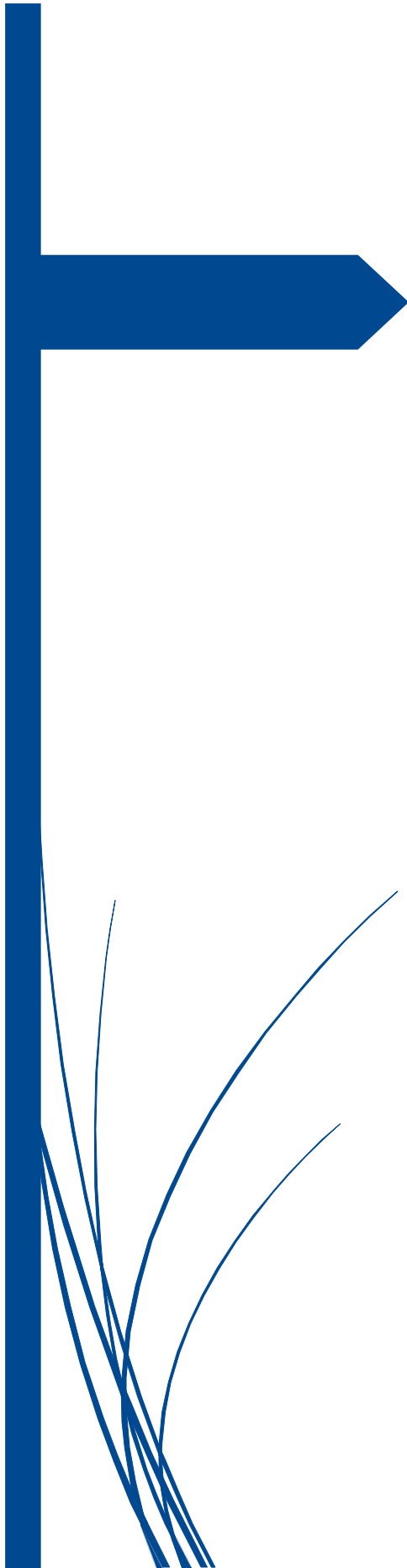




**FUSION**  
CAPITAL MANAGEMENT



Cover Page - Item 1

## Form ADV Part 2 Brochure

[Form ADV Part 2A Brochure and Form ADV Part 2A, Appendix 1: Wrap Fee Program Brochure]

### Coppell Advisory Solutions, LLC

doing business as

### Fusion Investment Advisors

and

### Fusion Capital Management

9111 Cypress Waters Blvd, Suite 140,  
Dallas, TX 75019

Phone: (866) 254-4235

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[info@fusioncm.com](mailto:info@fusioncm.com)

**March 27, 2024**

Fusion Investment Advisors is an investment adviser registered with the Securities and Exchange Commission (hereinafter "SEC"). An "investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Fusion Investment Advisors. If you have any questions about the contents of this brochure, please contact us at (866) 254-4235. 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 Fusion Investment Advisors is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Our firm's CRD number is 156549.

### Material Changes - Item 2

The purpose of this page is to inform you of any material changes since the previous version of this disclosure brochure. At least annually, we review and update this brochure, as needed, to make sure that it remains current.

On March 27, 2024, we submitted our annual updating amendment for 2023 and completed the following changes to our Form ADV Part 2 Brochure:

- We have updated Item 4 of our Form ADV Part 2A Brochure to disclose discretionary assets under management of approximately \$849,564,866, and non-discretionary assets under management of approximately \$0.
- Fusion Investment Advisors Wrap Fee Program is no longer offered to clients. We have removed all references to the program from our Form ADV and we have deleted our Form ADV Part 2A, Appendix 1 Wrap Brochure.

If you would like to receive a complete copy of our current brochure free of charge at any time, please contact us at (866) 254-4235 or at [info@fusioncm.com](mailto:info@fusioncm.com).

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#### **Advisory Business - Item 4**

Coppell Advisory Solutions, LLC, doing business as Fusion Investment Advisors and Fusion Capital Management (hereinafter "Fusion" or the "firm") is a registered investment advisor based in Coppell, Texas. We are a limited liability company under the laws of the State of Florida. We have been providing investment advisory services since 2011. The firm's current principal owners are SC Group, LLC, Asiff S. Hirji, Bryce B. Engel, Ryan J. Borer, Leibel Y. Sternbach, and Robert T. Pujia. Laura K. Wajs is the Chief Compliance Officer.

As used in this Brochure, the term "Associated Person" refers to anyone from our firm who is an officer, an employee, and all individuals providing investment advice on behalf of our firm. Where required, such persons are properly registered as investment adviser representatives.

Currently, we offer the following investment advisory services, personalized for each individual Client:

- **Portfolio Management Services**
- **Financial Planning Services**

#### **Portfolio Management Services**

Fusion maintains an open architecture portfolio management platform, whereby Associated Persons and Clients have the ability to select from a multitude of investment options. Our Associated Persons are restricted to providing investment advisory services and charging fees based on the disclosures detailed in this document and the agreement(s) signed by the Client with the firm. However, the exact services and fees charged to a Client are dependent upon each Associated Person's relationship with his or her Client and may vary in scope and amount. Associated Persons are instructed to consider the individual needs of each Client when recommending a service or a portfolio management platform. Investment strategies and recommendations are tailored to the individual needs of each Client. Additionally, when providing investment advice, Associated Persons are under a strict requirement to uphold their fiduciary duty and to provide advice that is in the best interest of the Client.

Our portfolio management services are offered on a discretionary basis. Discretionary portfolio management means we will make investment decisions and place buy or sell orders in your account without contacting you for prior approval of each transaction. These decisions are made based upon your stated investment objectives. You may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. You may grant us discretionary authority using either the investment advisory agreement you sign with our firm, a limited power of attorney agreement, or trading authorization forms.

Our investment advice is tailored to meet our Clients' needs and investment objectives. If you decide to hire our firm to manage your portfolio, we will meet with you to gather your financial information, determine your goals, and decide how much risk you should take in your investments. The information we gather will help us create a portfolio and implement an asset allocation strategy that will be specific to your goals. Once the Client portfolio is constructed, we provide continuous supervision of the portfolio as changes in the market conditions and Client circumstances may require.

Investments and allocations are determined based upon the Clients' predefined objectives, risk tolerance, time horizons, financial information, and other various suitability factors. Further restrictions and guidelines imposed by Clients may affect the composition and performance of a Client's portfolio. As such, different Clients of our firm may have significant differences in their asset allocation. For these reasons, performance of one Client's portfolio might not be similar to another Client's even if both Clients have similar risk parameters. We review the portfolio's performance, Clients' financial circumstances, and investment objectives on a regular basis and make adjustments to Clients' portfolios or allocation models as may be necessary in an effort to achieve the desired results.

We use asset allocation models created by our own investment management team or by various independent money managers. All independent money managers that we recommend to Clients must be registered as investment advisers with either the Securities and Exchange Commission or with the appropriate state authority(ies). In some cases, the independent money manager will obtain direct trading authority over the account. In such cases, the Client will be required to sign an agreement directly with the independent money managers. We continuously monitor the performance of any accounts managed by the independent money managers and assume discretionary authority to hire or fire the independent money manager where such action is deemed to be in the best interest of the Client. Fusion will provide its Clients with access to the independent money managers' Form ADV Part 2 Brochures.

Our portfolios are comprised of various types of securities such as equities, exchange traded funds, no-load or load waived mutual funds, corporate securities, variable annuity subaccounts, real estate investment trusts ("REITs"), and fixed income securities. We may also recommend that Clients invest in various investment related limited partnerships (including unregistered real estate investment trusts) created by third parties. Additionally, we will provide advice on existing investments you may hold at the inception of the advisory relationship or on other types of investments for which you ask advice. Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the Client's stated investment objectives, tolerance for risk, liquidity, and suitability.

#### Management of Held Away Assets

As part of our overall portfolio management services, we provide asset allocation review, rebalancing and management services for accounts that are not held in custody of the qualified custodian(s) recommended by our firm. These services are provided through an account aggregation service called Pontera (formerly FeeX). The service primarily applies to ERISA and non-ERISA plan assets such as 401(k)s and 403(b)s, and other assets that must be held in custody of the plan custodian(s). We regularly review the available investment options in these accounts, monitor them, and periodically rebalance and implement our strategies using different tools as necessary. If you elect to allow our firm to manage your assets through Pontera, you will be notified via email when Fusion places trades through Pontera.

#### **Financial Planning Services**

Fusion offers various financial planning related services, which assist Clients in the management of their financial resources. Financial planning services are based upon an analysis of the Client's individual needs beginning with one or more information gathering consultations. Once the firm has collected and analysed all documentation gathered during these consultations, Fusion provides a written financial plan designed to achieve the Client's financial goals and objectives. Fusion then assists Clients in developing a strategy for the successful management of income, assets, and liabilities. In general, financial planning services may include any one or all of the following:

- Cash Flow Analysis – Assessment of present financial situation by collecting information regarding net worth and cash flow statements, tax returns, insurance policies, investment portfolios, pension plans, employee benefit statements, etc. The firm advises on ways to reduce risk; and, to coordinate and organize records and estate information.
- Retirement Analysis – Identification of long-term financial and personal goals and objectives including advice for accumulating wealth for retirement income or appropriate distribution of assets following retirement. Tax consequences and implications are identified and evaluated.
- Insurance Analysis – Includes risk management associated with advisory recommendations based on a combination of insurance types to meet your needs, e.g., life, health, disability, and long-term care insurance. This will necessitate an analysis of cash needs of the Client's family at death, income needs of surviving dependents, and potential disability income needs.
- Portfolio Analysis/Investment Planning – Presentation of investment alternatives, including asset allocation and its effect on the Client's portfolio; evaluation of economic and tax characteristics of existing investments as well as their suitability for the Client; and, identification and evaluation of tax consequences and their implications.

- Estate Analysis – Advising Clients with respect to property ownership, distribution strategies, estate tax reduction, and tax payment techniques.

The recommendations and solutions are designed to achieve the Client’s desired goals, subject to periodic evaluation of the financial plan, which may require revision to meet changing circumstances. Financial plans are based on your financial situation based on the information provided to the firm. We should be notified promptly of any change to your financial situation, goals, objectives, or needs.

Clients can also request financial planning services that cover a specific area, such as retirement or estate planning, asset allocation analysis, manager due diligence, and 401(k) platform due diligence. Clients may choose to accept or reject our recommendations. If you decide to proceed with our recommendations, you may do so by engaging us for investment advisory services or by using any advisory, brokerage, or insurance provider you choose.

*Important Note: Information related to legal matters that is provided as part of the financial plan is for informative purposes only. Clients are instructed to contact their attorney for personalized advice.*

#### **Assets Under Management**

As of December 31, 2023, we manage \$849,564,866 in Client assets, all on a discretionary basis.

### **Fees and Compensation - Item 5**

#### **Portfolio Management Services Fees**

Fusion charges a fee based on a percentage of assets under management. This fee is usually deducted from the Client's account held at the custodian provided the Client authorizes Fusion to debit the fee from the account. If insufficient cash is available to pay such fees, securities in an amount equal to the balance of unpaid fees will be liquidated to pay for the unpaid balance. In some cases, we may invoice the Client directly for the payment of fees.

Our fees are based on the following blended fee schedule:

<b>Portfolio Size</b>	<b>Portfolio Management Fee</b>
First \$500,000	2.00%
Next \$500,000	1.75%
Next \$1,500,000	1.50%
Over \$2,500,000	Negotiable

Fees will be calculated monthly, in arrears, based on the average daily balance of assets under our management. In any partial calendar month, the advisory fee will be pro-rated based on the number of days that the account was open during the month.

For example, a client who has engaged us for portfolio management services, with an average daily value of \$1,500,000 in assets under management would be subject to the following monthly fee:

First \$500,000 billed at 2.00% = \$10,000/12 months = \$833.33  
Next \$500,000 billed at 1.75% = \$8,750/12 months = \$729.16  
Next \$500,000 billed at 1.50% = \$7,500/12 months = \$625.00  
Total monthly fee = \$833.33 + \$729.16 + \$625.00 = \$2,187.49

The fee is negotiable based on the complexity of the Client's financial situation. We allow Associated Persons servicing the account to negotiate the investment management fees within the range disclosed in our Form ADV Part 2A Brochure. As a result, the Associated Person servicing your account may charge more or less for the same service than another Associated Person of our firm. Further, our annual investment management fee may be higher than that charged by other investment advisors offering similar services/programs. The maximum fee paid by the Client will be stated in the investment advisory agreement signed by you and us.

Assets invested in shares of mutual funds or other investment companies ("Funds") will be included in calculating the value of the account for purposes of computing Fusion's fees and the same assets will also be subject to additional advisory and other fees and expenses, as set forth in the prospectuses/offering documents of the Funds, paid by the Funds but ultimately borne by the Client. Certain Funds may impose a contingent deferred sales charge on withdrawals taken from their accounts. We reserve the right to amend the fees charged to Clients by providing advance written notice to Client.

In addition to our customary advisory fee, will also assess a monthly technology and administrative fee to each individual account. Fusion maintains the discretion to waive this fee for specific accounts. The account fee figure below is the maximum charged on each account:

- Fee per account - \$5.00 per month.
- Assets managed by ZEGA Financial, LLC and Alpha DNA Investment Management, LLC must have a separate account due to margin requirements, as such they will be charged a \$5.00 monthly fee per strategy.

This flat fee will be charged in addition to our advisory fees and will be charged regardless of the value of each account.

We encourage you to carefully review the statements you receive from the qualified custodian. If you have questions about your statements, or if you did not receive a statement from the qualified custodian, please call our office number located on the cover page of this brochure.

#### Held Away Asset Fees

For held away assets managed through Pontera, Pontera does not offer us the ability to deduct fees from the account. As such, fees for the management of held away assets will either be paid directly by the Client or deducted from another account that we manage for the Client at the qualified custodian(s) recommended by our firm.

#### Compensation of Associated Persons

Associated Persons who are registered as Investment Advisor Representatives ("IARs") are compensated based on a percentage of the total fees charged by Fusion. IARs receive an "IAR remainder." Once all expenses, e.g. custodial and manager expenses, are subtracted from the fee charged by Fusion; the IAR(s) receive a portion of the remainder. This, in theory, generates a conflict of interest as lower cost managers will increase the compensation of our IARs. However, Fusion IARs are aware of their fiduciary duty under the Investment Advisors Act of 1940 and are monitored periodically by Fusion's CCO to determine their adherence to the fiduciary standard and doing what is in the best interest of the Clients.

#### Termination

The investment advisory agreement will continue in effect until terminated by either party by at least 5 days written notice to the other. Upon the termination of the agreement, Fusion will have no obligation to recommend or take any action with regard to the previously managed account(s). Fusion's annual fee will be pro-rated through the date of termination and the Client will be charged any remaining balance, in a timely manner by directly debiting the account or sending an invoice directly to Client. Important Note: An account closing fee will be assessed if the Client does not provide a 30-day written notice of termination prior to account closure. This fee of up to \$50.00 will only apply to accounts greater than \$1,000.00.



In cases where the Client has signed a separate agreement with an independent money manager, the Client will be required to terminate the agreement according to the terms of the agreement with the independent money manager.

#### **Financial Planning Services Fees**

Fusion may provide its Clients with financial planning and consulting services. Fusion will charge a fixed fee and/or hourly fee for consulting services. Our financial planning fees are negotiable. We utilize the following financial planning fee schedules:

- Fixed Fees: Fusion will charge a fixed fee that ranges from \$1,000.00 to \$20,000.00, for broad based planning services. In limited circumstances, the total cost could potentially exceed \$20,000.00. In such cases, we will notify the Client and may request that the Client pay an additional fee.
- Hourly Fees: Fusion charges an hourly fee of \$300 for Clients who request specific services (such as a modular plan or hourly consulting services) and do not desire a broad based written financial plan.

Prior to engaging Fusion to provide financial planning or consulting services, the Client will be required to enter into a written agreement with us. The agreement will set forth the terms and conditions of the engagement, including the negotiated fees, and will describe the scope of services to be provided and the portion of the fee that is due from the Client.

Generally, Fusion requires one-half of the consulting fee to be paid upon entering into the written agreement. The balance is generally due upon the completion of the agreed upon services. Either party may terminate the agreement by written notice to the other. In the event the Client terminates Fusion's consulting services, the balance of Fusion's unearned fees (if any) shall be refunded to the Client. Fusion does not require the prepayment of over \$1,200, six or more months in advance.

#### **Additional Information About Fees and Expenses**

The fees Fusion charges are negotiable based on the amount of assets under management, complexity of Client goals and objectives, and level of services rendered. We allow Associated Persons servicing the account to negotiate the exact investment management fees within the range disclosed in our Form ADV Part 2A Brochure. As a result, the Associated Person servicing your account may charge more or less for the same service than another Associated Person of our firm. Further, our annual investment management fee may be higher than that charged by other investment advisors offering similar services/programs. Fees are charged as described above and are not based on a share of capital gains of the funds of any advisory Client.

#### Mutual Fund Fees

All fees paid to Fusion for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees generally include management fees, other fund expenses, early redemption fees, and possible distribution fees. A Client could invest in a mutual fund directly, without the services of Fusion. In that case, the Client would not receive the services provided by Fusion, which are designed, among other things, to assist the Client in determining which mutual fund or funds are most appropriate to each Client's financial condition and objectives. Accordingly, the Client should review both the fees charged by the funds and the fees charged by Fusion to understand fully the total amount of fees to be paid by the Client and to evaluate the advisory services being provided.

Mutual funds generally offer multiple share classes based upon certain eligibility and/or purchase requirements. For instance, in addition to retail share classes (typically referred to as class A, class B, and class C shares), mutual funds may also offer institutional share classes or other share classes that are specifically designed for purchase by investors who meet certain specified eligibility criteria, including, for example, whether an account meets certain minimum dollar amount thresholds or is enrolled in an eligible fee-based investment advisory program. Institutional share classes usually have a lower expense ratio than other share classes.

For Clients investing in mutual funds, the firm requires that the Associated Person purchase the share class most beneficial to the Client, generally the institutional or advisory share class. In some cases, these share classes are not made available by the sponsor fund. Here, the firm will direct the Associated Person to seek a comparable, similar mutual fund that provides an advisory share class, and offer the fund and share class to the Client. If no comparable fund with an advisory share class is available, the Client may pay higher fees that include 12b-1 fees.

Class A shares that transfer into Client accounts are periodically converted to the advisory or institutional share class. The firm requires advisory or institutional share classes in accounts, and does not permit purchases of Class A, B, or C shares in advisory accounts unless there is no advisory share class available, and no similar mutual fund with an advisory share class.

Further information regarding fees and charges assessed by a mutual fund is available in each mutual fund's prospectus. Although the firm uses its best efforts to purchase lower cost mutual fund shares when available, some mutual fund companies do not offer institutional classes or funds that do not pay 12b-1 distribution fees.

Billing on Cash Positions: The firm treats cash and cash equivalents as an asset class. Accordingly, unless otherwise agreed in writing, all cash and cash equivalent positions (e.g., money market funds, etc.) are included as part of assets under management for purposes of calculating the firm's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), the firm may maintain cash and/or cash equivalent positions for defensive, liquidity, or other purposes. While assets are maintained in cash or cash equivalents, such amounts could miss market advances and, depending upon current yields, at any point in time, the firm's advisory fee could exceed the interest paid by the Client's cash or cash equivalent positions.

Billing on Margin: Unless otherwise agreed in writing, the gross amount of assets in the Client's account, including margin balances, are included as part of assets under management for purposes of calculating the firm's advisory fee. Clients should note that this practice will increase total assets under management used to calculate advisory fees which will in turn increase the amount of fees collected by our firm. This practice creates a conflict of interest in that our firm has an incentive to use margin in order to increase the amount of billable assets. At all times, the firm and its Associated Persons strive to uphold their fiduciary duty of fair dealing with Clients. Clients are free to restrict the use of margin by our firm. However, Clients should note that any restriction on the use of margin may negatively impact an account's performance in a rising market.

Periods of Portfolio Inactivity: The firm has a fiduciary duty to provide services consistent with the Client's best interest. As part of its investment advisory services, the firm will review Client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including but not limited to investment performance, fund manager tenure, style drift, account additions/withdrawals, the Client's financial circumstances, and changes in the Client's investment objectives. Based upon these and other factors, there may be extended periods of time when the firm determines that changes to a Client's portfolio are neither necessary nor prudent. Notwithstanding, unless otherwise agreed in writing, the firm's annual investment advisory fee will continue to apply during these periods, and there can be no assurance that investment decisions made by the firm will be profitable or equal any specific performance level(s).

#### **IRA Rollover Considerations**

As a normal extension of financial advice, we provide education or recommendations related to the rollover of an employer-sponsored retirement plan. A plan participant leaving employment has several options. Each choice offers advantages and disadvantages, depending on desired investment options and services, fees and expenses, withdrawal options, required minimum distributions, tax treatment, and the investor's unique financial needs and retirement plans. The complexity of these choices may lead an investor to seek assistance from us.

An Associated Person who recommends an investor roll over plan assets into an Individual Retirement Account ("IRA") may earn an asset-based fee as a result, but no compensation if assets are retained in the plan. Thus, we

have an economic incentive to encourage an investor to roll plan assets into an IRA. In most cases, fees and expenses will increase to the investor as a result because the above-described fees will apply to assets rolled over to an IRA and outlined ongoing services will be extended to these assets.

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. We have to act in your best interests and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests.

### **Compensation for the Sale of Investment Products**

#### Compensation for the Sale of Securities

Certain Associated Persons of Fusion are registered representatives of various broker dealers, including, Purshe Kaplan Sterling Investments ("PKS"). In their capacities as registered representatives, these persons are eligible to receive commission-based compensation in connection with purchasing and selling securities for your accounts, including 12b-1 fees for the sale of investment company products. Compensation earned by these persons in their capacities as registered representatives, is 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 registered representatives, have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. As a matter of general policy, we aggressively discourage activities that put your interests anywhere but first. Additionally, we have instituted compliance procedures and a code of ethics that requires our Associated Persons to uphold their fiduciary duty by acting in the best interest of the Client. Clients of our firm have the option to purchase securities that our dually registered Associated Persons recommend through other brokers and agents that are not affiliated with our firm.

**Additionally, Associated Persons of Fusion will never accept commissions for securities transactions in advisory accounts managed by Fusion.**

#### Compensation for the Sale of Insurance Products

Certain Executive officers and other Associated Persons of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to our clients. Insurance commissions earned by these persons are separate from and in addition to our advisory fees. The sale of insurance instruments and other commissionable products offered by Associated Persons are intended to complement our advisory services. However, 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. We address this conflict of interest by recommending insurance products only where we, in good faith, believe that it is appropriate for the client's particular needs and circumstances and only after a full presentation of the recommended insurance product to our client. In addition, we explain the insurance underwriting process to our clients to illustrate how the insurer also reviews the client's application and disclosures prior to the issuance of a resulting insuring agreement. Clients to whom the firm offers advisory services are informed that they are under no obligation to purchase insurance services. Clients who do choose to purchase insurance services are under no obligation to use our licensed Associated Persons and may use the insurance brokerage firm and agent of their choice.

Where fixed annuities are sold, clients should also note that the annuity sales result in substantial up-front commissions and ongoing trails based on the annuity's total value. In addition, many annuities contain surrender charges and/or restrictions on access to your funds. Payments and withdrawals can have tax consequences. Optional lifetime income benefit riders are used to calculate lifetime payments only and are not available for cash surrender or in a death benefit unless specified in the annuity contract. In some annuity products, fees can apply when using an income rider. Annuity guarantees are based on the financial strength and claims-paying ability of the issuing insurance company. We urge our clients to read all insurance contract disclosures carefully before

making a purchase decision. Rates and returns mentioned on any program presented are subject to change without notice. Insurance products are subject to fees and additional expenses.

**Clients of our firm are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.**

We strive to identify and disclose all material conflicts of interest between you, our firm, and our Associated Persons in this Disclosure Brochure. If additional conflicts arise in the future, we will notify you in writing and/or provide you an updated Disclosure Brochure.

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

Performance-based fees are based on a share of capital gains on or capital appreciation of the Client's assets. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. We do not accept performance-based fees or participate in side-by-side management. Our fees are calculated as described in the Fees and Compensation section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account(s).

#### Types of Clients - Item 7

We generally offer investment advisory services to individuals, pension and profit-sharing plan participants, trusts, estates, charitable organizations, corporations, and other business entities.

The minimum investment required to participate in our portfolio management programs is \$20,000. This minimum may be waived upon our discretion. We do not require an account minimum for stand-alone financial planning services.

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

##### **Methods of Analysis**

Asset allocation models developed by independent money managers are based on methods of analysis used by these entities. Clients should refer to the relevant independent money managers' brochures for more information about the methods of analysis and investment strategies used by those firms.

Fusion uses Fundamental and Technical analysis in formulating investment advice:

Fundamental analysis is a method of evaluating a company or security by attempting to measure its intrinsic value. In other words, trying to determine a company's or a security's true value by looking at all aspects of the business, including both tangible factors (e.g., machinery buildings, land, etc.) and intangible factors (e.g., patents, trademarks, "brand" names, etc.). Fundamental analysis also involves examining related economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g., management expertise, industry cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of determining what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered the opposite of technical analysis. Fundamental analysis is about using

real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

Technical Analysis is a technique that relies on the assumption that current market data (such as charts of price, volume, and open interest) can help predict future market trends, at least in the short term. It assumes that market psychology influences trading and can predict when stocks will rise or fall. Technical trading models are mathematically driven based upon historical data and trends of domestic and foreign market trading activity, including various industry and sector trading statistics within such markets. Technical trading models, through mathematical algorithms, attempt to identify when markets are likely to increase or decrease and identify appropriate entry and exit points. The primary risk of technical trading models is that historical trends and past performance cannot predict future trends, and there is no assurance that the mathematical algorithms employed are designed properly, updated with new data, and can accurately predict future market, industry, and sector performance.

### **Investment Strategies**

We may use one or more of the following investment strategies when advising you on investments:

*Long Term Purchases* – securities purchased with the expectation that the value of those securities will grow over a relatively long period, generally greater than one year. Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term, which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

*Short Term Purchases* – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations. Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.), but they may have a smaller impact over longer periods.

*Trading* – securities are sold within 30 days. The principal type of risk associated with trading is market risk. There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Other factors, such as changes in exchange control regulation, tax laws, withholding taxes, international, political and economic developments, and government, economic or monetary policies, may affect investments as well. Additionally, trading is speculative. Market movements are difficult to predict and are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the inherent volatility of the marketplace. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument markets and such intervention (as well as other factors) may cause these markets to move rapidly.

*Option Writing* – an option is the right either to buy or sell a specified amount or value of a particular underlying investment instrument at a fixed price (i.e., the "exercise price") by exercising the option before its specified expiration date. Options giving you the right to buy are called "call" options. Options giving you the right to sell are called "put" options. When trading options on behalf of a Client, we generally use covered options. Covered options involve options trading when you own the underlying instrument on which the option is based. Investments in options contracts have the risk of losing value in a relatively short period. Option contracts are

leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses.

*Margin Transactions* – margin strategies allow an investor to purchase securities on credit and to borrow on securities already in their custodial account. Interest is charged on any borrowed funds for the period that the loan is outstanding. When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from your broker-dealer. If you intend to borrow funds in connection with your account, you will be required to open a margin account, which will be carried by the broker-dealer of your account. The securities purchased in such an account are the broker-dealer's collateral for its loan to you. If the securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and, as a result, a brokerage firm is required to take action, such as issue a margin call and/or sell securities or other assets in your accounts, in order to maintain necessary level of equity in the account. It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you may maintain, including any margin Account that may be established as a part of our advisory services and held by your broker-dealer. These risks include the following:

- You can lose more funds than you deposit in your margin account.
- The broker-dealer can force the sale of securities or other assets in your account.
- The broker-dealer can sell your securities or other assets without contacting you.
- You may not be able to choose which securities or other assets in your margin account are liquidated or sold to meet a margin call.
- The broker-dealer may move securities held in your cash account to your margin account and pledge the transferred securities.
- You may not be entitled to an extension of time on a margin call.

*Short Sales* – securities transaction in which an investor sells securities he or she borrowed in anticipation of a price decline. The investor is then required to return an equal number of shares at some point in the future. A short seller will profit if the stock goes down in price, but if the price of the shares increase, the potential losses are unlimited.

#### **Risk of Loss**

Clients should be aware that investing in securities involves a risk of loss that they should be prepared to bear. Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy would be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal. Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

There are certain additional risks associated with investing in securities, as described below:

Recommendation of Particular Types of Securities: As disclosed under the "Advisory Business" section in this Brochure, we provide advice on various types of securities and we do not necessarily recommend one particular type of security over another since each Client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

General Investment Risk: All investments come with the risk of losing money. Investing involves substantial risks, including complete possible loss of principal plus other losses and may not be suitable for many members of the



public. Investments, unlike savings and checking accounts at a bank, are not insured by the government to protect against market losses. Different market instruments carry different types and degrees of risk and you should familiarize yourself with the risks involved in the particular market instruments in which you intend to invest.

Loss of Value: There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Investments may also be affected by any changes in exchange control regulation, tax laws, withholding taxes, international, political and economic developments, and governmental economic or monetary policies.

Interest Rate Risk: Fixed income securities and funds that invest in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, and their prices fall when interest rates rise. Longer-term debt securities are usually more sensitive to interest rate changes.

Credit Risk: Investments in bonds and other fixed income securities are subject to the risk that the issuer(s) may not make required interest payments. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

Political Risk. Many countries are undergoing, or have undergone in recent years, significant political change that has affected government policy, including changes in the regulation of industry, trade, financial markets, and foreign and domestic investment. The relative instability of these political systems leaves these countries more vulnerable to economic hardship, public unrest or popular dissatisfaction with reform, political or diplomatic changes, social instability, or changes in government policies. For investors, the results may include confiscatory taxation, exchange controls, compulsory reacquisition, nationalization or expropriation of foreign-owned assets without adequate compensation, or the restructuring of certain industry sectors in a way that could adversely affect investments in those sectors. Additionally, the weakening of a country's currency relative to the U.S. dollar or to other benchmark currencies will negatively affect the dollar value of an instrument denominated in that currency.

Foreign Exchange Risk: Foreign investments may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rates. Changes in currency exchange rates may influence the share value, the dividends or interest earned and the gains and losses realized. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation, and other economic and political conditions. If the currency in which a security is denominated appreciates against the US Dollar, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

Equity (stock) Market Risk: Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

Company Risk: When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

Fixed Income Risk: When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that

inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

Risks Associated with Investing in Investment Company Securities: Mutual funds and Exchange Traded Funds ("ETFs") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Investing in mutual funds and ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Investments in these securities are not guaranteed or insured by the FDIC or any other government agency. In addition, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, other types of mutual funds do charge such fees which can also reduce returns.

Leveraged and Inverse ETF Risk: A leveraged ETF generally seeks to deliver multiples of the daily performance of the index or benchmark that it tracks. An inverse ETF generally seeks to deliver the opposite of the daily performance of the index or benchmark that it tracks. Inverse ETFs often are marketed as a way for investors to profit from, or at least hedge their exposure to, downward-moving markets. Some ETFs are both inverse and leveraged, meaning that they seek a return that is a multiple of the inverse performance of the underlying index. To accomplish their objectives, leveraged and inverse ETFs use a range of investment strategies, including swaps, futures contracts and other derivative instruments. Leveraged, inverse, and leveraged inverse ETFs are more volatile and riskier than traditional ETFs due to their exposure to leverage and derivatives, particularly total return swaps and futures. At times, we will recommend leveraged and/or inversed ETFs, which may amplify gains and losses.

Most leveraged ETFs are typically designed to achieve their desired exposure on a daily (in a few cases, monthly) basis, and reset their leverage daily. A "single day" is measured from the time the leveraged ETF calculates its net asset value ("NAV") to the time of the leveraged ETF's next NAV calculation. The return of the leveraged ETF for periods longer than a single day will be the result of each day's returns compounded over the period. Due to the effect of this mathematical compounding, their performance over longer periods of time can differ significantly from the performance (or inverse performance) of their underlying index or benchmark during the same period of time. For periods longer than a single day, the leveraged ETF will lose money when the level of the Index is flat, and it is possible that the leveraged ETF will lose money even if the level of the Index rises. Longer holding periods, higher index volatility and greater leverage all exacerbate the impact of compounding on an investor's returns. During periods of higher Index volatility, the volatility of the Index may affect the leveraged ETF's return as much as or more than the return of the Index itself. Therefore, holding leveraged, inverse, and leveraged inverse ETFs for longer periods of time increases their risk due to the effects of compounding and the inherent difficulty in market timing. Leveraged ETFs are riskier than similarly benchmarked ETFs that do not use leverage. Non-traditional ETFs are volatile and not suitable for all investors. Positions in nontraditional ETFs should be monitored closely due to their volatile nature and inability to track the underlying index over an extended period of time.

Management Risk: Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

Municipal Securities Risk: The value of municipal obligations can fluctuate over time. Value may be affected by adverse political, legislative and tax changes. Financial developments affecting the municipal issuers affect the value as well. Because many municipal obligations are issued to finance similar projects by municipalities (e.g., housing, healthcare, water and sewer projects, etc.), conditions in the sector related to the project can affect the overall municipal market. Payment of municipal obligations may depend on an issuer's general unrestricted



revenues, revenue generated by a specific project, the operator of the project, or government appropriation or aid. There is a greater risk if investors can look only to the revenue generated by the project. In addition, municipal bonds generally are traded in the "over-the-counter" market among dealers and other large institutional investors. From time to time, liquidity in the municipal bond market (the ability to buy and sell bonds readily) may be reduced in response to overall economic conditions and credit tightening.

Alternatives Risk: Non-traded REITs, business development companies, limited partnerships, and direct alternatives are subject to various risks such as liquidity and property devaluation based on adverse economic and real estate market conditions and may not be suitable for all investors. A prospectus that discloses all risks, fees, and expenses may be obtained from your investment adviser representative. Read the prospectus carefully before investing. This is not a solicitation or offering which can only be made in conjunction with a copy of the prospectus. Investors considering an investment strategy utilizing alternative investments should understand that alternative investments are generally considered speculative in nature; and, such investments involve a high degree of risk, particularly if concentrating investments in one or few alternative investments.

Foreign Securities Risk: Foreign securities are subject to additional risks not typically associated with investments in domestic securities. These risks may include, among others, currency risk, country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability, currency devaluations and policies that have the effect of limiting or restricting foreign investment or the movement of assets), different trading practices, less government supervision, less publicly available information, limited trading markets and greater volatility. To the extent that underlying funds invest in issuers located in emerging markets, the risk may be heightened by political changes, changes in taxation, or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.

Risks Associated with Investing in Private Funds: Private investment funds are not registered with the Securities and Exchange Commission and may not be registered with any other regulatory authority. Accordingly, they are not subject to certain regulatory restrictions and oversight to which other issuers are subject. There may be little public information available about their investments and performance. Moreover, as sales of shares of private investment companies are generally restricted to certain qualified purchasers, it could be difficult for a Client to sell its shares of a private investment company at an advantageous price and time. Since shares of private investment companies are not publicly traded, from time to time it may be difficult to establish a fair value for the Client's investment in these companies.

Risks Associated with Investing in Options: Transactions in options carry a high degree of risk. A relatively small market movement will have a proportionately larger impact, which may work for or against the investor. The placing of certain orders, which are intended to limit losses to certain amounts, may not be effective because market conditions may make it impossible to execute such orders. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

Illiquid securities: Illiquid securities involve the risk that investments may not be readily sold at the desired time or price. Securities that are illiquid, that are not publicly traded, and/or for which no market is currently available may be difficult to purchase or sell, which may impact the price or timing of a transaction. An inability to sell securities can adversely affect an account's value or prevent an account from taking advantage of other investment opportunities. Lack of liquidity may cause the value of investments to decline and illiquid investments may also be difficult to value. A Client may not be able to liquidate investment in the event of an emergency or any other reason.

Certain investment strategies used by our firm may invest in illiquid asset vehicles, such as private equity and real estate. Investment in an illiquid asset vehicle poses similar risks as direct investments in illiquid securities. In addition, investment in an illiquid asset vehicle will be subject to the terms and conditions of the illiquid asset vehicle's investment policy and governing documents that often include provisions that may involve investor lock-in periods, mandatory capital calls, redemption restrictions, infrequent valuation of assets, etc. In addition, investments in illiquid securities or vehicle may normally involve investment in non-marketable securities where there is limited transparency. If obligated to sell an illiquid security prior to an expected maturity date, particularly with an infrastructure investment, they may not be able to realize fair value. Investments in illiquid securities or vehicles may include restrictions on withdrawal rights and shares may not be freely transferable.

Concentrated Position Risk: Certain Associated Persons may recommend that Clients concentrate account assets in an industry or economic sector. In addition to the potential concentration of accounts in one or more sectors, certain accounts may, or may be advised to, hold concentrated positions in specific securities. Therefore, at times, an account may, or may be advised to, hold a relatively small number of securities positions, each representing a relatively large portion of assets in the account. As a result, the account will be subject to greater volatility than a more sector diversified portfolio. Investments in issuers within an industry or economic sector that experiences adverse economic, business, political conditions or other concerns will impact the value of such a portfolio more than if the portfolio's investments were not so concentrated. A change in the value of a single investment within the portfolio will affect the overall value of the portfolio and will cause greater losses than it would in a portfolio that holds more diversified investments.

Preferred Securities Risk: Preferred Securities have similar characteristics to bonds in that preferred securities are designed to make fixed payments based on a percentage of their par value and are senior to common stock. Like bonds, the market value of preferred securities is sensitive to changes in interest rates as well as changes in issuer credit quality. Preferred securities, however, are junior to bonds with regard to the distribution of corporate earnings and liquidation in the event of bankruptcy. Preferred securities that are in the form of preferred stock also differ from bonds in that dividends on preferred stock must be declared by the issuer's board of directors, whereas interest payments on bonds generally do not require action by the issuer's board of directors, and bondholders generally have protections that preferred stockholders do not have, such as indentures that are designed to guarantee payments – subject to the credit quality of the issuer – with terms and conditions for the benefit of bondholders. In contrast preferred stocks generally pay dividends, not interest payments, which can be deferred or stopped in the event of credit stress without triggering bankruptcy or default. Another difference is that preferred dividends are paid from the issue's after-tax profits, while bond interest is paid before taxes.

Cybersecurity Risks: Our firm and our service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes, and practices designed to protect networks, systems, computers, programs, and data from cyber-attacks and hacking by other computer users, and to avoid the resulting damage and disruption of hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. In general, cyber-attacks are deliberate; However, unintentional events may have similar effects. Cyber-attacks may cause losses to Clients by interfering with the processing of transactions, affecting the ability to calculate net asset value or impeding or sabotaging trading. Clients may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, and the dissemination of confidential and proprietary information. Any such breach could expose our firm to civil liability as well as regulatory inquiry and/or action. In addition, Clients could be exposed to additional losses as a result of unauthorized use of their personal information. While our firm has established a business continuity plan and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified. Similar types of cyber security risks are also present for issuers of securities, investment companies and other investment advisers in which we invest, which could result in material adverse consequences for such entities and may cause a Client's investment in such entities to lose value.

Pandemic Risk: Large-scale outbreaks of infectious disease can greatly increase morbidity and mortality over a wide geographic area, crossing international boundaries, and causing significant economic, social, and political disruption. It is difficult to predict the long-term impact of such events because they are dependent on a variety of factors including the global response of regulators and governments to address and mitigate the worldwide effects of such events. Workforce reductions, travel restrictions, governmental responses and policies and macroeconomic factors will negatively impact investment returns.

Recommendation of Other Advisers: In the event we recommend a third-party investment adviser to manage all or a portion of your assets, we will advise you on how to allocate your assets among various classes of securities or third-party investment managers, programs, or managed model portfolios. As such, we will primarily rely on investment model portfolios and strategies developed by the third-party investment advisers and their portfolio managers. If there is a significant deviation in characteristics or performance from the stated strategy and/or benchmark, we may recommend changing models or replacing a third-party investment adviser. The primary risks associated with investing with a third party is that while a particular third party may have demonstrated a certain level of success in the past; it may not be able to replicate that success in future markets. In addition, as we do not control the underlying investments in third party model portfolios, there is also a risk that a third party may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our Clients. To mitigate this risk, we seek third parties with proven track records that have demonstrated a consistent level of performance and success over time. A third party's past performance is not a guarantee of future results and certain market and economic risks exist that may adversely affect an account's performance that could result in capital losses in your account. Please refer to the third-party investment adviser's advisory agreements, Form ADV Brochure, and associated disclosure documents for details on their specific investment strategies, methods of analysis, and associated risks.

Cryptocurrency Risk: Cryptocurrency (e.g., bitcoin and ether), often referred to as "virtual currency", "digital currency," or "digital assets," is designed to act as a medium of exchange. Cryptocurrency is an emerging asset class. There are thousands of cryptocurrencies, the most well-known of which is bitcoin. Certain of the firm's Clients may have exposure to bitcoin or another cryptocurrency, directly or indirectly through an investment such as an ETF or other investment vehicles. Cryptocurrency operates without central authority or banks and is not backed by any government. Cryptocurrencies may experience very high volatility and related investment vehicles may be affected by such volatility. As a result of holding cryptocurrency, certain of the firm's Clients may also trade at a significant premium or discount to NAV. Cryptocurrency is also not legal tender. Federal, state or foreign governments may restrict the use and exchange of cryptocurrency, and regulation in the U.S. is still developing. The market price of many cryptocurrencies, including bitcoin, has been subject to extreme fluctuations. If cryptocurrency markets continue to be subject to sharp fluctuations, investors may experience losses if the value of the Client's investments decline. Similar to fiat currencies (i.e., a currency that is backed by a central bank or a national, supra-national or quasi-national organization), cryptocurrencies are susceptible to theft, loss and destruction. Cryptocurrency exchanges and other trading venues on which cryptocurrencies trade are relatively new and, in most cases, largely unregulated and may therefore be more exposed to fraud and failure than established, regulated exchanges for securities, derivatives and other currencies. The SEC has issued a public report stating U.S. federal securities laws require treating some digital assets as securities.

Cryptocurrency exchanges may stop operating or permanently shut down due to fraud, technical glitches, hackers or malware. Due to relatively recent launches, most cryptocurrencies have a limited trading history, making it difficult for investors to evaluate investments. Generally, cryptocurrency transactions are irreversible such that an improper transfer can only be undone by the receiver of the cryptocurrency agreeing to return the cryptocurrency to the original sender. Digital assets are highly dependent on their developers and there is no guarantee that development will continue or that developers will not abandon a project with little or no notice. Third parties may assert intellectual property claims relating to the holding and transfer of digital assets, including cryptocurrencies, and their source code. Any threatened action that reduces confidence in a network's long-term ability to hold and transfer cryptocurrency may affect investments in cryptocurrencies.

Many significant aspects of the U.S. federal income tax treatment of investments in cryptocurrency are uncertain and an investment in cryptocurrency may produce income that is not treated as qualifying income for purposes of the income test applicable to regulated investment companies. Certain cryptocurrency investments may be treated as a grantor trust for U.S. federal income tax purposes, and an investment by the firm's Clients in such a vehicle will generally be treated as a direct investment in cryptocurrency for tax purposes and "flow-through" to the underlying investors.

Risks Associated with Investing in Buffer ETFs: Buffer ETFs are also known as defined-outcome ETFs since the ETF is designed to offer downside protection for a specified period of time. These ETFs are modeled after options-based structured notes, but are generally cheaper, and offer more liquidity. Buffer ETFs are designed to safeguard against market downturns by employing complex options strategies. Buffer ETFs typically charge higher management fees that are considerably more than the index funds whose performance they attempt to track. Additionally, because buffer funds own options, they do not receive dividends from their equity holdings. Both factors result in the underperformance of the Buffer ETF compared to the index they attempt to track. Clients should carefully read the prospectus for a buffer ETF to fully understand the cost structures, risks, and features of these complex products.

#### Disciplinary Information - Item 9

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 of the integrity of our management. Neither we nor our management persons have a history of reportable material legal or disciplinary events. However, certain Associated Persons have material, reportable, disciplinary histories that have been disclosed in their respective Form ADV Part 2B Supplements. These disclosures can be found at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or [www.investor.gov/CRS](http://www.investor.gov/CRS).

#### Other Financial Industry Activities or Affiliations - Item 10

Neither Fusion nor any of its management persons is registered as a broker dealer, futures commission merchant, a commodity trading adviser, or a commodity pool operator, nor do we have an application pending or otherwise in process for the purpose of seeking registration as any of these types of firms. Further, none of our management persons are registered as or currently seeking registration as associated persons of any of these types of firms.

##### Compensation for the Sale of Securities Products

Certain Associated Persons of Fusion are registered representatives of various broker dealers, including Purshe Kaplan Sterling Investments ("PKS"), among others. In their capacities as registered representatives, these persons are eligible to receive commission-based compensation in connection with purchasing and selling securities for your accounts, including 12b-1 fees for the sale of investment company products. Compensation earned by these persons in their capacities as registered representatives, is 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 registered representatives, have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. As a matter of general policy, we aggressively discourage activities that put your interests anywhere but first.

##### Compensation for the Sale of Insurance Products

Certain Executive officers and other Associated Persons of Fusion are licensed as independent insurance agents. These persons are eligible to 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. As a matter of general policy, we aggressively discourage activities that put your interests anywhere but first. Additionally, we have instituted compliance procedures and a code of ethics that requires our Associated Persons to uphold their fiduciary duty by acting in the best interest of the Client. The insurer reviews the Client's application and disclosures prior to the issuance of a resulting insuring agreement. Ultimately, all insurance sales are on a non-discretionary basis and are managed by duly licensed and supervised insurance professionals. Clients should note that the sale of insurance products is not supervised by Fusion as it is always conducted through a separate insurance agency or company.

#### **Recommendation of Other Investment Advisors**

We recommend that you use an independent money manager as part of our asset allocation and investment strategy. Fusion typically does not directly share in the fee received by the money manager; However, certain money managers have established hard dollar arrangements with our firm, and they will compensate Fusion for the placement of Client assets in their asset allocation models. This creates a material conflict of interest because we are incentivized to recommend money managers who have established such hard dollar arrangements as opposed to other money managers from whom we do not receive such benefits.

We address this conflict by not passing these benefits to the Associated Person selecting the asset allocation model which removes the direct incentive to recommend a particular money manager based on the expectation of receiving additional benefits. Fusion's platform remains open architecture and no Client will be directed to any money manager for any reason except when it is in the best interest of the Client. In the event that a recommended money manager is not meeting the standards that we believe meet your needs, we will seek another money manager that we believe will better fit your specific investment needs.

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

#### **Description of Our Code of Ethics**

Fusion has adopted a Code of Ethics (the "Code") to address investment advisory conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes Fusion's policies and procedures developed to protect Client's interests in relation to the following topics:

- The duty at all times to place the interests of Clients first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the Code;
- The responsibility to avoid any actual or potential conflict of interest or misuse of an employee's position of trust and responsibility;
- The fiduciary principle that information concerning the identity of security holdings and financial circumstances of Clients is confidential; and
- The principle that independence in the investment decision-making process is paramount.

A copy of Fusion's Code of Ethics is available upon request to our firm at (866) 254-4235 or at [info@fusioncm.com](mailto:info@fusioncm.com).

#### **Interest in Client Transactions**

Please refer to Compensation for the Sale of Securities in Item 5 above for information about recommendations of securities in which related persons have material financial interests and for information regarding the conflicts of interest associated with such practices.

#### **Personal Trading Practices**

At times, Fusion and/or its related persons may take positions in the same securities as Clients, which may pose a conflict of interest with Clients. In an effort to uphold our fiduciary duties to Clients, Fusion and its related persons will generally be “last in” and “last out” for the trading day when trading occurs in close proximity to Client trades. Front running (trading shortly ahead of Clients) is prohibited. Should a conflict occur because of materiality (e.g., a thinly traded stock), disclosure will be made to the Client(s) at the time of trading. Incidental trading not deemed to be a conflict (e.g., a purchase or sale that is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price) would not be deemed a material conflict requiring disclosure at the time of trading.

#### **Brokerage Practices - Item 12**

The primary factor in suggesting a broker/dealer or custodian is that the services of the recommended firm are provided in a cost-effective manner. While quality of execution at the best price is an important determinant, best execution does not necessarily mean lowest price and it is not the sole consideration. The trading process of any broker/dealer suggested by Fusion must be efficient, seamless, and straight-forward. Overall custodial support services, trade correction services, and statement preparation are some of the other factors determined when suggesting a broker/dealer.

#### **Brokerage and Custodial Services Offered by Schwab**

Fusion has established an institutional custodial relationship with Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC. Schwab Advisor Services (formerly called Schwab Institutional) is Schwab’s business serving independent investment advisory firms like us. We are independently owned and operated; and, we are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and will buy and sell securities in your account(s) upon our instructions. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and you will open your account with Schwab by entering into an account agreement directly with them.

#### *Your Custody and Brokerage Costs*

Schwab generally does not charge you separately for custody services, but it is compensated by charging commissions or other fees on trades that it executes or that settle into your Schwab account. In addition to commissions, Schwab charges a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account.

#### *Research and Other Soft Dollar Benefits*

Although not considered “soft dollar” compensation, Fusion receives economic benefits from Schwab in the form of access to its institutional brokerage, trading, custody, reporting and related services, many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our Clients’ accounts while others help us manage and grow our business. Schwab’s support services are generally available on an unsolicited basis (we do not have to request them) and at no charge to us. Below is a detailed description of Schwab’s support services:

*Services that Benefit You:* Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of Client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our Clients. Schwab’s services described in this paragraph generally benefit you and your account.

*Services that May Not Directly Benefit You:* Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our Clients’ accounts. They include investment research, both Schwab’s own and that of third



parties. We may use this research to service all or some substantial number of our Clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to Client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple Client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our Clients' accounts; and
- assist with back-office functions, recordkeeping, and Client reporting.

*Services that Generally Benefit Only Us:* Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events;
- technology, 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.

Schwab may provide some of these services itself. In other cases, it will arrange for third party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel. As part of its fiduciary duties to Clients, Fusion endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits by Fusion or its related persons in and of itself creates a conflict of interest and influences Fusion's choice of Schwab for custody and brokerage services.

#### **Best Execution**

We have an incentive to select or recommend broker-dealers based on our interest in receiving the research or other products or services, rather than on our Clients' interest in receiving most favorable execution. Fusion understands its duty for best execution and considers all factors in making recommendations to Clients. The additional services we receive from our custodial broker dealers may be useful in servicing all Fusion Clients, and may not be used in connection with any particular account that may have paid compensation to the firm providing such services. While we may not always obtain the lowest commission rate, we believe the rate is reasonable in relation to the value of the brokerage and research services provided.

The receipt of economic benefits by Fusion or its related persons in and of itself creates a conflict of interest and influences Fusion's choice of Schwab for custody and brokerage services. To address the existence of this conflict, on a periodic basis, we conduct a best execution review considering the full range and quality of Schwab's services, including execution quality, commission rate, the value of research provided, financial strength, and responsiveness to our requests for trade data and other information. Our obligation is not necessarily to get the lowest price but to obtain the best qualitative execution.

#### **Brokerage for Client Referrals**

We do not receive Client referrals from broker-dealers and custodians with which we have an institutional advisory arrangement. In addition, we do not receive other benefits from a broker-dealer in exchange for Client referrals.

#### **Directed Brokerage**

Fusion does not allow Clients to direct the firm to use a specified broker-dealer other than ones recommended by our firm. By directing brokerage to only our recommended broker-dealers, we may be unable to achieve the lowest execution costs and you may pay more for these services than you would pay for comparable services available through other broker-dealers. However, consistent with our fiduciary duties and due diligence, we have

determined that the broker-dealers recommended by Fusion provide our Clients with quality services at competitive prices.

**Trade Aggregation/Block Trading**

We may, but are not obligated to, combine multiple orders for shares of the same securities purchased for advisory accounts whenever possible and where in Clients' best interest (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. In rare instances, such as partial fills or limited shares of thinly traded or illiquid stocks, it may be necessary to place block trades for only small groups of Clients over a period of time. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; However, they will not be given preferential treatment.

**Review of Accounts - Item 13**

**Portfolio Management Account Reviews**

Accounts are reviewed by the Associated Person named as adviser of record on the account. The frequency of reviews is determined based on the Client's investment objectives, but reviews are conducted no less frequently than annually. Additional reviews are usually triggered by a change in the Client's investment objectives, tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in corporate management, or changes in macro-economic climate.

A financial plan is a snapshot in time and no ongoing reviews are conducted, unless you have engaged us for periodic updates. We recommend a plan review at least annually. Unless otherwise agreed, the plan review will be subject to an additional fee.

The Client's independent custodian provides account statements directly to the Client no less frequently than quarterly.

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

**Additional Economic Benefits**

Fusion has brokerage and clearing arrangements with Schwab and the firm receives additional benefits from these firms in the form of electronic delivery of Client information, electronic trading platforms, institutional trading support, proprietary and/or third-party research, continuing education, practice management advice, and other services provided by custodians for the benefit of investment advisory Clients. Please refer to item 12 above for more information about the receipt of additional benefits from broker-dealers/account custodians.

**Economic Benefits Received from Vendors and Product Sponsors**

Occasionally, our firm and our Associated Persons will receive additional compensation from vendors. Compensation could include such items as gifts; an occasional dinner or ticket to a sporting event; reimbursement in connection with educational meetings with an Associated Person, reimbursement for consulting services, client workshops, or events; or marketing events or advertising initiatives, including services for identifying prospective clients. Receipt of additional economic benefits presents a conflict of interest because our firm and Associated Persons have an incentive to recommend and use vendors based on the additional economic benefits obtained rather than solely on the client's needs. We address this conflict of interest by recommending vendors that we,



in good faith, believe are appropriate for the client's particular needs. Clients are under no obligation contractually or otherwise, to use any of the vendors recommended by us.

#### First Trust Model and Platform Agreement

Fusion has entered into an agreement with First Trust Advisors L.P. ("First Trust"), whereby First Trust provides our firm with a license to use certain First Trust portfolio models when providing investment management services to our clients. These models are comprised of various exchange traded products ("ETPs") offered by First Trust. Although we use ETPs offered by various sponsors, we concentrate our marketing and training efforts on those ETPs offered by First Trust. We have selected First Trust, in part, based on the competitiveness of its products, its technology, its customer service, and its training capabilities. First Trust pays us additional compensation in the form of a percentage of the ETP's net expense ratio (as set forth in the ETP prospectus or supplement). These payments help compensate us and our affiliates for maintaining our platform and providing ongoing marketing, administration, and education to our employees and representatives. First Trust compensates us from the assets or earnings of First Trust. The Fusion investment adviser representative for your account does not receive additional compensation for recommending First Trust ETPs. However, your Fusion investment adviser representative indirectly benefits from the compensation received by Fusion when the proceeds are used for costs relating to product review, marketing, and/or training. You do not pay more for First Trust's products because of this arrangement. However, a conflict of interest exists where we recommend or select First Trust ETPs for your account(s) since we receive additional compensation if First Trust ETPs are purchased for your account(s).

If you are uncomfortable with the use of First Trust ETPs in your account(s) and the related conflicts of interest, you should notify your Fusion investment adviser representative that you do not want to hold First Trust ETPs or participate in any models or programs that include First Trust ETPs.

#### Recruitment Incentives

In some cases, Fusion will establish forgivable and/or repayable loans with certain of our Associated Persons. This constitutes an additional economic benefit. The terms of the loans require these Associated Person(s) to remain affiliated with Fusion for a specified period of time or to meet certain production quotas in order to qualify for loan forgiveness. The receipt of the Forgivable Loan therefore presents a conflict of interest. The firm addresses this conflict by requiring Associated Persons to act in the Client's best interest at all times.

#### **Sale of Insurance Products**

Associated Persons of Fusion will solicit, offer, and sell insurance products to you for commissions in their separate capacity as insurance agents. This represents a conflict of interest since Fusion and the Associated Persons receive fees and/or commissions if you choose to implement the recommendations of your Associated Persons in his or her separate capacity as an insurance agent. You are under no obligation to implement recommendations through your Associated Persons and are free to choose any insurance company you wish to implement the recommendations.

#### **Recommendation of Other Investment Advisors**

We recommend that you use an independent money manager as part of our asset allocation and investment strategy. Fusion typically does not directly share in the fee received by the money manager; However, certain money managers have established hard dollar arrangements with our firm, and they will compensate Fusion for the placement of Client assets in their asset allocation models. This creates a material conflict of interest because we are incentivized to recommend money managers who have established such hard dollar arrangements as opposed to other money managers from whom we do not receive such benefits, or who provide less benefits.

We address this conflict by not passing these benefits to the Associated Person selecting the asset allocation model which removes the direct incentive to recommend a particular money manager based on the expectation of receiving additional benefits. Fusion's platform remains open architecture and no Client will be directed to any money manager for any reason except when it is in the best interest of the Client. In the event that a

recommended money manager is not meeting the standards that we believe meet your needs, we will seek other money manager(s) that we believe will better fit your specific investment needs.

#### **Compensation for Client Referrals**

Fusion compensates outside firms and/or individuals for client referrals. These fees may come in the form of marketing or referral fees paid directly to that firm and/or individual by Fusion. The exact compensation arrangement will vary on a case-by-case basis. Fees are typically based on a portion of the management fees charged to Clients by Fusion and paid to others who introduced said Client to Fusion. In all cases, Fusion will comply with the cash solicitation rules established by the SEC and/or applicable state regulators, and with Client disclosure requirements.

#### **Ramsey Solutions –SmartVestor™**

Certain of our Associated Persons have entered into an advertising agreement with Ramsey Solutions (“RS”) whereby RS provides online advertising services in exchange for a flat monthly marketing fee. The services include advertising space on RS’s web-based SmartVestor™, lists assigned to particular geographic markets, use of the SmartVestor™ marks in advertising, and the provision of other marketing materials. Potential clients using the SmartVestor™ site may select and choose to contact our Associated Persons for services.

### **Custody - Item 15**

Fusion is deemed to have custody of Client funds because of the fee deduction authority granted by the Client in the Advisory Agreement. You will receive account statements at least quarterly from the broker-dealer or other qualified custodian. The custodian will not verify the calculation of the advisory fees. You are urged to review custodial account statements for accuracy.

With respect to third party standing letters of authorization (“SLOA”) where a Client grants us authority to direct custodians to disburse funds to one or more third party accounts, we are deemed to have custody pursuant to Rule 206(4)-2 (the “Custody Rule”). We have taken steps to have controls and oversight in place to comply with the no-action letter issued by the SEC on February 21, 2017 (the “SEC no-action letter”). We are not required to comply with the surprise examination requirements of the Custody Rule if we comply with the representations noted in the SEC no-action letter. Where our firm acts pursuant to a SLOA, we believe we are making a good faith effort to comply with the representations noted in the SEC no-action letter. Additionally, since many of the representations noted in the SEC no-action letter involve the qualified custodian’s operations, we will collaborate closely with our custodian(s) to ensure that the representations are met.

### **Investment Discretion - Item 16**

Fusion offers Portfolio Management Services on a discretionary basis. Clients must grant discretionary authority in the management agreement. Discretionary authority extends to the types and amounts of securities to be bought and sold in Client accounts. However, our firm does not retain discretionary authority to select the broker/dealer used for transactions, or commission rates paid.

Apart from the ability to withdraw management fees, Fusion does not have the ability to withdraw funds or securities from the Client’s account. The Client provides Fusion discretionary authority via a limited power of attorney in the management agreement and in the contract between the Client and the custodian.

If you wish, you may limit our discretionary authority, for example, by setting a limit on the type of securities that can be purchased for your account. Simply provide us with your restrictions or guidelines in writing. Please refer

to the "Advisory Business" section in this Brochure for more information on our discretionary management services.

#### Voting Client Securities - Item 17

Fusion does not vote proxies. It is the Client's responsibility to vote proxies. Clients will receive proxy materials directly from the custodian. Questions about proxies may be made via the contact information on the cover page.

#### Financial Information - Item 18

In this section, we are required to provide you with certain financial information or disclosures about Fusion's financial condition. Fusion does not require the prepayment of over \$1,200, six or more months in advance. Additionally, Fusion has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients, and it has not been the subject of a bankruptcy proceeding.

#### Requirements of State-Registered Advisers - Item 19

**This section is not applicable because our firm is SEC registered.**

#### Fusion Investment Advisors Privacy Notice

This notice is being provided to you in accordance with the Securities and Exchange Commission's rule regarding the privacy of consumer financial information ("Regulation S-P"). Please take the time to read and understand the privacy policies and procedures that we have implemented to safeguard your nonpublic personal information.

##### **Information We Collect**

Fusion Capital Management (Fusion) must collect certain personally identifiable financial information about its customers to provide financial services and products. The personally identifiable financial information that we gather during the normal course of doing business with you may include:

- Information we receive from you on applications or other forms;
- Information about your transactions with us, our affiliates, or others;
- Information we receive from a consumer reporting agency.

##### **Information We Disclose**

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted or required by law, or as necessary to provide services to you. In accordance with Section 248.13 of Regulation S-P, we may disclose all of the information we collect, as described above, to certain nonaffiliated third parties such as attorneys, accountants, auditors and persons or entities that are assessing our compliance with industry standards. We enter into contractual agreements with all nonaffiliated third parties that prohibit such third parties from disclosing or using the information other than to carry out the purposes for which we disclose the information.

**Regulation S-AM:** Under Regulation S-AM, we are prohibited from using eligibility information that we receive from an affiliate to make a marketing solicitation unless: (1) the potential marketing use of that information has been clearly, conspicuously and concisely disclosed to the consumer; (2) the consumer has been provided a reasonable opportunity and a simple method to opt out of receiving the marketing solicitations; and (3) the consumer has not opted out. We do not receive information regarding marketing eligibility from affiliates to make solicitations.

**Regulation S-ID:** Regulation S-ID requires our firm to have an Identity Theft Protection Program (ITPP) that controls reasonably foreseeable risks to customers or to the safety and soundness of our firm from identity theft. We have developed an ITPP to adequately identify and detect potential red-flags to prevent and mitigate identity theft.

**Confidentiality and Security**

We restrict access to nonpublic personal information about you to those Employees who need to know that information to provide financial products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

**Accuracy**

Fusion strives to maintain accurate personal information in our Client files at all times. However, as personal situations, facts and data change over time and we encourage our clients to provide feedback and updated information to help us meet our goals.

A copy of Fusion's Privacy Notice is available upon request to our firm at (866) 254-4235 or at [info@fusioncm.com](mailto:info@fusioncm.com).