



December 28, 2020

# Customer Relationship Summary

Helping you make an informed decision

Form CRS

## Introduction

Fortress Private Ledger, LLC (“FPL”) is registered with the Securities and Exchange Commission (“SEC”) as an investment adviser and as a broker-dealer and is also a member of FINRA and MSRB. We market our various services generally under the name of Fortress Financial Partners.

FPL is a comprehensive wealth planning firm based in Raleigh, North Carolina. As an independent and fee-based advisory firm, we specialize in serving professionals, business-owners, and high net-worth families. From plan development and implementation, to systematic review and monitoring, our independence affords us the objectivity to place the interests of our clients at the center of everything we do.

FPL is also a registered brokerage firm. The primary service we provide is our trading capability. We execute purchases and sales on your behalf, and as directed by you. Free and simple tools are available for you at [Investor.gov/CRS](https://www.investor.gov/CRS), a website maintained by the SEC. These tools can provide you with educational materials about broker-dealers, investment advisers, and investing.

*This relationship summary provides information that helps you make an informed decision about whether or not to invest with us and will answer the following questions:*

- *What investment services and advice can you provide me?*
- *What fees will I pay?*
- *What are your legal obligations to me when providing recommendations as my broker-dealer, or when acting as my investment adviser? How else does the firm make money and what conflicts of interest do you have?*
- *How do your financial professionals make money?*
- *Do you or your financial professionals have legal or disciplinary history?*
- *Where can I find additional information?*

## Terms to know

- A **broker-dealer** is a firm that acts as an intermediary between buyers and sellers of securities for which they will usually receive a commission and may purchase or sell those securities in/out of their own account.
- An **investment adviser** is generally any person or group that provides investment advice or conducts securities analysis in exchange for a fee.

## What investment services and advice can you provide me?

FPL offers various types of advisory services and programs including financial planning, hourly consulting, consulting regarding investments in Qualified Opportunity Zones, as designated under Internal Revenue Code Section 1400Z-1 (“QOZ Services”), portfolio management and Automated Investment Services. Our customers include individuals, including high net worth individuals, trusts and estates. FPL also offers brokerage services. 90% of our brokerage activity is purchasing 1940 Act Funds, prospectus-based products or 529 Savings Plans.

Advisory services are offered either on a non-discretionary or discretionary basis. “Non-discretionary” services require clients to initiate or pre-approve investment transactions in their accounts before they can occur, whereas “discretionary” services authorize the advisor or broker to buy, sell or hold investment positions without obtaining pre-approval from clients for each transaction. Brokerage services are offered on a non-discretionary basis only.

## Conversation corner

Questions you might wish to ask when considering our services:

- Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?
- How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?

## Brokerage Services ■

Clients who establish a brokerage account with FPL have the ability to buy, sell and hold investments in their account. As broker, we engage in the business of trading securities or investments for our own account or on behalf of our customers.

We offer many different brokerage account types including individual and joint accounts, custodial accounts, estate and trust accounts, partnership accounts, individual retirement accounts and other retirement accounts as outlined in our account agreement(s). You should refer to our account agreement(s) for more information concerning available account types or speak with a representative in our office at 919-322-2761.

Within your brokerage account, we may also provide other incidental services such as research reports and recommendations to buy, sell, or hold assets. When we make a securities recommendation, investment strategy recommendation or recommendation to rollover assets from your Qualified Retirement Plan (QRP) to an Individual Retirement Account (IRA), the recommendation is made in our capacity as a broker-dealer unless otherwise stated at the time of the recommendation. Any such statement will be made orally to you. Moreover, when we act in a brokerage capacity, we do not agree to enter into a fiduciary relationship with you.

It is important for you to understand that when our financial advisors make a brokerage recommendation to you, we are obligated to ensure the recommendation is in your best interest, considering reasonably available alternatives, and based on your stated investment objective, risk tolerance, liquidity needs, time horizon, financial needs, tax status, and other financial information you provide us. You may accept or reject any recommendation. It is also your responsibility to monitor the investments in your brokerage account, and we encourage you to do so regularly. We do not commit to provide on-going monitoring of your brokerage account. If you prefer on-going monitoring of your account or investments, you should speak with one of our financial advisors at 919-322-2761 about whether an advisory services relationship is more appropriate for you.

There is no minimum initial account balance required to open a brokerage account with us. However, if you either fail to fund your account or do not return account opening documents as required, your account will be closed. In addition, some types of brokerage accounts have minimum account activity requirements and/or minimum on-going balance requirements that must be maintained, or your brokerage account will be closed. These requirements are detailed in the account agreement(s) you receive when you open your brokerage account.

Please also consider that from time to time we may provide you with additional information and resources to assist you with managing your brokerage account. This may include but is not limited to educational resources, sales and marketing materials, performance reports, asset allocation guidance, and/or periodic brokerage account reviews. When we offer these services and information, we do so as a courtesy to you. These activities are not designed to monitor specific investment holdings in your brokerage account, they do not contain specific investment recommendations about investment holdings, and you should not consider them a recommendation to trade or hold any particular securities in your brokerage account. Upon your request, we will review such information and reports with you and may provide you with investment recommendations, but we are not under a specific obligation to do so.

## Investment Advisory Services ■

FPL offers various types of advisory services and programs including financial planning, hourly consulting, QOZ Services, portfolio management and Automated Investment Services. FPL constructs and provides ongoing management of investment portfolios based on the individual needs of the client, blending together various proprietary models and/or other investments to arrive at the desired risk/reward profile and target return. Clients retain individual ownership of all assets.

In carrying out the investment mandate of the client, FPL will manage advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, growth and income, Tactical Allocation, etc.).

FPL also offers a Portfolio Management Services and Automated Investment Management Services in a wrap fee program. In a wrap fee program, clients are charged an all-inclusive wrap fee on program assets that covers advisory, execution, custodial and reporting services on eligible assets. A portion of these fees will be paid to FPL for advisory services. In a non-wrap fee program, FPL's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client.

We also offer financial planning for a fee which can provide the client with a written financial plan addressing personal financial goals; current and projected assets, liabilities and income; anticipated spending needs over time; tax realities (income, capital gains and estate); retirement goals; estate and legacy plans; and any other financial/investment needs. Once a financial plan is delivered, we do not commit to provide on-going monitoring of your assets that are not managed by us. Finally, we offer QOZ Services, which

are non-discretionary investment consulting services relating to the sourcing, evaluation, underwriting, structuring, due diligence, closing, and asset management of investment opportunities in Qualified Opportunity Zones.

Additional information about our services are available on our Regulatory BI Disclosure Brochure, our ADV Disclosure Brochure (Form ADV Part 2A, Items 4, 7, 13 and 16; or Form ADV Part 2A Appendix 1 Wrap Fee Program Brochure, Items 4 and 9) and on our website at <https://www.fortressfinancialpartners.com/>.

## What fees will I pay?

Fees are different for Brokerage and Advisory accounts. Generally speaking, advisory accounts pay a wrap fee, which is an all-inclusive annual fee for maintaining and managing your account(s). Brokerage accounts generally pay FPL a commission for each transaction.

Customers are informed that investing in securities involves risk of loss that clients should be prepared to bear. Securities investments are not guaranteed, and you may lose money on your investments. We ask that you help us understand your tolerance for risk.

Further, you will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

### Conversation corner

Questions you might wish to ask when considering our services:

- Help me understand how these fees and costs might affect my investments.
- If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

## Brokerage Services Fees ■

It is important to consider that while a brokerage relationship can be a cost-effective way of investing your assets, it is not for everyone given the fees and costs involved. We receive direct and indirect compensation in connection with your accounts. Direct compensation is taken directly from the affected account. Indirect compensation, including 12b-1 fees and trails, is compensation paid in ways other than directly from the account and may impact the value of the associated investments in your account.

FPL earns commission based on a tiered schedule for transactions in brokerage accounts. Transaction-based fees are based on a host of factors, including, but not limited to: underlying product selection; your brokerage service model and account type; size of your transaction and/or overall value of your account; frequency of your trade activity; and available discounts and/or fee waivers. You are charged more when there are more trades in your account, therefore FPL may have an incentive to encourage you to trade often.

## Investment Advisory Services ■

FPL offers various types of advisory services and programs including financial planning, hourly consulting, QOZ Services, portfolio management and Automated Investment Services. We charge most retail investors an annualized asset-based fee, billed either quarterly or monthly in arrears of service. The actual fee you pay is set forth in your Investment Advisory Agreement. The more assets there are in a retail investor's advisory account, the more a retail investor will pay in fees, and this creates an incentive for us to encourage you to increase the assets in your account. For wrap fee programs, the advisory fee includes transaction-based fees that are charged by the broker-dealer that has custody of the assets, and therefore, are higher than a non-wrap fee program.

If you choose financial planning, without engaging us for ongoing advisory services, we will charge either a fixed fee or flat hourly fee, depending on the nature and complexity of your circumstances and the level of work it entails. As the first step in the financial planning process, all fees will be disclosed and agreed upon in the financial planning agreement signed by the client before work begins. Fees for QOZ Services generally include an initial flat fee for a period of time, and thereafter a quarterly fee in arrears, which is calculated as a percentage of your assets invested in one or more QOZ projects. The actual fee negotiated between you and FPL, and the amount of the fee is stated in your Investment Advisory Agreement.

## Other Fees and Costs

In addition to our fees, clients are responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which transactions are executed for the client's account(s). In addition, there are separate fees charged in connection with debit balances; margin interest; odd-lot differentials; IRA fees; transfer taxes; exchange fees; wire transfers; extensions; non-sufficient funds; mailgrams; legal transfers; bank wires; postage; costs associated with exchanging foreign currencies; and SEC fees or other fees or taxes required by law.

Additional information about our fees are available on our Regulatory BI Disclosure Brochure, ADV Disclosure Brochure (Form ADV Part 2A, Item 5; or Form ADV Part 2A Appendix 1 Wrap Fee Program Brochure, Item 4) and in your Customer Agreement.

## What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment adviser? How else does the firm make money and what conflicts of interest do you have?

### Standard of Conduct

*When we provide you with a recommendation as your broker-dealer or act as your investment adviser*, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice, we provide you. Here are some examples to help you understand what this means.

### **Conversation corner**

Questions you might wish to ask when considering our services:

- **How might your conflicts of interest affect me, and how will you address them?**

### **Examples of Ways We Make Money and Conflicts of Interest**

1. **Third-Party Payments:** Compensation received from third parties (mutual funds, annuities, etc.) when we recommend or sell certain investments. Different products have different payouts, so we may receive more/less compensation based on the product recommended.
2. **Revenue Sharing:** FPL receives a portion of credit interest paid to clients that maintain a cash balance in Interactive Broker's Cash Sweep program and therefore we have an incentive to recommend the Cash Sweep program over other money markets accounts or similar short-term investment vehicles. FPL also receives a portion of margin interest charged to clients that use margin and therefore have an incentive to recommend clients leverage their accounts through the use of margin. We earn more in revenue when we manage the client investments ourselves as opposed to hiring a third-party investment manager to manage investments.
3. **Principal Trading:** Although FPL does not typically execute principal trades, we are permitted to buy from a retail investor, and/or investments you sell to a retail investor, for or from our own accounts, respectively. Hence, FPL could earn a "mark-up" based on transactions between your account and our company account.

Additional information about our conflicts of interest are available on our Regulatory BI Disclosure Brochure and our ADV Disclosure Brochure (Form ADV Part 2A, Items 5 and 10; or Form ADV Part 2A Appendix 1 Wrap Fee Program Brochure, Items 4 and 9).

## How do your financial professionals make money?

Registered Representatives ("Reps") earn a portion of the commissions and other transaction fees you pay for brokerage services. As commissions are based on a number of factors, so is the compensation paid to our Registered Representatives. For example, certain products pay higher commission rates than others. In addition, they receive indirect fees from mutual funds and annuities, including 12b-1 fees or trails.

Investment advisor representatives earn a percentage of the fees you pay for asset management & financial planning. As the total assets they manage increases, their percentage of payout increases, according to a predetermined grid.

Reps may have an incentive to engage clients in one of the above ways due to the difference in revenue payable to them. Most clients engage with their rep in a variety or combination of these methods to suit their needs and objectives.

## Do you or your financial professionals have legal or disciplinary history?

Yes, visit [Investor.gov/CRS](https://www.investor.gov/crs) for a free and simple search tool to research us and our financial professionals.

## Where can I find additional information?

Additional information, including our most recent Relationship Summary, is available at our website at <https://www.fortressfinancialpartners.com/>; in your Customer Agreement; or you can call your Registered Representative or financial advisor at 919-322-2761 to request up-to-date information and a copy of the Relationship Summary.