

# FORM ADV PART 2A DISCLOSURE BROCHURE



## FIT Strategic Advisors LLC

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This brochure provides information about the qualifications and business practices of FIT Strategic Advisors LLC. Being registered as an investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at [\(844\) 434-8742](tel:(844)434-8742). 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 FIT Strategic Advisors LLC (CRD #299702) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**APRIL 27, 2021**

## **Item 2: Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

Since the last filing on January 28, 2021 the following has been amended:

- Item 4 to update the assets under management.
  - Item 7 to update the account minimum size.
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### **Full Brochure Available**

This Firm Brochure being delivered is the complete brochure for the Firm.

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## **Item 4: Advisory Business**

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### **Firm Description**

FIT Strategic Advisors LLC ("FIT") was founded in 2018. Ronald Kring is 100% owner. Under CCR Section 260.238(k), FIT, its representatives or any of its employees will disclose to Clients all material conflicts of interest.

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### **Types of Advisory Services**

#### ASSET MANAGEMENT

FIT offers discretionary asset management services to advisory Clients. FIT will offer Clients ongoing asset management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring and the overall investment program will be based on the above factors. The Client will authorize FIT discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement.

When deemed appropriate for the Client, FIT may hire Sub-Advisors to manage all or a portion of the assets in the Client account. FIT has full discretion to hire and fire Sub-Advisors as they deem suitable. Sub-Advisors will maintain the models or investment strategies agreed upon between Sub-Advisor and FIT. Sub-Advisors execute trades on behalf of FIT in Client accounts. FIT will be responsible for the overall direct relationship with the Client. FIT retains the authority to terminate the Sub-Advisor relationship at FIT's discretion.

#### FINANCIAL PLANNING AND CONSULTING

Financial planning services include a comprehensive evaluation of an investor's current and future financial state will be provided by using currently known variables to predict future cash flows, asset values and withdrawal plans. FIT will use current net worth, tax liabilities, asset allocation, and future retirement and estate plans in developing financial plans.

Typical topics reviewed in a financial plan may include but are not limited to:

- **Financial goals:** Based on an individual's or a family's clearly defined financial goals, including funding a college education for the children, buying a larger home, starting a business, retiring on time or leaving a legacy. Financial goals should be quantified and set to milestones for tracking.
- **Personal net worth statement:** A snapshot of assets and liabilities serves as a benchmark for measuring progress towards financial goals.
- **Cash flow analysis:** An income and spending plan determines how much can be set aside for debt repayment, savings and investing each month.
- **Retirement strategy:** A strategy for achieving retirement independent of other financial priorities. Including a strategy for accumulating the required retirement capital and its planned lifetime distribution.
- **Comprehensive risk management plan:** Identify all risk exposures and provide the necessary coverage to protect the family and its assets against financial loss. The risk management plan includes a full review of life and disability insurance,

personal liability coverage, property and casualty coverage, and catastrophic coverage.

- **Long-term investment plan:** Include a customized asset allocation strategy based on specific investment objectives and a risk profile. This investment plan sets guidelines for selecting, buying and selling investments and establishing benchmarks for performance review.
- **Tax reduction strategy:** Identify ways to minimize taxes on personal income to the extent permissible by the tax code. The strategy should include identification of tax-favored investment vehicles that can reduce taxation of investment income.
- **Estate preservation:** Help update accounts, review beneficiaries for retirement accounts and life insurance, provide a second look at your current estate planning documents, and prompt you to update your plan when the legal environment changes or you have major life events such as a marriage, death, or births.

If a conflict of interest exists between the interests of FIT and the interests of the Client, the Client is under no obligation to act upon FIT's recommendation. If the Client elects to act on any of the recommendations, the Client is under no obligation to affect the transaction through FIT. Financial plans will be completed and delivered inside of ninety (90) days contingent upon timely delivery of all required documentation. Under CCR Section 260.235.2, it requires that the conflict of interest, which exists between the interests of the investment advisor and the interests of the client when offering financial planning services, be disclosed.

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### **Client Tailored Services and Client Imposed Restrictions**

The goals and objectives for each Client are documented in our Client files. Investment strategies are created that reflect the stated goals and objectives. Clients may impose restrictions on investing in certain securities or types of securities. Agreements may not be assigned without written Client consent.

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### **Wrap Fee Programs**

FIT does not sponsor any wrap fee programs.

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### **Client Assets under Management**

As of April 26, 2021, FIT had \$14,000,000 in discretionary assets under management and \$0 in non-discretionary assets under management.

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## **Item 5: Fees and Compensation**

### **Method of Compensation and Fee Schedule**

#### ASSET MANAGEMENT

FIT offers discretionary direct asset management services to advisory Clients. FIT charges an annual investment advisory fee based on the total assets under management as follows:

Assets Under Management	Max. Annualized Fee	Max. Quarterly Fee
All Accounts	2.00%	.50%

The annual fee is negotiable based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with

Clients, etc.). If margin is utilized, the fees will be billed based on the net asset value of the account. Fees are billed quarterly in arrears based on an average daily balance of the account for the previous quarter. The calculation for the average daily balance is based on the formula  $(A/D) \times (F/P)$ .

A = the sum of the daily balances in the billing period

D = number of days in the billing period

F = annual management fee

P = number of billing periods per year.

Lower fees for comparable services may be available from other sources. Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement with no obligation and without penalty. After the initial five (5) business days, the agreement may be terminated by FIT with thirty (30) days written notice to Client and by the Client at any time with written notice to FIT. For accounts opened or closed mid-billing period, fees will be prorated based on the days services are provided during the given period. All unpaid earned fees will be due to FIT. Client shall be given thirty (30) days prior written notice of any increase in fees. Any increase in fees will be acknowledged in writing by both parties before any increase in said fees occurs. Pursuant to CCR Section 260.238(j), lower fees for comparable services may be available from other sources. Total fees to Client will never exceed the safe harbor threshold of 3% of assets under management per year.

FIT may also utilize the services of a Sub-Advisor to manage Clients' investment portfolios. FIT will enter into Sub-Advisor agreements with other registered investment advisor firms. When using Sub-Advisors, the Sub-Advisors portion of the advisory fee is charged directly by the Sub-Advisor and deducted from the Client account.

#### FINANCIAL PLANNING AND CONSULTING

FIT charges either an hourly fee or ongoing fixed fee for financial planning. Ongoing services will remain in effect year over year unless cancelled in writing by either party by giving the other party thirty (30) days written notice. Prior to the planning process the Client will be provided an estimated plan fee. Services are completed and delivered inside of ninety (90) days contingent upon timely delivery of all required documentation. Client may cancel within five (5) business days of signing Agreement with no obligation and without penalty. If the Client cancels after five (5) business days, any unearned fees will be refunded to the Client, or any unpaid earned fees will be due to FIT. FIT reserves the right to waive the fee should the Client implement the plan through FIT.

#### HOURLY FEES

Financial Planning Services are offered based on an hourly fee of \$300 per hour. Fees for hourly financial plans are due upon commencement of the Advisory Agreement.

#### ONGOING FIXED FEES

Financial Planning Services are offered based on an annual flat fee, charged quarterly in arrears, of not more than \$2,500, based on complexity and Client needs.



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**Client Payment of Fees**

Fees for asset management services are deducted from designated Client account(s) to facilitate billing or they may pay FIT directly. The Client must consent in advance to direct debiting of their investment account.

Fees for financial plans will be billed to the Client and paid directly to FIT.

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**Additional Client Fees Charged**

Custodians may charge brokerage commissions, transaction fees, margin interest, and other related costs on the purchases or sales of mutual funds, equities, bonds, options and exchange-traded funds. Mutual funds, money market funds and exchange-traded funds also charge internal management fees, which are disclosed in the fund's prospectus. FIT does not receive any compensation from these fees. All of these fees are in addition to the management fee you pay to FIT. For more details on the brokerage practices, see Item 12 of this brochure.

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**Prepayment of Client Fees**

FIT does not require any prepayment of fees of more than \$500 per Client and six months or more in advance.

Sub-Advisors that FIT utilizes may bill monthly or quarterly in advance.

If the Client cancels after five (5) business days, any unearned fees will be refunded to the Client, or any unpaid earned fees will be due to FIT.

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**External Compensation for the Sale of Securities to Clients**

Some Investment Advisor Representatives of FIT receive external compensation for the sale of securities to clients as a registered representative of Crown Capital Securities, L.P. a broker-dealer. This represents a conflict of interest because it gives an incentive to recommend products based on the commission received. As registered representatives, they do not charge advisory fees for the services offered through Crown Capital Securities, L.P. This conflict is mitigated by disclosures, procedures, and FIT's fiduciary obligation to place the best interest of the Client first and Clients are not required to purchase any products or services. Clients have the option to purchase these products through another registered representative of their choosing.

Some Investment Advisor Representatives of FIT receive external compensation from sales of investment related products such as insurance as licensed insurance agents. This represents a conflict of interest because it gives an incentive to recommend products based on the commission received. This conflict is mitigated by disclosures, procedures, and FIT's fiduciary obligation to place the best interest of the Client first and Clients are not required to purchase any products or services. Clients have the option to purchase these products through another insurance agent of their choosing.

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**Item 6: Performance-Based Fees and Side-by-Side Management**

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**Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

FIT does not use a performance-based fee structure because of the conflict of interest. Performance based compensation may create an incentive for FIT to recommend an investment that may carry a higher degree of risk to the Client.

## **Item 7: Types of Clients**

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### **Description**

FIT generally provides investment advice to individuals, high net worth individuals, trusts, estates, or charitable organizations, corporations or business entities. Client relationships vary in scope and length of service.

### **Account Minimums**

FIT requires a minimum of \$500,000 to open an account. In certain instances, the minimum account size may be lowered or waived.

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

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### **Methods of Analysis**

Security analysis methods may include fundamental analysis, technical analysis, charting, cyclical analysis, and modern portfolio theory. Investing in securities involves risk of loss that Clients should be prepared to bear. Past performance is not a guarantee of future returns.

Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

Charting analysis strategy involves using and comparing various charts to predict long and short-term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are twofold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

Modern Portfolio Theory is the theory of finance that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully choosing the proportions of various assets.

In developing a financial plan for a Client, FIT's analysis may include cash flow analysis, investment planning, risk management, tax planning and estate planning. Based on the information gathered, a detailed strategy is tailored to the Client's specific situation.

The main sources of information include financial news sources, specialized tools and data resources for quantitative and qualitative research, quarterly/annual reports, prospectuses, and filings with the Securities and Exchange Commission.

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### **Investment Strategy**

The investment strategy for a specific Client is based upon the objectives stated by the Client during consultations. The Client may change these objectives at any time by providing written notice to FIT. Each Client executes a Client profile form or similar form that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases, and option writing (including covered options, uncovered options or spread strategies).

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### **Security Specific Material Risks**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investing in securities involves risk of loss that clients should be prepared to bear.

Investors face the following investment risks and should discuss these risks with FIT:

- *Market Risk:* The prices of securities in which clients invest may decline in response to certain events taking place around the world, including those directly involving the companies whose securities are owned by a fund; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate and commodity price fluctuations. Investors should have a long-term perspective and be able to tolerate potentially sharp declines in market value.
- *Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Inflation Risk:* When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Reinvestment Risk:* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

- *Liquidity Risk:* Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Management Risk:* The advisor's investment approach may fail to produce the intended results. If the advisor's assumptions regarding the performance of a specific asset class or fund are not realized in the expected time frame, the overall performance of the client's portfolio may suffer.
- *Equity Risk:* Equity securities tend to be more volatile than other investment choices. The value of an individual mutual fund or ETF can be more volatile than the market as a whole. This volatility affects the value of the client's overall portfolio. Small- and mid-cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product lines, financial resources, and less management experience than larger companies. Smaller companies may also have a lower trading volume, which may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.
- *Fixed Income Risk:* The issuer of a fixed income security may not be able to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation. If a rating agency gives a debt security a lower rating, the value of the debt security will decline because investors will demand a higher rate of return. As nominal interest rates rise, the value of fixed income securities held by a fund is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate.
- *Investment Companies Risk:* When a client invests in open end mutual funds or ETFs, the client indirectly bears their proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value or (ii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. Adviser has no control over the risks taken by the underlying funds in which client invests.
- *REIT Risk:* To the extent that a client invests in REITs, it is subject to risks generally associated with investing in real estate, such as (i) possible declines in the value of real estate, (ii) adverse general and local economic conditions, (iii) possible lack of availability of mortgage funds, (iv) changes in interest rates, and (v) environmental problems. In addition, REITs are subject to certain other risks related specifically to their structure and focus such as: dependency upon management skills; limited diversification; the risks of locating and managing financing for projects; heavy cash

flow dependency; possible default by borrowers; the costs and potential losses of self-liquidation of one or more holdings; the possibility of failing to maintain exemptions from securities registration; and, in many cases, relatively small market capitalization, which may result in less market liquidity and greater price volatility.

- *Derivatives Risk:* Funds in a client's portfolio may use derivative instruments. The value of these derivative instruments derives from the value of an underlying asset, currency or index. Investments by a fund in such underlying funds may involve the risk that the value of the underlying fund's derivatives may rise or fall more rapidly than other investments, and the risk that an underlying fund may lose more than the amount that it invested in the derivative instrument in the first place. Derivative instruments also involve the risk that other parties to the derivative contract may fail to meet their obligations, which could cause losses.
- *Foreign Securities Risk:* Funds in which clients invest may invest in foreign securities. 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.
- *Long-term purchases:* Long-term investments are those vehicles purchased with the intension of being held for more than one year. Typically the expectation of the investment is to increase in value so that it can eventually be sold for a profit. In addition, there may be an expectation for the investment to provide income. One of the biggest risks associated with long-term investments is volatility, the fluctuations in the financial markets that can cause investments to lose value.
- *Short-term purchases:* Short-term investments are typically held for one year or less. Generally there is not a high expectation for a return or an increase in value. Typically, short-term investments are purchased for the relatively greater degree of principal protection they are designed to provide. Short-term investment vehicles may be subject to purchasing power risk — the risk that your investment's return will not keep up with inflation.
- *Trading risk:* Investing involves risk, including possible loss of principal. There is no assurance that the investment objective of any fund or investment will be achieved.
- *Options Trading:* The risks involved with trading options are that they are very time sensitive investments. The time to expiration of an options contract is generally a few days to a few months from the date of purchase or sale of the options contract. The buyer of an option could lose his or her entire investment even with a correct prediction about the direction and magnitude of a particular price change if the price

change does not occur in the relevant time period (i.e., before the option expires). Additionally, options are less tangible than some other investments. An option is a “book-entry” only investment without a paper certificate of ownership.

- *Trading on Margin:* In a cash account, the risk is limited to the amount of money that has been invested. In a margin account, risk includes the amount of money invested plus the amount that has been loaned. As market conditions fluctuate, the value of marginable securities will also fluctuate, causing a change in the overall account balance and debt ratio. As a result, if the value of the securities held in a margin account depreciates, the client will be required to deposit additional cash or make full payment of the margin loan to bring account back up to maintenance levels. Clients who cannot comply with such a margin call may be sold out or bought in by the brokerage firm.
- *Structured Notes Risk:* The risks involved with using structured notes are credit risk of the issuing investment bank, illiquidity, and there is a risk to the pricing accuracy as most structured notes do not trade after issuance.
- *Private Equity/Placement Risk:* Because offerings are exempt from registration requirements, no regulator has reviewed the offerings to make sure the risks associated with the investment and all material facts about the entity raising money are adequately disclosed. Securities offered through private placements are generally illiquid, meaning there are limited opportunities to resell the security. Risk of the underlying investment may be significantly higher than publicly traded investments.

The risks associated with utilizing Sub-Advisors include:

- Manager Risk
  - Sub-Advisor fails to execute the stated investment strategy
- Business Risk
  - Sub-Advisor has financial or regulatory problems
- The specific risks associated with the portfolios of the Sub-Advisor’s which is disclosed in the Sub-Advisor’s Form ADV Part 2.

## **Item 9: Disciplinary Information**

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### **Criminal or Civil Actions**

FIT and its management have not been involved in any criminal or civil action.

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### **Administrative Enforcement Proceedings**

FIT and its management have not been involved in administrative enforcement proceedings.

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### **Self-Regulatory Organization Enforcement Proceedings**

FIT and its management have not been involved in legal or disciplinary events that are material to a Client’s or prospective Client’s evaluation of FIT or the integrity of its management.

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

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### **Broker-Dealer or Representative Registration**

FIT is not registered as a broker-dealer; however, some Investment Advisor Representatives are Registered Representatives of Crown Capital Securities, L.P., a FINRA/SIPC broker-dealer.

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### **Futures or Commodity Registration**

Neither FIT nor its affiliated representatives are registered or have an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

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### **Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

John Nguyen and Kamron Nahavandi have a financial affiliation as Registered Representatives to Crown Capital Securities, L.P., a FINRA/SIPC broker-dealer. They will offer Clients services from those activities and may receive separate yet typical compensation.

John Nguyen and Kamron Nahavandi have a financial affiliation as Investment Advisor Representatives to Crown Capital Securities, L.P. They will offer Clients services from those activities and may receive separate yet typical compensation.

John Nguyen and Kamron Nahavandi have a financial affiliation as Insurance Agents. John Nguyen with J&N Partnership Financial, Inc. and Kamron Nahavandi as an independent agent. They will offer Clients services from those activities and may receive separate yet typical compensation.

John Nguyen has a financial affiliation as a Real Estate Agent of HT Realty Inc. He will offer Clients services from those activities and may receive separate yet typical compensation.

John Nguyen has a financial affiliation as an Owner with FITax Planning, Inc., a tax and accounting firm. He will offer Clients services from those activities and may receive separate yet typical compensation.

These practices represent conflicts of interest because it gives an incentive to recommend products and services based on the commission or fee amount received. This conflict is mitigated by disclosures, procedures and the firm's fiduciary obligation to place the best interest of the Client first and the Clients are not required to purchase any products. Clients have the option to purchase these products through another firm or individual of their choosing.

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### **Recommendations or Selections of Other Investment Advisors and Conflicts of Interest**

FIT may also utilize the services of a Sub-Advisor to manage Clients' investment portfolios. Sub-Advisors will maintain the models or investment strategies agreed upon between Sub-Advisor and FIT. Sub-Advisors execute all trades on behalf of FIT in Client accounts. FIT will be responsible for the overall direct relationship with the Client. FIT retains the authority to terminate the Sub-Advisor relationship at FIT's discretion.

In addition to the authority granted to FIT, Clients will grant FIT full discretionary authority and authorizes FIT to select and appoint one or more independent investment advisors ("Advisors") to provide investment advisory services to Client without prior

consultation with or the prior consent of Client. Such Advisors shall have all of the same authority relating to the management of Client's investment accounts as is granted to FIT in the Agreement. In addition, at FIT's discretion, FIT may grant such Advisors full authority to further delegate such discretionary investment authority to additional Advisors.

This practice represents a conflict of interest as FIT may select Sub-Advisors who charge a lower fee for their services than other Sub-Advisors. This conflict is mitigated by disclosures, procedures, and by the fact that FIT has a fiduciary duty to place the best interest of the Client first and will adhere to their code of ethics.

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

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### **Code of Ethics Description**

The affiliated persons (affiliated persons include employees and/or independent contractors) of FIT have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of FIT affiliated persons and addresses conflicts that may arise. The Code defines acceptable behavior for affiliated persons of FIT. The Code reflects FIT and its supervised persons' responsibility to act in the best interest of their Client.

One area which the Code addresses is when affiliated persons buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our Clients. We do not allow any affiliated persons to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our Clients.

FIT's policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other affiliated person, officer or director of FIT may recommend any transaction in a security or its derivative to advisory Clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

FIT's Code is based on the guiding principle that the interests of the Client are our top priority. FIT's officers, directors, advisors, and other affiliated persons have a fiduciary duty to our Clients and must diligently perform that duty to maintain the complete trust and confidence of our Clients. When a conflict arises, it is our obligation to put the Client's interests over the interests of either affiliated persons or the company.

The Code applies to "access" persons. "Access" persons are affiliated persons who have access to non-public information regarding any Clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to Clients, or who have access to such recommendations that are non-public.

FIT will provide a copy of the Code of Ethics to any Client or prospective Client upon request.



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**Investment Recommendations Involving a Material Financial Interest and Conflict of Interest**

FIT and its affiliated persons do not recommend to Clients securities in which we have a material financial interest.

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**Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

FIT and its affiliated persons may buy or sell securities that are also held by Clients. In order to mitigate conflicts of interest such as trading ahead of Client transactions, affiliated persons are required to disclose all reportable securities transactions as well as provide FIT with copies of their brokerage statements.

The Chief Compliance Officer of FIT is Ronald Kring. He reviews all trades of the affiliated persons each quarter. The personal trading reviews ensure that the personal trading of affiliated persons does not affect the markets and that Clients of the firm receive preferential treatment over associated persons' transactions.

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**Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

FIT does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist. However, affiliated persons may buy or sell securities at the same time they buy or sell securities for Clients. In order to mitigate conflicts of interest such as front running, affiliated persons are required to disclose all reportable securities transactions as well as provide FIT with copies of their brokerage statements.

The Chief Compliance Officer of FIT is Ronald Kring. He reviews all trades of the affiliated persons each quarter. The personal trading reviews ensure that the personal trading of affiliated persons does not affect the markets and that Clients of the firm receive preferential treatment over associated persons' transactions.

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**Item 12: Brokerage Practices**

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**Factors Used to Select Broker-Dealers for Client Transactions**

FIT requires that Clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc.<sup>1</sup> ("Schwab"), a FINRA<sup>2</sup> registered broker-dealer and SIPC<sup>3</sup> member, to maintain custody of Clients' assets and to effect trades for their accounts. FIT is independently owned and operated and not affiliated with Schwab. FIT has evaluated Schwab and believes that it will provide our Clients with a blend of execution services, commission costs and professionalism that will assist our firm in meeting our fiduciary obligations to Clients.

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<sup>1</sup> For information regarding Schwab, please refer to their website: <https://www.schwab.com/>.

<sup>2</sup> FINRA is the largest independent regulator for all securities firms doing business in the United States. For more information, please refer to FINRA's website: <http://www.finra.org/>.

<sup>3</sup> For information regarding SIPC, please refer to their website: <http://www.sipc.org/>.

Schwab provides FIT with access to its institutional trading and custody services, which are typically not available to Schwab retail investors.

These services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our Client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Charles Schwab & Co. also makes available to FIT other products and services that benefit FIT but may not directly benefit our Clients' accounts. Many of these products and services may be used to service all or some substantial number of our Client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist FIT in managing and administering our Clients' accounts include software and other technology that:

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

Charles Schwab & Co. also offers other services intended to help us manage and further develop our business enterprise. These services may include:

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

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to FIT. Charles Schwab & Co. may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Charles Schwab & Co. may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that Clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

- *Directed Brokerage*

FIT does not allow directed brokerage accounts.

- *Brokerage for Client Referrals*

FIT does not receive client referrals from any custodian or third party in exchange for using that broker-dealer or third party.

- *Best Execution*

Investment advisors who manage or supervise Client portfolios have a fiduciary obligation of best execution. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the portfolios, the efficiency with which the transaction is effected, the ability to affect the transaction where a large block is involved, the operational facilities of the broker-dealer, the value of an ongoing relationship with such broker and the financial strength and stability of the broker. FIT does not receive any portion of the trading fees.

- *Soft Dollar Arrangements*

The Securities and Exchange Commission defines soft dollar practices as arrangement under which products or services other than execution services are obtained by FIT from or through a broker-dealer in exchange for directing Client transactions to the broker-dealer. As permitted by Section 28(e) of the Securities Exchange Act of 1934, FIT receives economic benefits as a result of commissions generated from securities transactions by the broker-dealer from the accounts of FIT. These benefits include both proprietary research from the broker and other research written by third parties.

A conflict of interest exists when FIT receives soft dollars. This conflict is mitigated by the fact that FIT has a fiduciary responsibility to act in the best interest of its Clients and the services received are beneficial to all Clients.

FIT utilizes the services of custodial broker dealers. Economic benefits are received by FIT which would not be received if FIT did not give investment advice to Clients. These benefits include: A dedicated trading desk, a dedicated service group and an account services manager dedicated to FIT's accounts, ability to conduct "block" Client trades, electronic download of trades, balances and positions, duplicate and batched Client statements, and the ability to have advisory fees directly deducted from Client accounts.

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### **Aggregating Securities Transactions for Client Accounts**

FIT is authorized in its discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and transactions in the same securities for other Clients of FIT. All Clients participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rated basis. If aggregation is not allowed or infeasible and individual transactions occur (e.g., withdrawal or liquidation requests, odd-late trades, etc.) an account may potentially be assessed higher costs or less favorable prices than those where aggregation has occurred.

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

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### **Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory**

#### **Persons Involved**

Account reviews are performed quarterly by the Chief Compliance Officer of FIT, Ronald Kring. Account reviews are performed more frequently when market conditions dictate. Reviews of Client accounts include, but are not limited to, a review of Client documented risk tolerance, adherence to account objectives, investment time horizon, and suitability criteria, reviewing target allocations of each asset class to identify if there is an opportunity for rebalancing, and reviewing accounts for tax loss harvesting opportunities.

Financial plans generated are updated as requested by the Client and pursuant to a new or amended agreement, FIT suggests updating at least annually.

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#### **Review of Client Accounts on Non-Periodic Basis**

Other conditions that may trigger a review of Clients' accounts are changes in the tax laws, new investment information, and changes in a Client's own situation.

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#### **Content of Client Provided Reports and Frequency**

Clients receive written account statements no less than quarterly for managed accounts. Account statements are issued by FIT's custodian. Client receives confirmations of each transaction in account from Custodian and an additional statement during any month in which a transaction occurs. FIT does not provide additional reports to Clients.

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

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### **Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

As disclosed under Item 12 above, FIT receives an economic benefit from Schwab in the form of the support products and services it makes available to FIT and other independent investment advisors that have their Clients maintain accounts at Schwab. These products and services, how they benefit FIT, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability to FIT of Schwab's products and services is not based on FIT giving particular investment advice, such as buying particular securities for our Clients.

#### **Products & Services Available to Us from Schwab**

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like ours. They provide us and our clients with 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 and at no charge.

#### **Services that Benefit Client**

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 clients or their account(s).

### **Services that May Not Directly Benefit Clients**

Schwab also makes available to us other products and services that benefit us but may not directly benefit the client or their account(s). 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:

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocate aggregated trade orders for multiple client accounts;
- provides pricing and other market data;
- facilitates payment of our fees from our clients' accounts; and
- assists with back-office functions, recordkeeping and client reporting.

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.

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### **Advisory Firm Payments for Client Referrals**

FIT may enter into agreements with individuals and organizations, which may be affiliated or unaffiliated with FIT, that refer Clients to FIT in exchange for compensation. All such agreements will be in writing and comply with the requirements of Federal or State regulation. If a Client is introduced to FIT by a solicitor, FIT may pay that solicitor a fee. While the specific terms of each agreement may differ, generally, the compensation will be based upon FIT's engagement of new Clients and is calculated using a varying percentage of the fees paid to FIT by such Clients. Any such fee shall be paid solely from FIT's investment management fee and shall not result in any additional charge to the Client.

Each prospective Client who is referred to FIT under such an arrangement will receive a copy of this brochure and a separate written disclosure document disclosing the nature of the relationship between the solicitor and FIT and the amount of compensation that will be paid by FIT to the solicitor. The solicitor is required to obtain the Client's signature

acknowledging receipt of FIT's disclosure brochure and the solicitor's written disclosure statement.

## **Item 15: Custody**

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### **Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to Clients at their address of record at least quarterly. Clients are urged to compare the account statements received directly from their custodians to any documentation or reports prepared by FIT.

FIT is deemed to have limited custody solely because advisory fees are directly deducted from Client's accounts by the custodian on behalf of FIT.

Pursuant to CCR Section 260.237(b)(3):

- A. The investment adviser has custody of the funds and securities solely as a consequence of its authority to make withdrawals from client accounts to pay its advisory fee.
- B. The investment adviser has written authorization from the client to deduct advisory fees from the account held with the qualified custodian.
- C. Each time a fee is directly deducted from a Client account, the investment adviser concurrently:
  - i. Sends the qualified custodian an invoice or statement of the amount of the fee to be deducted from the client's account; and
  - ii. Sends the client an invoice or statement itemizing the fee. Itemization includes the formula used to calculate the fee, the value of the assets under management on which the fee is based, and the time period covered by the fee.
- D. The investment adviser notifies the Commissioner in writing that the investment adviser intends to use the safeguards provided above. Such notification is required to be given on Form ADV.

## **Item 16: Investment Discretion**

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### **Discretionary Authority for Trading**

FIT requires discretionary authority to manage securities accounts on behalf of Clients. FIT has the authority to determine, without obtaining specific Client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

FIT allows Clients to place certain restrictions, as outlined in the Client's Investment Policy Statement or similar document. These restrictions must be provided to FIT in writing.

The Client approves the custodian to be used and the commission rates paid to the custodian. FIT does not receive any portion of the transaction fees or commissions paid by the Client to the custodian.

## **Item 17: Voting Client Securities**

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### **Proxy Votes**

FIT does not vote proxies on securities. Clients are expected to vote their own proxies. The Client will receive their proxies directly from the custodian of their account or from a transfer agent.

When assistance on voting proxies is requested, FIT will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

## **Item 18: Financial Information**

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### **Balance Sheet**

A balance sheet is not required to be provided to Clients because FIT does not serve as a custodian for Client funds or securities and FIT does not require prepayment of fees of more than \$500 per Client and six months or more in advance.

### **Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

FIT has no condition that is reasonably likely to impair our ability to meet contractual commitments to our Clients.

### **Bankruptcy Petitions during the Past Ten Years**

FIT has not had any bankruptcy petitions in the last ten years.

## **Item 19: Requirements for State Registered Advisors**

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### **Principal Executive Officers and Management Persons**

The education and business background for all management and supervised persons can be found in the Part 2B of this Brochure.

### **Outside Business Activities**

The outside business activities for all management and supervised persons can be found in the Part 2B of this Brochure.

### **Performance Based Fee Description**

Neither FIT nor its management receive performance based fees. Please see Item 6 of the ADV 2A for more information.

### **Disclosure of Material Facts Related to Arbitration or Disciplinary Actions Involving Management Persons**

Neither FIT nor its management have been involved in any of the following:

1. An award or otherwise been found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:
  1. An investment or an investment-related business or activity;
  2. Fraud, false statement(s) or omissions;
  3. Theft, embezzlement or other wrongful taking of property;
  4. Bribery, forgery, counterfeiting, or extortion;
  5. Dishonest, unfair or unethical practices.

2. An award or otherwise been found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
  1. An investment or an investment-related business or activity;
  2. Fraud, false statement(s) or omissions;
  3. Theft, embezzlement or other wrongful taking of property;
  4. Bribery, forgery, counterfeiting, or extortion;
  5. Dishonest, unfair or unethical practices.

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**Material Relationship Maintained by this Advisory Business or Management persons with Issuers of Securities**

There are no material relationships with issuers of securities to disclose.

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**Material Conflicts of Interest Assurance**

All material conflicts of interest regarding FIT, its representatives or any of its employees which could be reasonably expected to impair the rendering of unbiased and objective advice are disclosed as required under CCR Section 260.238(k).