



# Form ADV Part 2A

March 31, 2022

## Form ADV Disclosure Brochure for Clients and Prospective Clients of First Affirmative Financial Network, LLC

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### Item 1: Introduction and Overview

**This Disclosure Brochure** provides information about the qualifications and business practices of First Affirmative Financial Network, LLC (First Affirmative). First Affirmative is an independent, employee-owned investment advisor registered (RIA) with the U.S. Securities and Exchange Commission (SEC) with its principal place of business at 5475 Mark Dabling Boulevard, Suite 108, Colorado Springs, CO 80918. It should be noted that, while First Affirmative is registered with the SEC, such registration does not imply a certain level of skill or training.

This Disclosure Brochure is required to be delivered to any prospective client prior to or at the time of entering into an investment advisory relationship with First Affirmative. Additional information about First Affirmative is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search the SEC's website for information about a RIA by using the RIA's unique identifying number known as a "CRD number." First Affirmative's CRD number is 109036. You can also access an electronic copy of this document in a publicly accessible area on the First Affirmative website at [www.firstaffirmative.com](http://www.firstaffirmative.com).

If you have any questions about the contents of this Disclosure Brochure, please contact First Affirmative's Chief Compliance Officer, Kathy Lewis, at 719-478-7053 or [kathylewis@firstaffirmative.com](mailto:kathylewis@firstaffirmative.com). While submitted to the SEC, the information in this Disclosure Brochure has not been approved or verified by the SEC or by any state securities authority.

### Item 2: Material Changes

Consistent with SEC rules, First Affirmative updates this Disclosure Brochure at least annually, within 90 days of the close of its fiscal year, which is December 31. If there are material changes from the prior annual update of this Disclosure Brochure (and you received a prior version of this Disclosure Brochure), such changes will be set forth in the "Summary of Material Changes" accompanying this Disclosure Brochure.

## Item 3: Table of Contents

Item 1: Introduction and Overview .....	1
Item 2: Material Changes .....	1
Item 3: Table of Contents .....	2
Item 4: Advisory Business .....	3
Item 5: Fees and Compensation .....	8
Item 6: Performance-Based Fees .....	21
Item 7: Types of Clients .....	21
Item 8: Methods of Analysis, Investment Strategies, Risk of Loss .....	22
Item 9: Disciplinary Information .....	26
Item 10: Other Financial Industry Activities and Affiliations .....	26
Item 11: Code of Ethics, Participation or Interest in Client Transactions, Personal Trading .....	29
Item 12: Brokerage Practices .....	30
Item 13: Review of Accounts .....	31
Item 14: Client Referrals and Other Compensation .....	32
Item 15: Custody .....	33
Item 16: Investment Discretion .....	33
Item 17: Voting Client Securities .....	34
Item 18: Financial Information .....	35

## Item 4: Advisory Business

First Affirmative provides investment advice consistent with the philosophies of sustainable, responsible, impact (SRI) investing. First Affirmative began conducting advisory business in 1999 and believes (as it has from the beginning) that the ways in which people save, spend, and invest can dramatically influence both the values and behaviors of business and society. In advising clients how they can invest in ways consistent with their values (SRI), First Affirmative uses commercial research available to it regarding Environmental, Social and Governance (ESG) factors. These factors measure the behavior of corporations and are indicators of the quality of management and the exposure to various risks to operations. ESG ratings do not generally exclude a corporation from consideration as an investment. That decision is made by clients as part of the investment process, which may include mutual funds, exchange traded funds or individual securities. Investors can express their beliefs by directing investment capital toward enterprises that contribute to a clean, healthy environment, that treat people fairly and embrace equal opportunity, that produce safe and useful products, and support efforts to promote world peace. These goals can also be targeted by voting proxies or participating in shareholder advocacy, both services which are provided by First Affirmative. Clients who choose to invest with First Affirmative make a considered and informed choice to put their money to work for a dual purpose—to achieve desired investment goals, such as to provide for a secure retirement, while working for a better, more socially just and environmentally sustainable future for all.

First Affirmative provides two types of services. The first is acting as a fiduciary to client accounts, as described in detail below.

### SUSTAINABLE INVESTMENT SOLUTIONS – FIDUCIARY

Through Network Advisors (defined below) First Affirmative provides discretionary investment advisory services to investors, tailored to the individual needs of the client, that integrate environmental, social and governance (ESG) criteria into the investment analysis process according to the clients' preference. First Affirmative can create portfolios, using mutual funds, and/or individual securities such as stocks, bonds, exchange traded funds (ETFs), exchange traded notes (ETNs), real estate investment trusts (REITs), American depository receipts (ADRs), government agency or Treasury securities, corporate or municipal bonds, certificates of deposit (CODs), commercial paper or other securities. The different investment programs offered by First Affirmative may not all offer the ability to invest in all the securities listed above. First Affirmative does not offer discretionary investment advisory services concerning direct ownership of commodities, futures, derivatives, or short selling.

The offered investment advisory services are sometimes referred to here as "Managed Mutual Fund Accounts", "Multi-Manager Accounts", "Fixed Income Accounts", and "Values-Aligned Direct Indexing Solutions (VADIS)", for implementation, collectively known as "Sustainable Investment Solutions". These services are offered via discretionary accounts at our approved custodian broker-dealers (BDs), Charles Schwab Advisor Services (Schwab), TD Ameritrade (TD), Apex Clearing Corporation (Apex), Folio Investments, a Goldman Sachs Company (Folio), and certain third-party platforms such as Orion Portfolio Solutions, (Orion), and Geneos Wealth Management, Inc. (Axiom).

## SUSTAINABLE INVESTMENT SOLUTIONS – NON-FIDUCIARY

In addition to discretionary investment advisory services, First Affirmative also:

- offers financial planning or investment consulting including outsourced chief investment officer (OCIO) services which may include, discretionary portfolio management, investment research, financial and impact performance reporting, thought leadership, co-fiduciary, IPS consulting, and asset allocation, (on an hourly or on a retainer basis) to individuals and their families, trust, estates, retirement plans, foundations, endowments, and companies;
- offers model portfolio management or models on a licensed basis;
- makes its products and services available on third-party custodial platforms;
- may provide outsourced (OCIO) services to other Registered Investment Advisor firms under negotiated contract basis; and,
- offers access to illiquid alternative investments on a non-discretionary basis .

## DISCRETIONARY INVESTMENT ADVISORY SERVICES – SUSTAINABLE INVESTMENT SOLUTIONS IN PRACTICE

### Network Advisors

First Affirmative has a nationwide network of qualified investment professionals, known as Network Advisors, who assist clients in achieving their financial goals by providing individualized investment advice, in the capacity of a fiduciary, with respect to securities products. The following relationships are included in the definition of Network Advisor as used in this Disclosure Brochure:

**Investment Advisory Representatives (IARs) of First Affirmative.** IARs are Network Advisors who are supervised by First Affirmative and offer investment advisory services and products approved by First Affirmative. In some instances, IARs also may, as an outside business activity, offer non-securities products such as life insurance and tax preparation services, which are not provided, supervised, recommended or approved by First Affirmative. First Affirmative does not provide investment advisory services with respect to such non-securities products.

**Selling Agreements with Third-Party RIA Firms.** Certain individuals who are not supervised by First Affirmative, but who are associated with third-party RIA firms, may include First Affirmative services in the overall package of investment advisory services made available to their clients, provided the third-party RIA that they represent enters into a selling agreement with First Affirmative.

Such third-party RIA representatives may also offer products and services that are not provided, recommended or approved by First Affirmative, which may be more or less expensive than First Affirmative services. The description of compensation to First Affirmative in Item 5 below does not include the compensation that such third-party BDs or RIAs and their representatives may earn from services unrelated to First Affirmative services.

**Sub-Advisory Agreements with Third-Party RIA Firms.** A third-party RIA firm may retain First Affirmative as a sub-advisor to its clients. First Affirmative does not recommend or approve the other activities of such third-party RIA firms or the products or services provided by them and such products and services may be more or less expensive than First Affirmative products and services. The description of compensation to First Affirmative relating to sub-advisory agreements as discussed in Item 5 below does not include the compensation that such third-party RIA may earn on assets not sub-advised by First Affirmative.

**Solicitor's Agreements with BDs or other Third- Party RIA Firms.** Pursuant to agreements with third-party BD and RIA firms (referred to as solicitors' agreements), such third-party BD and RIA firms may introduce their clients to First Affirmative for its discretionary investment advisory services (Solicitors). First Affirmative is the sole advisor for the advisory services offered by it for clients introduced to it by a solicitor. In other words, solicitors and First Affirmative are not co-advisors, and First Affirmative and Solicitors are not sub-adviser for each other. Solicitors may offer other products and services or introduce their clients to other advice providers besides First Affirmative. First Affirmative does not recommend or approve the other activities of such solicitors or the products or services provided by them and such products and services may be more or less expensive than First Affirmative's products and services. The description of compensation to First Affirmative in Item 5 below does not include the compensation that such third-party BDs or RIAs and their representatives may earn from services unrelated to First Affirmative services.

**Independent Sub-Advisors and Third-Party Model Managers.** In the course of offering Sustainable Investment Solutions discretionary investment advisory services, First Affirmative may seek the expertise of third-party firms that act as model managers in developing model investment strategies (Third-Party Model Managers) and/or as fiduciary sub-advisors to First Affirmative for separate investment management accounts (Sub-Advisor), if applicable.

### **Discretionary Investment Advice**

Through its Network Advisors, First Affirmative creates unique relationships with clients by combining discretionary investment advisory services and advanced financial technologies with responsible investment strategies that consider ESG factors and SRI values. Generally, First Affirmative's innovative approach combines:

**Fiduciary Responsibility.** In First Affirmative's relationship with clients where First Affirmative is providing discretionary investment advice, First Affirmative acknowledges that it serves and acts in a fiduciary capacity under the Investment Advisers Act of 1940.

When we provide investment advice to you regarding your retirement plan account or individual retirement account (IRA), we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act (ERISA) and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests. Under both rules First Affirmative and the Network Advisors we work with operate in your best interest and do not place their needs ahead of yours. The types of rollovers include an existing Retirement Plan to an IRA; an existing IRA to a Retirement Plan; an employer Retirement Plan to a new employer Retirement Plan; an IRA to an IRA; and a change from one retirement account type to another type, including from commission billing to fees.

**Individualized Advice.** One size does not fit all. First Affirmative offers a variety of fee-based investment options, each designed to best meet the needs of individual clients and/or specific types of clients. The client has the opportunity to place reasonable restrictions on the types of investments to be held in the client account.

**Objectivity.** Network Advisors provide their clients with objective advice. Fees for account management are generally based on assets under management and, as a result, the client's interests, the interests of the Network Advisor and the interests of First Affirmative are closely aligned.

## **Wrap Fee Program Participation**

First Affirmative participates in a wrap fee program sponsored by Axiom, through which First Affirmative offers proprietary investment model portfolios constructed and managed by First Affirmative (Proprietary Models). The Proprietary Models on the Axiom platform are required to meet certain criteria set by Axiom and any models listed are subject to ongoing reviews by First Affirmative. First Affirmative constructs such models with the same investment philosophy and process as it uses in other Proprietary Models not offered through Axiom. However, the included securities are restricted to securities that are approved by Axiom and are consistent with Axiom's asset allocation strategies and model construction guidelines. First Affirmative exercises no discretion with respect to clients subscribed to the model portfolios but may receive an asset-based fee when a Proprietary Model is used by Axiom or a representative of Axiom in making a recommendation to a client.

First Affirmative also sponsors two wrap fee programs, one providing investment management and model management services on the Folio Institutional platform and the other involving ORION Communities/Orion Portfolio Solutions. These programs are further described in First Affirmative's Form ADV Brochure, Part 2A, Appendix 1A (Folio Institutional Wrap Fee Brochure) and Appendix 1B (Orion Wrap Fee Brochure) (together, Wrap Fee Brochures), which are provided to clients for whom this is applicable.

## **Financial Planning**

First Affirmative provides financial planning services which may include personal financial coaching, budget assistance, tax planning, retirement planning, estate planning, or other specialized services. A financial plan is a comprehensive evaluation of a client's current and future financial state using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information, and analyses are considered as they impact and are impacted by the financial and life situation of the client. The implementation of the recommendations in a financial plan is entirely at the client's discretion and may be incorporated in First Affirmative discretionary investment advice or implemented on a non-discretionary basis.

## **Retirement Plan Consulting Services**

First Affirmative may offer the services listed below to individuals and charitable organizations who need assistance with pension, profit sharing and 401(k) plans for an hourly or one-time fee. This assistance will be reviewed against the Five Part Test developed by the Department of Labor to determine if it rises to the status of fiduciary advice. The DOL Fiduciary Rule requirements will be met, if applicable. The services are comprised of the following non-discretionary consulting services:

- Education about investment vehicles for the plan trustees; and
- Provisions of educational support and investment workshops to self-directed 401(k) plans participants.

First Affirmative does not provide investment advisory services to participants in retirement plans where it provides services to the plan.

## **Model Portfolio Management**

In addition to using independent Third-Party Model Managers, First Affirmative also uses Proprietary Models. Some managed mutual fund models use primarily institutional share class funds or ETFs, whereas other models are constructed with individual securities. Each model portfolio is designed to meet a particular investment or risk tolerance goal.

Certain Proprietary Models are also offered to investors on custodial platforms by RIAs other than First Affirmative (such as Axiom, Orion Communities and Folio Institutional). When making Proprietary Models available to third parties outside of the context of offering discretionary advice, any action, inaction, or decision in following such models is the sole responsibility of the third-party RIA or non-discretionary client using the model.

## **Illiquid Impact Investments**

First Affirmative may, from time to time, approve illiquid Impact Investments for clients for whom they are believed to be suitable. First Affirmative will determine appropriate custody and billing arrangements. This opportunity potentially diversifies your portfolio while helping companies grow, create new jobs and benefit the economy. Depending on the offering, these investments are available to accredited and non-accredited clients in taxable and non-taxable accounts.

First Affirmative and its Network Advisors cannot place trades without the client's express written permission. IARs and Network Advisors working through their own independent RIA firms with clients that are interested in "impact investing" are authorized to present approved offerings to their clients. Network Advisors that are associated with a third-party RIA cannot offer these securities through First Affirmative unless their BD or RIA has approved the offering and updated their selling or solicitor agreement with First Affirmative.

## **Publication of Periodicals**

First Affirmative publishes a quarterly newsletter with topics that include but are not limited to ESG and SRI issues. Periodically, First Affirmative produces other publications that focus on specific issues believed to be of interest to clients such as community impact investing or shareholder advocacy. First Affirmative also publishes a quarterly market commentary and a quarterly economic commentary which provides general information on various topics including, but not limited to, market trends, bond market outlook, etc. No specific investment recommendations are provided in these publications and the information provided does not purport to meet the objectives or needs of any individual. Newsletters, market commentaries, and other such publications are designed for and are distributed free of charge to clients.

## **Non-Fiduciary Services**

The second type of service First Affirmative provides is non-fiduciary services to selling advisors, see below. Upon receipt of authorization signed by the client allowing First Affirmative access to their accounts at the requisite custodian we will:

- (1) facilitate the opening of client accounts;
- (2) complete a quantitative review of Mutual Funds and Model Managers in First Affirmative's Sustainable Investment Universe;
- (3) trade accounts on a non-discretionary basis upon instruction from advisors and/or clients under limited circumstances;
- (4) collect fees from client accounts based on the schedule agreed upon by the client and the selling agent;
- (5) vote client proxies if authorized; and,
- (6) retain an agreed upon amount and distribute the fees to the selling agent and any money manager or sub-advisor managing the account. First Affirmative may act as a money manager for part of the client's account on the Folio Institutional for which it will also be compensated.

## **Discretionary and Non-Discretionary Assets Under Management**

As of December 31, 2021, First Affirmative was actively managing on a discretionary basis \$663,577,008 of client assets (referred to as "assets under management"). The firm also had \$252,216,012 in non-discretionary assets under administration (referred to as "assets under administration").

## Item 5: Fees and Compensation

### DISCRETIONARY FIDUCIARY INVESTMENT MANAGEMENT FEES

First Affirmative's primary source of compensation is via fees charged for discretionary investment management. These fees are charged based on the amount of assets managed for clients, the types of services provided and First Affirmative's arrangements with the custodial BDs, as detailed below. Fees for services provided by Network Advisors or Solicitors are in addition to the fees presented below and will be collected along with the First Affirmative fees as described below.

### FEES FOR ASSETS CUSTODIED WITH APEX CLEARING

#### First Affirmative Fees

The fee structure shown in the table below represents the maximum fees that are charged by First Affirmative for managed assets custodied with Apex. The fees represent First Affirmative's fee for discretionary investment advisory services and YourStake Impact Preferences, as applicable. Apex charges fees for its services (for example, trade execution, custody and clearing services) that are in addition to the asset-based fees charged by First Affirmative. See Item 12 below for further information regarding brokerage fees. Fees on assets custodied with Apex are charged as a percentage of assets under management, annualized, in arrears, on a quarterly basis. Fees are calculated using the average daily balance methodology. To the extent that First Affirmative agrees not to automatically deduct fees from a client's assets, the client will be invoiced for fees incurred. Note that Apex fees are not wrap fees.

	Tiers	Cumulative (For Internal Use)	First Affirmative: Discretionary Investment Advisory Services	YourStake Impact Preferences Add-On Required for VADIS Accounts as applicable
On the First	2,000,000	2,000,000	0.31%	0.05%
On the Next	8,000,000	10,000,000	0.26%	0.05%
On the Next	10,000,000	20,000,000	0.21%	0.05%
Above	20,000,000		0.21%	0.09%

There are separate charges from Apex Clearing for incidental services. See below.

#### Incidental Fees

Apex RIA Miscellaneous Services Pricing Term Sheet Pricing Current as of May 1, 2021

Fees are subject to change without notice. Miscellaneous Services fees are amounts due to Apex and do not count towards any minimum charges you may owe to Apex.



## Customer Charged Miscellaneous Services

### A. Retirement:

- Annual IRA Maintenance Fee See Advisor Agreement
- IRA Closing Fee \$60 per account

### B. Banking:

- Outgoing Wire Transfers (Domestic Bank) \$25.00 per wire
- Outgoing Wire Transfers (Foreign Bank) \$50.00 per wire
- Paper Check Draft (USD) Domestic \$5.00 per check
- Paper Check Draft (USD) International \$10.00 per check
- Returned Checks, ACH, Wires and Recalls \$30.00 per item (Including amendments/repairs)
- ACH Notice of Correction \$5.00 per notice
- Stop Payments on Apex Issued Checks \$30.00 each
- Check Copies \$15.00 each
- Third Party Distribution Notification \$2.00 per notification
- Third Party Journal (TPJ) \$0.05 per journal

### C. Operations:

- Electronically Delivered Documents
- Confirms No Charge
- Statements No Charge
- Tax Statements No Charge
- Postage and Handling (Paper Only) Confirms \$2.00 per confirm
- Statements (monthly and quarterly) \$5.00 per statement
- Outgoing ACAT Transfers \$75.00 per account
- Incoming ACAT Transfers No Charge
- Limited Partnerships/Private Placements (IRAs only) \$250.00 per investment

The Network Advisor will determine the fees for their services. These fees will be agreed to, in writing, by the Client. The total fee will be charged to the clients' accounts as described above.

New accounts are subject to the following asset minimums:

VADIS Accounts:	\$ 25,000
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These minimums are negotiable on a case-by-case basis and are dependent on a variety of factors, including but not limited to other accounts in a client household.

Clients also may have assets custodied with Apex that are not advised by First Affirmative (referred to as non-discretionary assets). IARs may assist such clients with non-discretionary assets for a flat fee, which is not asset-based, which is collected quarterly in arrears. First Affirmative's fee with respect to such assets is in the range of \$40 to \$2,400 per annum. This fee is collected directly from the client account when authorized by the client. If not authorized, the client is directly invoiced for payment.

## **Additional Expenses to Clients Relating to Mutual Fund Holdings**

Mutual funds have internal expenses, such as portfolio management, legal and accounting, printing, marketing, trading costs and other administrative expenses, including fees paid to custodians. Fund expenses are more fully disclosed in each mutual fund prospectus. They are accounted for and charged internally by the mutual funds and monies collected or retained are not shared with First Affirmative, any affiliate of First Affirmative or any Network Advisor.

Any mutual fund sale within a defined period of time per the mutual fund prospectus after the initial purchase will trigger a contingent deferred sales charge by the mutual fund company on each transaction. These charges vary among the mutual funds that are held in a client account.

### **Apex Fees**

All fees are subject to change with 30 days' written notice.

<b>Assets Under Management Client Fees</b>	<b>Annualized Basis Point Charge</b>
\$0 - \$80,000	0 bps
\$80,001 - \$150,000	9 bps
\$150,001 - \$500,000	7 bps
\$500,001 +	5 bps

Clients will be charged \$6.00 per month for accounts under \$80,000.

### **Mutual Fund Transaction Commissions Charged to Clients with Assets at Apex**

Clients shall pay Apex a monthly fee amounting to 3 bps (annualized) per mutual fund position per month. This fee shall not apply to positions in load funds or NTF funds. Mutual fund positions shall count towards the calculation of the AUM Fee as defined herein. First Affirmative will not use load funds or NTF funds in accounts custodied at Apex.

### **Mutual Fund Company Payments to Apex**

Rule 12b-1 fees are defined as annual marketing or distribution fees on mutual funds. These expenses are included in the funds expense ratio and are in some cases shared with custodians. First Affirmative may place trades in mutual funds that pay compensation to custodians. 12b-1 fees paid to custodians are not shared with First Affirmative.

As part of First Affirmative's fiduciary duty, we will evaluate the costs associated with mutual funds to determine which fund, or share class of a fund, is most suitable for client portfolios. If appropriate, First Affirmative will exchange share classes to a less expensive share class. In taxable accounts these exchanges will be done, when possible, in conjunction with the fund companies as tax-free exchanges.

### **Fees Upon Termination of Services**

Apex may charge a termination or transfer-out fee on accounts, which may change from time to time. This fee is determined by Apex and the monies received are not shared with First Affirmative.

### **Margin**

If you choose to trade using margin, your account will be assessed the margin interest charges in accordance with the margin interest rates in effect at the time of your margin loan and as disclosed on the Schwab website.

## Indirect Compensation Specific to Custodians.

First Affirmative is charged an annual fee per client account by Orion Advisor Technology (OAT) for the use of their Astro platform. This technology allows us to design, implement, and reoptimize portfolios. First Affirmative employs this technology for Values-Aligned Direct Index Solutions (VADIS) accounts held at each of our approved custodians. Apex Clearing pays OAT a fee for each account opened on their platform. We use Apex custodial services for VADIS accounts and this payment lowers the per client account fee paid by First Affirmative. This creates a conflict of interest when VADIS accounts are opened at Apex. This conflict is mitigated by disclosing the conflict to clients so they can add it to their decision-making process.

## FEES FOR ASSETS CUSTODIED WITH SCHWAB

### First Affirmative Fees

The fee structure shown in the table below represents the maximum fees that are charged by First Affirmative for managed assets custodied with Schwab. The fees represent First Affirmative’s fee for discretionary investment advisory services. In accounts where a separate account manager is used to manage fixed income assets the fee indicated on the table below will be collected with the First Affirmative fee. First Affirmative will collect the fees for the YourStake Impact Preferences for VADIS accounts as applicable. Schwab may charge fees for its services (for example, trade execution, custody and clearing services) that are in addition to the asset-based fees charged by First Affirmative. See Item 12 below for further information regarding brokerage fees. Fees on assets custodied with Schwab are charged as a percentage of assets under management, annualized, in arrears, on a quarterly basis. Fees are calculated using the average daily balance methodology. To the extent that First Affirmative agrees not to automatically deduct fees from a client’s assets, the client will be invoiced for fees incurred. Note that Schwab fees are not wrap fees.

	Tiers	Cumulative (For Internal Use)	First Affirmative: Discretionary Investment Advisory Services	Separate Account Manager fees as applicable	YourStake Impact Preferences Add-On Required for VADIS Accounts as applicable
On the First	2,000,000	2,000,000	0.31%	0.35%	0.05%
On the Next	8,000,000	10,000,000	0.26%	0.35%	0.05%
On the Next	10,000,000	20,000,000	0.21%	0.35%	0.05%
Above	20,000,000		0.21%	0.35%	0.05%

The Network Advisor will determine the fees for their services. These fees will be agreed to, in writing, by the Client. The total fee will be charged to the clients’ accounts as described above.

New accounts are subject to the following asset minimums:

Managed Mutual Fund Accounts:	\$ 50,000
Fixed Income Accounts	\$ 250,000
VADIS Accounts:	\$ 250,000

These minimums are negotiable on a case-by-case basis and are dependent on a variety of factors, including but not limited to other accounts in a client household.

Clients also may have assets custodied with Schwab that are not advised by First Affirmative (referred to as “non-discretionary assets”). IARs may assist such clients with non-discretionary assets for a flat fee, which is not asset-based, which is collected quarterly in arrears. First Affirmative’s fee with respect to such assets is in the range of \$40 to \$2,400 per annum. This fee is collected directly from the client account when authorized by the client. If not authorized, the client is directly invoiced for payment.

## **Additional Expenses to Clients relating to Mutual Fund Holdings**

Mutual funds have internal expenses, such as portfolio management, legal and accounting, printing, marketing, trading costs and other administrative expenses, including fees paid to custodians. Fund expenses are more fully disclosed in each mutual fund prospectus. They are accounted for and charged internally by the mutual funds and monies collected or retained are not shared with First Affirmative, any affiliate of First Affirmative or any Network Advisor.

Any mutual fund sale within a defined period of time per the mutual fund prospectus after the initial purchase will trigger a contingent deferred sales charge by the mutual fund company on each transaction. These charges vary among the mutual funds that are held in a client account.

## **SCHWAB FEES**

All fees are subject to change with with 30-day written notice.

### **Transaction-Based Pricing**

The following fees are charged by Schwab per transaction in each client account:

Transactions	
Equities and ETFs	\$0.00
All Methods: Institutional Class Mutual Fund Shares	\$15.00 per Trade

Bond Transactions	
Telephone	\$1.20 per bond, \$10 Minimum, \$275 Maximum
Internet/Electronic	\$1.00 per bond, \$10 Minimum, \$250 Maximum
Government Bonds	\$25.00 flat
Municipal Bonds	Variable
Prime Brokerage/Trade Away	\$25.00 per transaction

## **MUTUAL FUND TRANSACTION COMMISSIONS CHARGED TO CLIENTS WITH ASSETS AT SCHWAB**

First Affirmative generally uses only no-load, or load-waived, no transaction fee funds in its managed mutual fund portfolios custodied with Schwab. First Affirmative will not use a mutual fund that has a front-end load if the front-end load is not waived. To the extent that First Affirmative selects institutional class shares for a portfolio at Schwab, clients are charged a \$15.00 per transaction fee for purchasing and/or selling that share class.

### **Mutual Fund Company Payments to Schwab**

There is no custody or trading fee charged on mutual fund transactions at Schwab when mutual funds included in the Schwab Mutual Fund OneSource Select List® (OneSource Fund) are used by First Affirmative in a client portfolio. Schwab is compensated directly from the OneSource Fund companies, which may increase the internal expense of the mutual fund company and impact the client's return on investment. See "Additional Expenses to Clients relating to Mutual Fund Holdings" above. Such compensation is not shared with First Affirmative.

### **Fees Upon Termination of Services**

Schwab may charge a termination or transfer-out fee on retirement accounts, which may change from time to time. They do not currently charge a termination or transfer-out fee for taxable accounts. This fee is determined by Schwab and the monies received are not shared with First Affirmative.

## Margin

If you choose to trade using margin, your account will be assessed the margin interest charges in accordance with the margin interest rates in effect at the time of your margin loan and as disclosed on the Schwab website.

## Incidental Fees

In addition to the fees above, clients are still responsible for any special fees incurred at the client’s request, such as wire transfer fees, etc. which are charged and disclosed by Schwab Institutional. All fees are subject to change and can be found at: [Schwab.com/pricing](https://www.schwab.com/pricing). Note that some of these fees may not reflect the discounted prices that First Affirmative has negotiated with Schwab.

## FEES FOR ASSETS CUSTODIED WITH FOLIO INSTITUTIONAL

### Wrap Fee

The fee structure shown in the table below represents the maximum “wrap fee”, which includes First Affirmative’s fee for discretionary investment advisory services, as well as trade execution, custody and clearing services, unless specifically noted as a separate charge, provided by Folio Institutional. The fees shown below for model managers will be included in the “wrap fee” as applicable. Fees for the YourStake Impact Preferences for VADIS accounts will be included as applicable. Fees on assets custodied with Folio Institutional, which also does business under the name “Folio Investments,” are charged as a percentage of assets under management, annualized, in arrears, on a quarterly basis according to the schedule below. Account asset value is determined using the average daily balance in your account throughout the quarter. The wrap fee program involving Folio Institutional (Folio Institutional Wrap Fee Program) is further discussed in the Folio Institutional Wrap Fee Brochure. To the extent that First Affirmative agrees not to automatically deduct fees from a client’s assets, the client will be invoiced for fees incurred.

	Tiers	Cumulative (For Internal Use)	First Affirmative: Discretionary Investment Advisory Services	Folio: Custody & Clearing	Folio Model Manager fees as applicable	YourStake Client Impact Preferences Add-On Required for VADIS Accounts as applicable
On the First	2,000,000	2,000,000	0.31%	0.09%	0.35%	0.05%
On the Next	8,000,000	10,000,000	0.26%	0.09%	0.35%	0.05%
On the Next	10,000,000	20,000,000	0.21%	0.09%	0.35%	0.05%
Above	20,000,000		0.21%	0.09%	0.35%	0.05%

There are separate charges from Folio Institutional for incidental services. See below.

The Network Advisor will determine the fees for their services. These fees will be agreed to, in writing, by the Client. The total fee (wrap) will be charged to the clients’ accounts as described above.

The wrap fee may be more or less than the aggregate fee for services if they were offered separately. Some factors that may contribute to the relative cost differential include, but are not limited to, the brokerage and clearing costs, commissions based on trading frequency or commissions based on type of security (e.g., mutual fund versus single stock) and the variety of mutual fund share classes that may be used in managed mutual fund models.

New accounts are subject to the following asset minimums:

Managed Mutual Fund Accounts:	\$ 50,000
Multi-Manager Accounts:	\$ 50,000
VADIS Accounts:	\$ 25,000

These minimums are negotiable on a case-by-case basis and are dependent on a variety of factors, including but not limited to other accounts in a client household (adults who all live at the same address who have investment accounts with First Affirmative).

### **Additional Expenses to Clients Relating to Mutual Fund Holdings**

Mutual funds have internal expenses, such as portfolio management, legal and accounting, printing, marketing, trading costs and other administrative expenses, including fees paid to custodians. Fund expenses are more fully disclosed in each mutual fund prospectus. They are accounted for and charged internally by the mutual funds and monies collected or retained are not shared with First Affirmative, any affiliate of First Affirmative or any Network Advisor.

Any mutual fund sale within a defined period of time per the mutual fund prospectus after the initial purchase will trigger a contingent deferred sales charge by the mutual fund company on each transaction. These charges vary among the mutual funds that are held in a client account.

### **Transaction-Based Pricing**

Non-retirement accounts will be charged on a per transaction basis when the security to be bought or sold is ineligible for trading in Folio Institutional patented window trade process (see Item 12, "Aggregation of Client Securities" for a description of the window trading process). In such circumstances, your order will be routed and executed as a direct trade and charged the following fees.

Telephone	\$45.00 per trade
Internet	\$3.95 per trade

Folio Institutional also will charge the account transaction fees based on the above schedule if securities are transferred into a non-retirement account and need to be sold to implement a client's new investment strategy.

### **Fees Upon Termination of Services**

Folio Institutional may charge a termination or transfer-out fee, which may change from time to time. This fee is determined by Folio Institutional and the monies received are not shared with First Affirmative.

### **Incidental Fees**

In addition to the fees above, clients are still responsible for any special fees incurred at the client's request, such as wire transfer fees, etc. which are charged and disclosed by Folio Institutional. All fees are subject to change and can be found at: [https://folioclient.com/content/gui/popup\\_serviceFees.jsp](https://folioclient.com/content/gui/popup_serviceFees.jsp).

### **Margin**

If you choose to trade using margin, your account will be assessed the margin interest charges in accordance with the margin interest rates in effect at the time of your margin loan and as disclosed on the Folio Institutional website.

## **Costs for Third-Party Services**

Folio Institutional passes through the costs from third parties, including, but not limited to, the following:

- Services provided by BDs other than Folio Institutional;
- SEC and securities exchange fees;
- Transfer taxes;
- Fees for odd lot differentials;
- Mutual fund short-term redemption fees; and
- Other similar costs and charges.

## **Mutual Fund Transaction Commissions Charged to Clients with Assets at Folio Institutional**

Some mutual funds that are included in client investment portfolios offer different types of shares, known as “share classes.” Each share class has different shareholder services and/or distribution arrangements with different fees and expenses and, therefore, different performance results. For example, class A shares, also called “retail shares”, usually have a front-end load or charge (commission) which is paid to the custodial BD when the mutual fund is purchased. Institutional class shares, in contrast, generally are available only to institutional investors and may have very different fees and expenses from class A shares, but generally do not require front-end commissions. See the SEC website, the Financial Industry Regulatory Authority website or the relevant mutual fund share prospectus for additional information regarding share classes.

First Affirmative generally includes only institutional class shares with no front-end loads in the Managed Mutual Fund Accounts custodied with Folio Institutional and, to the extent it does include a mutual fund that typically has a front-end load, it will do so only if the front-end load is waived. There is no transaction fee for purchasing mutual fund shares at Folio Institutional.

## **Mutual Fund Company Payments to Custodians**

Rule 12b-1 fees are defined as annual marketing or distribution fees on mutual funds. These expenses are included in the funds expense ratio and are in some cases shared with custodians. First Affirmative may place trades in mutual funds that pay compensation to custodians. 12b-1 fees paid to custodians are not shared with First Affirmative.

As part of First Affirmative’s fiduciary duty we will evaluate the costs associated with mutual funds to determine which fund, or share class of a fund, is most suitable for client portfolios. If appropriate, First Affirmative will exchange share classes to a less expensive share class. In taxable accounts these exchanges will be done, when possible, in conjunction with the fund companies as tax-free exchanges.

## FEES FOR ASSETS CUSTODIED WITH TD AMERITRADE

### First Affirmative Fees

The fee structure shown in the table below represents the maximum fees that are charged by First Affirmative for managed assets custodied with TD Ameritrade. The fees represent First Affirmative’s fee for discretionary investment advisory services and fees for YourStake Impact Preferences as applicable. TD Ameritrade may charge fees for its services (for example, trade execution, custody and clearing services) that are in addition to the asset-based fees charged by First Affirmative. See Item 12 below for further information regarding brokerage fees. Fees on assets custodied with TD Ameritrade are charged as a percentage of assets under management, annualized, in arrears, on a quarterly basis. Fees are calculated using the average daily balance methodology. To the extent that First Affirmative agrees not to automatically deduct fees from a client’s assets, the client will be invoiced for fees incurred. Note that TD Ameritrade fees are not wrap fees.

	Tiers	Cumulative (For Internal Use)	First Affirmative: Discretionary Investment Advisory Services	YourStake Impact Preferences Add-On required for VADIS Accounts as applicable
On the First	2,000,000	2,000,000	0.31%	0.05%
On the Next	8,000,000	10,000,000	0.26%	0.05%
On the Next	10,000,000	20,000,000	0.21%	0.05%
Above	20,000,000		0.21%	0.05%

New accounts are subject to the following asset minimums:

Managed Mutual Fund Accounts:	\$ 50,000
VADIS Accounts:	\$ 250,000

These minimums are negotiable on a case-by-case basis and are dependent on a variety of factors, including but not limited to other accounts in a client household.

### Additional Expenses to Clients relating to Mutual Fund Holdings

Mutual funds have internal expenses, such as portfolio management, legal and accounting, printing, marketing, trading costs and other administrative expenses, including fees paid to custodians. Fund expenses are more fully disclosed in each mutual fund prospectus. They are accounted for and charged internally by the mutual funds and monies collected or retained are not shared with First Affirmative, any affiliate of First Affirmative or any Network Advisor.

Any mutual fund sale within a defined period of time per the mutual fund prospectus after the initial purchase will trigger a contingent deferred sales charge by the mutual fund company on each transaction. These charges vary among the mutual funds that are held in a client account.

## TD AMERITRADE FEES

A description of the fees charged by TD Ameritrade are available at [https://documents.advisorservices.com/onlineforms/wis\\_pdfs/TDAI3444.pdf](https://documents.advisorservices.com/onlineforms/wis_pdfs/TDAI3444.pdf). “Fees may vary by program, location, or arrangement and are subject to change upon 30 days’ notice to you.”

First Affirmative does not receive any compensation from TD Ameritrade for the use of their custodial services including but not limited to trade execution or payments from mutual funds.



## FEES FOR ASSETS INCLUDED IN THE ORION COMMUNITIES WRAP FEE PROGRAM

### Wrap Fee

The Orion Wrap Fee Program fee includes all costs for trade execution, custody and clearing (which is provided by TD Ameritrade, Inc. (TD Ameritrade)), unless specifically noted as a separate charge, as well as First Affirmative's fee for discretionary investment advisory services. Fees on assets included in this program are charged as a percentage of assets under management, annualized, in arrears, on a monthly basis according to the schedule below. The Wrap Fee shown in the table below is collected from each client account by Orion Communities on First Affirmative's behalf.

	Tiers	Cumulative (For Internal Use)
On the first	\$50,000	1.450%
On the next	\$100,000	1.350%
On the next	\$100,000	1.200%
On the next	\$150,000	1.195%
On the next	\$100,000	1.125%
On the next	\$400,000	1.125%
On the next	\$100,000	1.100%
On the next	\$1,000,000	0.950%
One the next	\$1,000,000	0.850%
On the next	\$2,000,000	0.750%
On the next	\$5,000,000	0.550%
Above	\$10,000,000	0.450%

### Additional Expenses to Clients relating to Mutual Fund Holdings

Mutual funds have internal expenses, such as portfolio management, legal and accounting, printing, marketing, trading costs and other administrative expenses, including fees paid to custodians. Fund expenses are more fully disclosed in each mutual fund prospectus. They are accounted for and charged internally by the mutual funds and monies collected or retained are not shared with First Affirmative, any affiliate of First Affirmative or any Network Advisor.

Any mutual fund sale within a defined period of time per the mutual fund prospectus after the initial purchase will trigger a contingent deferred sales charge by the mutual fund company on each transaction. These charges vary among the mutual funds that are held in a client account.

Third-Party Model Managers (also referred to as portfolio managers) utilized by First Affirmative when advising clients on the Orion Communities platform are paid 0 to 10 basis points (bps) (i.e., 0% to 0.10%) out of the wrap fee. First Affirmative also receives 10 bps when its Proprietary Models are used by third-party RIAs in the course of providing fiduciary advice to their clients. Some of the models that are available to IARs for purposes of providing discretionary investment advice to clients on the Orion Communities Platform are Proprietary Models. When a Proprietary Model is used by an IAR, a client is not charged a separate basis point fee – the wrap fee includes the cost of all Proprietary Models.

There is no minimum size for accounts that are advised by First Affirmative on the Orion Communities platform and the Wrap fee is negotiable by clients through their Network Advisor.

The wrap fee may be more or less than the aggregate fee for services if they were offered separately. Some factors that may contribute to the relative cost differential include, but are not limited to, the brokerage and clearing costs, commissions based on trading frequency or commissions based on type of security (e.g., mutual fund, ETF or single stock) and the mutual fund share classes available.

## TD AMERITRADE INCIDENTAL FEES

In addition to the fees above, clients are still responsible for any incidental fees incurred at the client's request, such as wire transfer fees, etc., which are charged and disclosed by TD Ameritrade. All fees are subject to change and can be found at: [www.tdameritrade.com/pricing/brokerage-fees.page](http://www.tdameritrade.com/pricing/brokerage-fees.page).

### **Mutual Fund Company Payments to TD Ameritrade**

TD Ameritrade also may receive compensation from mutual fund companies for shares held in non-retirement accounts custodied with TD Ameritrade. Such compensation is not shared with First Affirmative. Mutual funds that compensate custodians such as TD Ameritrade may be more expensive for clients than other funds as a result of the compensation paid. First Affirmative will recommend lower cost institutional class shares (which do not pay compensation to TD Ameritrade) whenever possible.

### **Fees for Discretionary Assets not Held by Custodians Above**

Any private equity, private debt, or direct investment that is not custodied with one of First Affirmative's custodians listed above will be charged a fee of no more than 1.80%. Fees on assets included in this category are charged as a percentage of assets under management, annualized, in arrears, on a quarterly basis. Minimum investments for such offerings vary. Such assets are valued at least annually by an independent third party. First Affirmative does not verify asset values. The fee will be deducted from a linked taxable account on the Folio Institutional or Schwab Institutional platform. To the extent that First Affirmative agrees not to automatically deduct fees from a client's assets, the client will be invoiced directly for fees incurred.

### **Fees for Advisory Services to 401(k) Plans**

When providing discretionary investment advice to a retirement plans, First Affirmative will be compensated based on an annual percentage of plan assets for services involving ongoing reviews (see Item 13, "Review of Accounts").

### **Fees paid to Third-Party Model Managers and Independent Sub-Advisors**

In providing discretionary investment advice to clients, First Affirmative may use investment models developed by Third-Party Model Managers that are compensated based on the dollar value of assets "subscribed" to the model(s) used. These fees are calculated in the aggregate across all subscribed accounts and are paid from First Affirmative's discretionary investment management fees, consistent with the fee schedules above.

First Affirmative also may recommend independent Sub-Advisors to clients. Under such circumstances, any fee for such Sub-Advisor's services is included in the discretionary investment management fee paid by the client to First Affirmative, consistent with the fee schedules above.

### **Advisory Fees in General**

Clients should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees.

### **Reasonable Negotiated Custodian Fees and Cost**

Through special arrangements with Schwab and other select service providers, First Affirmative clients may receive low cost custodial and transaction services. Such fees, when viewed in aggregate with First Affirmative's advisory fee, may be more or less than any wrap fee that First Affirmative offers with respect to the wrap fee programs sponsored by First Affirmative.

## Fees for Non-Fiduciary Services

### Schwab Fee Schedule

	Tiers	First Affirmative Non-Fiduciary Fee	Schwab Custody and Clearing	Schwab Sub-Advisor Fees for Fixed Income	YourStake Impact Preferences Add-On for Direct Index Solutions
On the first	\$100,000	0.25%	NOTE	0.35%	0.05%
On the next	\$100,000	0.25%	NOTE	0.35%	0.05%
On the next	\$1,800,000	0.25%	NOTE	0.35%	0.05%
On the next	\$8,000,000	0.20%	NOTE	0.35%	0.05%
On the next	\$10,000,000	0.15%	NOTE	0.35%	0.05%
Above	\$20,000,000	0.15%	NOTE	0.35 %	0.05%

*Schwab does not charge for custody and clearing. There are costs associated with certain types of trades. See Page 12 for more details.*

The fees in the table above will be collected, as applicable, on assets under management, annualized, quarterly, in arrears, using the average daily balance methodology. Any fee to be charged by the Network Advisor will be billed separately and will not create a wrap fee participation or sponsorship relationship, as defined by Section 204-3(g)(4) of the Advisors Act of 1940.

### Folio Fee Schedule

	Tiers	First Affirmative Non-Fiduciary Fee	Folio Custody and Clearing	Folio Model Manager fees
On the first	\$100,000	0.25%	0.09%	0.35%
On the next	\$100,000	0.25%	0.09%	0.35%
On the next	\$1,800,000	0.25%	0.09%	0.35%
On the next	\$8,000,000	0.20%	0.09%	0.35%
On the next	\$10,000,000	0.15%	0.09%	0.35%
Above	\$20,000,000	0.15%	0.09%	0.35%

The fees in the table above will be collected, as applicable, on assets under management, annualized, quarterly, in arrears, using the average daily balance methodology. Any fee to be charged by the Network Advisor will be billed separately and will not create a wrap fee participation or sponsorship relationship, as defined by Section 204-3(g)(4) of the Advisors Act of 1940.

## Limited Negotiability of Advisory Fees

The fees above represent maximum fees charged for investment advisory services, YourStake Impact Preferences for VADIS accounts, as applicable, custody and clearing, and model managers and/or separate account managers, as applicable by First Affirmative. Our Network Advisors set their own fees which will be in addition to the fees above and those fees may be negotiable on a client-by-client basis. The annual fee schedule specific to the client and their account(s) will be provided to each client as part of the quarterly invoice and may be included with the Investment Advisory Services Agreement (IAS) signed by each client.

Clients with accounts where First Affirmative acts as sub-advisor will receive a notice upon account set-up confirming the fee schedule assigned to their accounts.

First Affirmative's investment management fees may be aggregated over the combined accounts the client establishes with First Affirmative under the same fee schedule and within the same management style or program for the purposes of achieving breakpoints and/or simplified fee collection. Accounts using First Affirmative's non-fiduciary services will not be aggregated with accounts using fiduciary investment management services. Discounts not generally available to all advisory clients may be offered to family members and friends of advisors, employees and other associated persons of our firm. First Affirmative may also discount fees for non-profit organizations.

*All fees and expenses will affect the performance of your account, which will fluctuate in value and will provide, upon redemption, either more or less than your original investment. Past performance is no guarantee of future results.*

### **Model Portfolio Management Fees**

Proprietary Models may be used as part of the Sustainable Investment Solutions process as well as made available to third-party RIAs directly or through a variety of third-party platforms. Where a Proprietary Model is used in the provision of investment advice by First Affirmative, the client pays only the advisory fee to First Affirmative, which includes a model manager fee. The portion of the advisory fee that is for the model manager is retained by First Affirmative. If First Affirmative makes the model available to a third party outside the context of providing discretionary investment advice directly to a client, First Affirmative's fees are negotiated with the third party and range from 10 to 40 basis points (0.10% to 0.40%) of assets that are subscribe to First Affirmative's model.

### **Retirement Plan Consulting Fees**

Compensation may take the form of an hourly fee or fixed fee. Alternatively, First Affirmative may charge a hybrid of fees to include a percentage of plan assets for services in addition to a fixed fee or hourly rate, depending on the services requested by the client. For standard hourly and fixed fee rates see the Financial Planning Fees section below.

### **Financial Planning Fees or other Consulting Services**

Fees for financial plans developed and delivered by IARs are determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

The financial planning fees charged by First Affirmative may be calculated and charged on an hourly basis, ranging from \$90 to \$295 per hour.

The financial planning fees charged by First Affirmative also may be charged on a fixed fee basis, ranging from \$250 to \$5,000, depending on the specific arrangement agreed to in advance with the client.

First Affirmative may request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will not exceed \$500 for work that will not be completed within six months.

Fees for financial plans developed and delivered by Network Advisors who are not IARs may have different pricing structures. Financial plans developed and delivered by Network Advisors who are not IARs are not supervised by First Affirmative and as such are not the responsibility of First Affirmative regardless of the source of the financial planning software.

## Fees Upon Termination of Services

With respect to the termination of investment advisory services, First Affirmative will create a final invoice that is pro-rated from the point of the last invoice to the date of the termination and will be collected from the client account, if First Affirmative still has authorization to do so. If not, First Affirmative will send the invoice to the client for direct payment. The custodian of the client's account(s) may charge a termination or transfer-out fee, which may change from time to time. This fee is determined by the custodian and the monies received are not shared with First Affirmative.

With respect to fees that are fixed (not a percentage of assets) and prepaid, First Affirmative will refund the entire fee if the client terminates the agreement within five business days. In addition, if a client decides to terminate the agreement prior to the completion of the engagement for financial planning a partial refund will be provided based upon the scope of the work already completed. For example, if the IAR has completed one quarter of the work required, three quarters of the fee will be refunded.

## Item 6: Performance-Based Fees

First Affirmative does not charge performance-based fees.

## Item 7: Types of Clients

First Affirmative provides discretionary investment advisory services to the following types of clients:

- › Individuals (including high net worth individuals)
- › Trusts, estates or charitable organizations
- › Nonprofit organizations and other non-governmental organizations, corporations or other businesses not listed above

New accounts are subject to the following asset minimums:

Managed Mutual Fund Accounts:	\$ 50,000
Multi-Manager Accounts:	\$ 50,000
Fixed Income Accounts:	\$250,000
VADIS Accounts (Schwab):	\$250,000
VADIS Accounts (Apex):	\$ 25,000
VADIS Accounts (Folio):	\$ 25,000

These minimums are negotiable on a case-by-case basis and are dependent on a variety of factors, including but not limited to other accounts in a client household. Minimum account requirements may vary between clients depending on the minimums applied at the time of the account opening. First Affirmative does not accept clients that are under any restriction as it relates to the USA Patriot Act or Bank Secrecy Act or comparable legislation.

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

### INVESTMENT PHILOSOPHY

First Affirmative follows an established investment management process consistent with standards of fiduciary care and with a long-term orientation.

First Affirmative's experience suggests that the financial planning and investment needs of most socially conscious investors can be met while providing competitive investment returns without a material increase in risk. For most clients, First Affirmative believes that a long-term, diversified approach is the most appropriate investment strategy. First Affirmative supports strategic asset allocation as well as more active portfolio management strategies. First Affirmative does not offer recommendations concerning direct ownership of commodities, futures, derivatives, or short selling but does offer tactical investment strategies appropriate for some investors. First Affirmative uses the following types of investment vehicles to achieve client goals and objectives, but not all such investment vehicles may be used for a client.

- American depository receipts (ADRs)
- Certificates of deposit
- Commercial paper
- Corporate bonds
- Exchange traded funds (ETFs)
- Exchange traded notes (ETNs)
- Government agency securities
- Individual stocks
- Municipal bonds
- Mutual funds
- Options on equities
- OTC securities
- Other exchange traded securities
- Private placements
- Real estate investment trusts (REITs)
- Warrants

## METHODS OF ANALYSIS

First Affirmative may use the following methods of analysis in formulating investment advice and/or managing client assets:

**Asset Allocation.** Rather than focusing primarily on securities selection, First Affirmative attempts to identify an appropriate ratio of equities and fixed income, and cash suitable to the client's investment goals and risk tolerance. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector if it is not included in their allocation. Another risk is that the ratio of equities and fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Charting.** In this type of technical analysis, charts of market and security activity are reviewed in an attempt to identify when the market is moving up or down, to predict how long the trend may will last, and when that trend might reverse. While this is a common method of analysis, there is always the risk that past performance is not representative of future results or that the assumptions made prove to be incorrect.

**Cyclical Analysis.** In this type of technical analysis, the movements of a particular stock against the overall market are analyzed in an attempt to predict the price movement of the security. There always is the risk that past performance is not representative or future results or that the assumptions made prove to be incorrect.

**Values-Aligned Direct Index Solution (VADIS).** VADIS attempts to replicate the performance of an index by purchasing the underlying individual equities instead of using an ETF or mutual fund in an investor's portfolio. First Affirmative's portfolio construction expertise and discretionary investment advisory services is implemented in combination with YourStake's Environmental, Social, and Governance (ESG) client assessment, data collection and organization, analytics, and reporting capabilities for investors who seek alignment of personal values and/or ESG factors into investment portfolios that attempt to replicate the performance of a chosen benchmark in our Values-Aligned Direct Index Solutions.

Our VADIS Portfolios are constructed on the Orion Astro platform using client-specific inputs provided by the investment advisor. These inputs include but are not limited to:

- Impact Preferences, which may include individual or lists of companies chosen by the client for exclusion or inclusion in the portfolio
- A desired benchmark, which may be a standard index or combination thereof
- Investment strategy constraints and client preferences, such as:
  - Maximum number of securities
  - Desired tracking error, security count, and security exposure
  - Turnover, and trade thresholds, size, and number
  - Existing legacy positions, specific-company inclusions/exclusions
  - Tax considerations

**ESG Integration.** Our approach to sustainable, responsible, and impact investing includes both quantitative and qualitative analysis. Our investment process integrates analysis of environmental, social, and corporate governance factors in portfolio design. Management of environment, social, and governance issues and impacts can have a material influence (either positive or negative) on company profitability, value, and share price. Risk is inherent in the fact that a poorly managed or financially unsound company or product may cause the investment to underperform regardless of its mission.

**Fundamental Analysis.** The intrinsic value of a security is analyzed by reviewing economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (suggesting it may be a good time to buy) or overpriced (suggesting it may be a good time to sell). Fundamental analysis does not attempt to anticipate market movements or changes in value. There is risk in the fact that the price of a security can move up or down along with the overall market, regardless of the economic and financial factors considered in evaluating the stock.

**Mutual Fund, Model, and/or ETF Due Diligence.** First Affirmative's Mutual Fund and Multi-Manager Model formation process incorporates the objectivity of quantitative analysis and the insights of fundamental research. This two-pronged approach begins with our proprietary SRI Mutual and Model Fund Scores, which encompass both financial and sustainability factors.

First Affirmative utilizes these Scores as the foundation for in-depth manager reviews. In one-on-one conversations, we assess individual managers to ensure their investments are aligned with our and our clients' personal values, social priorities, and mission. We do this by analyzing the firm, portfolio management and research teams, investment process, and ESG integration methodology, as well as proxy voting, corporate actions, and engagement.

Finally, we construct well-diversified portfolios designed to deliver risk-adjusted returns to enable investors to achieve their financial goals. We diversify – across asset classes, geographies, sectors, styles, and market capitalizations – to mitigate risk. Well-diversified and structurally sound, our values-aligned Sustainable Investment Solutions are constructed with the probability of enabling our clients to achieve their investment objectives. Fiduciary duty is at the heart of our investment philosophy.

**Qualitative Analysis.** This type of analysis describes the process of evaluating difficult to quantify factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement and predict changes to share price based on that data. A risk in using qualitative analysis is that our subjective judgment may prove to be incorrect.

**Quantitative Analysis.** Mathematical modeling is used in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share-price or earnings-per-share and predict changes to that data. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

**Technical Analysis.** Historical market movements are analyzed, and that analysis is applied to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. Risk is inherent in the fact that a poorly managed or financially unsound company may underperform regardless of market movement.

**Risks for all Forms of Analysis and Due Diligence.** First Affirmative's securities analysis methods rely on the assumption that the companies whose securities First Affirmative purchases and sells, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While First Affirmative is alert to indications that data may be incorrect, there is always a risk that analysis may be compromised by inaccurate or misleading information.

**Third-Party Model Manager and/or Sub-Advisor Due Diligence.** First Affirmative examines the experience, expertise, investment philosophies, and past performance of independent Third-Party Model Managers and/or Sub-Advisors in an attempt to determine if there has been demonstrated ability to invest over a period of time and in different economic conditions. First Affirmative monitors the Third-Party Model Manager's model holdings, strategies, concentrations and leverage as part of its overall periodic risk assessment. Additionally, as part of First Affirmative's due diligence process, it surveys a Third-Party Model Manager's or Sub-Advisor's compliance and business enterprise risks.



A risk of investing using Third-Party Model Manager and/or Sub-Advisors who have been successful in the past is that they may not be able to replicate that success in the future. In addition, as First Affirmative does not control the underlying investments in a Third-Party Model Manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for clients. Moreover, as First Affirmative does not control the manager's daily business and compliance operations, First Affirmative may be unaware of the lack of internal controls necessary to prevent business, regulatory, or reputational deficiencies.

## INVESTMENT STRATEGIES

First Affirmative uses the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Illiquid Securities.** First Affirmative may, from time to time, assist clients with analyzing investments in securities in the areas of unlisted and/or unregistered debt or equity (commonly referred to as "private placements"), which may have no current or anticipated liquidity. First Affirmative will provide investment advice only on such securities that have passed through and been approved by its due diligence and investment approval processes. When analyzing investments in securities of this type First Affirmative will use the following analysis: fundamental, qualitative, quantitative and risk.

**Long-Term Purchases.** First Affirmative purchases securities with the intention of holding them in the client's account for a year or longer. Typically, this strategy is employed when:

- First Affirmative believes the securities to be currently undervalued, and/or
- First Affirmative wants exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, First Affirmative may not take advantage of short-term gains that could be profitable to a client. Moreover, if First Affirmative's predictions are incorrect, a security may decline sharply in value before the decision is made to sell.

**Short-Term Purchases.** When utilizing this strategy, First Affirmative purchases securities with the idea of selling them within a relatively short time (typically a year or less). First Affirmative does this in an attempt to take advantage of conditions that it believes will soon result in a price swing in the securities purchased.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; First Affirmative is then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy and could result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

## RISK OF LOSS

Investing involves risk, including loss of principal. Each client of First Affirmative must be prepared to bear the risk of loss with respect to each account established.

## Item 9: Disciplinary Information

First Affirmative is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of its advisory business or the integrity of its management. First Affirmative and its management personnel and IARs have no disciplinary events to disclose.

## Item 10: Other Financial Industry Activities and Affiliations

**Folio Investments (also known as Folio Institutional).** As noted above in Item 4, Folio Institutional is the custodian of some First Affirmative client assets and participates in a wrap fee program sponsored by First Affirmative. For additional information about Folio Institutional and the wrap fee program sponsored by First Affirmative, please see the Wrap Fee Brochure.

Folio Investments may engage in limited trading for its own account for, among other things, the purpose of testing the performance of various securities portfolios, demonstrating its technology platform to potential clients and business partners, correcting errors, facilitating customer trading in fractional, round lot, and odd lot shares of securities, and managing its inventory of positions acquired through these activities. Due to the activities described above, Folio Institutional may have a de minimis proprietary position in the same or similar securities that First Affirmative recommends to clients – generally less than 100 shares of any particular security.

When Folio Institutional routes orders for execution, it receives payment for order flow, a standard industry practice where brokerage firms receive a small per-share rebate when an order is executed or a share of the market makers' or market centers' revenue for processing customer orders. In addition, Folio Institutional may also receive compensation that is not directly related to specific per-share amounts from market centers but is based instead on the overall quantity and/or type of order flow presented to the market center. Such payment arrangements are applicable to orders received by Folio Institutional from its direct customers, unaffiliated RIA clients, and First Affirmative. Folio Institutional does not share such compensation with First Affirmative or any other party. Folio Institutional monitors execution quality to identify orders that are not executed at prices equal to or better than the displayed applicable national best bid/offer price.

Folio Institutional provides to First Affirmative the same or similar products, services and support, such as custody and execution, that it provides to other advisors using its services. Except as described in Section 5 (Fees for Assets Custodied with Folio Institutional – Transaction Based Pricing), no transaction-based fees are paid to Folio Institutional by First Affirmative or its clients relating to securities transactions or custody. First Affirmative compensates Folio Institutional for securities transactions and custody of client assets through payment of asset-based fees.

First Affirmative may select Custodian BDs to provide brokerage services to client accounts. Conflicts may arise in the course of First Affirmative's selection of Custodian BDs. First Affirmative recommends BDs and places orders for the execution of transactions for its clients according to its best execution policies and procedures and consistent with the client's investment objectives.

In selecting a BD as a custodian, First Affirmative may take into account a range of factors it deems relevant, including, but not limited to cost of services; timing and speed of execution; responsiveness; creditworthiness and financial stability; likelihood of, and capabilities in, execution, clearance and settlement; liquidity in or with an execution venue; and other appropriate factors. After this analysis has been performed, a recommendation is made as to the custodian for the client account. The client has sole discretion as to any First Affirmative approved custodian for a Managed Mutual Fund Account, regardless of First Affirmative's recommendation. However, certain advisory service programs offered by First Affirmative may only be available through a single custodian.

First Affirmative receives the same compensation for all of the investment options it offers. There is no conflict of interest with respect to First Affirmative's recommendations of any of its investment choices. The cost to the client will vary based upon the custodian for the Managed Mutual Fund accounts. If the account is opened at Folio Institutional First Affirmative will collect, and pay to Folio Investments, another 9 bps for custody and clearing. If the account is opened at Schwab Institutional there is a \$15 per transaction commission on buys and sells of institutional class shares. This commission is not shared with First Affirmative.

## **OUTSIDE BUSINESS ACTIVITIES OF MANAGEMENT PERSONNEL AND IARS**

First Affirmative's Management Personnel do not have Outside Business Activities that are material to their roles within First Affirmative.

Several First Affirmative IARs are licensed as insurance agents or as tax preparers. First Affirmative does not supervise these outside business activities, nor does it share in any of the revenues from these activities.

## **SELLING AGREEMENT, SOLICITORS AGREEMENT, SUB-ADVISOR AGREEMENTS AND CUSTODIAL RELATIONSHIPS WITH FIRST AFFIRMATIVE**

There are no referral arrangements between our firm and any RIA firm wherein an individual is an owner, member, officer or employee of our firm and is also an owner, member, officer or employee of another firm. This includes any other RIA disclosed as required in Section 7.A. on Schedule D of Form ADV, Part I. (Part I of our Form ADV is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) where you can search by using CRD number 109036). No First Affirmative client is obligated to use the advisory services of any other RIA, as no other RIA advisory client is obligated to use First Affirmative's advisory services.

## **MANAGING OTHER POTENTIAL CONFLICTS**

### **Insider Trading**

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security or securities which may also be recommended to a client. First Affirmative has established written policies and procedures for insider trading that prohibit any owner, member, officer or employee of our firm, from buying, selling or recommending securities where the decision is substantially derived, in whole or in part, from non-public information, information about other First Affirmative Clients or made based on the potential personal gain of the owner, member, officer or employee.

### **Compensation Conflicts**

**Fees Paid to Network Advisors by First Affirmative relating to Discretionary Investment Management.** A portion of the fees collected by First Affirmative are shared with Network Advisors and Solicitors to compensate them for their services.

If the Network Advisor is an IAR, First Affirmative compensates the IAR directly, with the exception of any compensation he or she may earn on the provision of tax preparation services and life insurance sales.

If the Network Advisor is associated with a third-party RIA firm with a selling or solicitor's agreement, a third-party RIA firm with a sub-advisor's agreement, or a third-party BD with a solicitor's agreement, with First Affirmative, First Affirmative collects the applicable fee from the client assets and the Network Advisor share of the fee is paid to the BD or RIA firm, which in turn pays a substantial portion of the fee to the Network Advisor. The BD or RIA firm typically retains a small portion of the Network Advisor share to compensate itself for administration and other overhead.

**Costs and Compensation for Rollover Recommendations.** Rollover recommendations have associated fees payable to First Affirmative and their Network Advisor. These fees might be more or less than the fees or commissions charged to the Client by the Plan, other Consultants, or Brokers, as applicable. This creates a conflict of interest. The Network Advisor making the recommendation provides full disclosure of the associated costs and their compensation so a Client can make an informed decision before accepting the recommendation. This disclosure attempts to mitigate the conflict of interest.

**Other Compensation Paid to IARs.** In addition to receiving a portion of the fee for discretionary investment management, IARs receive a portion of any fees charged for financial planning, hourly consultation or other services provided under nondiscretionary investment management agreements.

One IAR is a member of First Affirmative senior management and the Investment Committee. In his role, he provides investment advisory services to individual clients, while also working on developing Proprietary Models. Proprietary Models developed by this IAR are subject to the same selection and review process as other Third-Party Models and other Proprietary Models. Further, he does not receive compensation relating to his development of Proprietary Models.

**Other Compensation Earned by Third-Party BD and RIA Network Advisors.** Third-party firms compensate their advisors for providing other products or services to clients, neither First Affirmative nor any Network Advisor receives any transactions-related or variable compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds relating to any product or service offered by or on behalf of First Affirmative.

First Affirmative takes the following steps to address compensation conflicts:

- Collects, maintains and documents accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- The firm's management conducts regular reviews of client accounts to verify that all recommendations made to a client are in the client's best interests;
- Requires that employees seek prior approval of any outside employment activity so that First Affirmative may ensure that any conflicts of interests in such activities are properly addressed;
- Periodically monitors these outside employment activities to verify that any conflicts of interest continue to be properly addressed;
- Educates employees regarding the responsibilities of a fiduciary, including the need to have a reasonable and independent basis for investment advice provided to clients; and
- Requires all IARs to acquire and maintain the Accredited Investment Fiduciary (AIF), or comparable professional designation to provide initial and ongoing training in the duties of investment fiduciaries.

**Other Compensation for use of Proprietary Models.** First Affirmative recommends multi-manager models that are proprietary. First Affirmative retains the portion of the revenues that is allocated for compensation to model managers. First Affirmative's models are reviewed against similar non-proprietary models and are included only if the model is suitable for the client portfolio

Clients should be aware that conflicts of interest surrounding compensation, may impair the objectivity of First Affirmative and its owners, members, officers, or employees when making advisory recommendations or when providing non-discretionary investment management services. This includes a recommendation to rollover retirement assets to an account managed by the advisor. The Department of Labor's Rule 3.0, known as the Fiduciary Rule, requires investment fiduciaries to review the costs associated with rolling over ERISA plan assets to another retirement vehicle. A conflict of interest occurs if the advisor will earn a new fee or increase its current compensation as a result of the rollover. There also is the possibility of conflicts of interest between clients and any Network Advisor if the service is provided for variable compensation. First Affirmative offers fee-based compensation which tends to reduce or change the possibility of conflicts of interest but cannot eliminate them entirely. While it is First Affirmative's intent to always offer advice that is in the best interest of the client, it is the client's responsibility to evaluate that advice and determine if it is appropriate before taking action. No client is obligated to accept any recommendation, including recommendations regarding rollovers, and all clients are free to implement any recommendation with the broker, planner, or advisor of their choice.

If an advisor uses First Affirmative's non-fiduciary services the fees for administration and, if applicable, model management, are disclosed above.

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

First Affirmative has adopted a code of ethics (the Code) which sets forth high ethical standards of business conduct that are required of employees and IARs, including compliance with applicable federal securities laws.

First Affirmative has adopted the Code for the purpose of instructing and guiding its personnel in their ethical and fiduciary obligations to clients. The Code also provides rules and requirements regarding the personal securities trading practices of First Affirmative's IARs and staff. First Affirmative, its personnel, and its IARs owe a duty of loyalty, fairness, and good faith toward all clients and are obligated to adhere not only to the specific provisions of the Code but to the general principles embodied in the Code. The Code is designed to ensure that the personal securities transactions, activities and interests of First Affirmative employees will not interfere with making decisions in the best interest of advisory clients and implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

The Code covers a range of topics that include the following: general ethical principles, reporting of personal securities trading, exceptions to reporting securities transactions, reportable securities, initial public offerings, and amendments to Form ADV and supervisory procedures.

A copy of the Code is available to investment advisory clients and prospective clients. You may request a copy by email sent to our Chief Compliance Officer, Kathy Lewis at [kathylewis@firstaffirmative.com](mailto:kathylewis@firstaffirmative.com), or by calling 719-478-7053.

## Item 12: Brokerage Practices

### FACTORS CONSIDERED WHEN RECOMMENDING A BD CUSTODIAN

For clients in need of brokerage or custodial services, and depending on client circumstances and needs, First Affirmative may recommend the use of one of several brokers (including, but not limited to Schwab, Apex Clearing, Folio Institutional, and TD Ameritrade). Although First Affirmative requires that clients establish accounts at one of these brokerage firms, it is the client's decision whether or not to have accounts under management or accounts sub-advised by First Affirmative, and thus, custodied by one of the recommended custodians. First Affirmative's recommendation of one of these brokerage firms is not contingent upon the firm committing to any specific amount of business (assets in custody or trading commissions).

First Affirmative's clients or RIA firms retaining First Affirmative to act as a sub-advisor must evaluate these custodial broker-dealers before opening an account. The factors First Affirmative considers when making these recommendations are the BD's ability to provide professional services, First Affirmative's own experience with the firm, the BD's reputation, their quality of execution services, their ability to trade fractional shares, as applicable, and costs of such services, among other factors.

First Affirmative uses the Astro module on the Orion Advisor Technology (OAT) platform. First Affirmative receives a soft dollar benefit when Values-Aligned Direct Index Solutions (VADIS) client accounts are opened on the Apex Clearing custodial platform. Soft dollars are defined by the SEC as "arrangements under which products or services other than execution of securities transactions are obtained by an adviser from or through a broker-dealer in exchange for the direction by the adviser of client brokerage transactions to the broker-dealer." Apex pays OAT for each account opened on their platform. This fee offsets the annual fee First Affirmative pays for these portfolios. We do not receive a similar benefit from any of our other approved custodians. First Affirmative uses the Astro platform for all client accounts not just those on the Apex Clearing custodial platform.

First Affirmative receives a variety of services from OAT including Astro which allows us to design, implement, and reoptimize VADIS portfolios.

Based on the payment from Apex to OAT First Affirmative may have an incentive to recommend Apex. The client is encouraged to analyze the different custodial platforms in order to make an informed decision regarding which custodian to use for their accounts. For example, when analyzing which custodian to use for a VADIS account a client should consider, among other factors:

- Management fees charged by First Affirmative for their portfolio management services and the additional cost of the required use of the YourStake Impact Preferences are the same regardless of custodian.
- Accounts over \$250,000 can be managed on all custodial platforms.
- Accounts under \$250,000 have an increased tracking error if they invest in whole shares only and do not use a custodian with the ability to trade fractional shares.
- Apex offers the ability to trade fractional shares.
- Folio offers the ability to trade fractional shares.
- Accounts under \$80,000 pay a higher fee than the fee charged by Folio at the same asset level.
- At Folio the custody and clearing fees are flat meaning that regardless of the size of the account the fee remains the same.
- At Apex the fees are tiered meaning that at several break points the fees charged for custody and clearing go down as the account value increases.

## **Brokerage for Client Referrals**

First Affirmative does not have referral arrangement with any of its custodian BDs.

## **Directed Brokerage**

First Affirmative accepts investment management accounts only when a client authorizes discretionary trading authority to First Affirmative. Clients do not conduct brokerage transactions themselves, but rather only through communications with Network Advisors. However, certain programs offered by First Affirmative are only offered through a single BD custodian and in choosing that program the client is agreeing and instructing us to send their orders for execution to that BD custodian. In such situations, clients do not have the ability to direct First Affirmative to execute transactions through a specified BD other than the BD custodian.

## **Aggregation of Client Securities Transactions**

Our firm does not aggregate purchase and sale orders from various client accounts. However, orders can be aggregated by the Custodian. Such orders, if combined or “batched,” to obtain better execution, to negotiate more favorable commission rates, if applicable, or to allocate executions equitably, could provide clients with better prices or transaction costs than if the trades were placed independently. Neither First Affirmative, nor any Custodian, is obligated to combine or batch any such orders. If orders are sent to Folio Institutional for execution as part of its patented “Window Trade” process, instead of being executed immediately, the order will be aggregated with other orders received by Folio Institutional for execution in one of its Trading Windows, which occur generally around 11 a.m. ET and 2 p.m. ET. In the Window Trade process, for each Window, Folio Institutional aggregates orders designated for the next trading Window based on the ticker symbol of each security and whether it is a buy or sell order. An aggregated order may include any combination of orders from your accounts and other customer accounts. Folio Institutional generally routes aggregated orders to a market maker for execution or to a mutual fund company for fulfillment. All Folio Institutional customers receive the same execution price for any given Window trade. Additional information on the Window Trading process can be found at Folio’s website: [www.folioinvesting.com](http://www.folioinvesting.com).

Orders may be aggregated by a third-party separate account manager executing transactions at Schwab for accounts custodied at Schwab.

# **Item 13: Review of Accounts**

## **REPORTS TO CLIENTS**

Clients receive account statements at least quarterly detailing deposits, withdrawals, purchases, sales, dividends, interest, fees deducted from the account and any other activity, from the custodian of the account. Clients may also receive trade confirmations of every trade executed in their account(s), which should be saved for tax purposes.

First Affirmative or its service providers also will make available quarterly performance reports to all clients. Depending on the custodian and/or the service provider, such performance reports may be made available for an annual fee, which is not included in the discretionary investment management fees described in Item 5 above.

Most clients have access to their accounts via the internet, but First Affirmative also provides quarterly reports and 24/7 access to clients through a Client Portal via the Orion Advisor Tech platform. These reports may include a performance comparison utilizing historical data and may propose an alternative optimal portfolio design. First Affirmative can also provide reports on the social and ethical issues associated with a portfolio of specific common stocks.

## Client Account Reviews

**Network Advisors and Solicitors.** Each Network Advisor has the ability to view all positions and activities in his/her client account(s) via the internet, and each Network Advisor has access to all reports provided to their client(s) through the Advisor Portal via the Orion Advisor Tech platform. Network Advisors are expected to review activity in client accounts on a quarterly basis, to periodically discuss the account with the client, and to ensure the suitability of the investment services provided based on each client's specific situation.

Network Advisors need to specifically monitor client accounts for which they are using non-fiduciary services. The sole fiduciary duty to the client rests with the Network Advisor and their supervising BD or RIA firm, if applicable.

First Affirmative will include the Orion Advisor Tech platform in its services to advisors using non-fiduciary services., Information on non-fiduciary accounts will be available for maintenance by First Affirmative and review by the Fiduciary Advisor.

**Supervising BD or RIA Firms.** Each third-party BD and/or RIA with which First Affirmative maintains a selling or solicitor's agreement also is responsible for developing its own, independent procedures to review client accounts and supervise the activities of its representatives.

**Sub-Advisors.** Third-Party Model Managers who are responsible for managing portions of First Affirmative client accounts are also responsible for ongoing review and supervision of transactions in the client accounts they manage.

**Company Management.** First Affirmative's senior management, including members of the Investment Committee, conduct both periodic reviews and various systematic samplings of accounts to supervise and ensure compliance with investment policy. First Affirmative also monitors the performance of the AffirmativeESG portfolio construct tool.

## Item 14: Client Referrals and Other Compensation

### OTHER COMPENSATION

It is First Affirmative's policy not to accept or allow its related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services it provides to our clients.

### CLIENT REFERRALS

First Affirmative may pay referral fees to firms ("Solicitors") for introducing clients. These fees are asset-based. When the solicitor is associated with a third-party BD or RIA they are paid over the life of the relationship. Whenever First Affirmative pays a referral fee, it requires the Solicitor to provide the prospective client with a copy of this document, the wrap fee document if applicable, an Investment Advisory Services Agreement (IAS), and a separate disclosure statement that includes the following information:

- The Solicitor's name and relationship with First Affirmative;
- The fact that the Solicitor is being paid a referral fee;
- The amount of the fee; and
- As a matter of firm policy, a client working with a Solicitor will not be charged more than any other client.



## Item 15: Custody

Client funds and securities are held by one of the BD custodians identified in Item 12, for safekeeping. Clients will receive account statements directly from their custodian and should carefully review those statements. In addition, First Affirmative provides access to performance reports on a quarterly basis as well as continual access to their account and the ability to run their own reports through the Orion Advisor Tech platform. First Affirmative urges clients to carefully compare the information provided on these reports to ensure that all account transactions, holdings and values are correct and current.

Additionally, First Affirmative is deemed to have “custody” of client assets, as that term is defined under the Investment Advisers Act of 1940, as amended, (Act) for accounts held at Schwab for which First Affirmative has been granted the limited power to initiate distribution instructions via a signed standing letter of authorization (SLOA). All firms that are deemed to have custody because of SLOAs, must undergo an annual surprise audit by a third-party audit firm unless the custodian of the client funds and securities meets seven requirements set by the SEC. Schwab meets those requirements and, therefore, First Affirmative is not required to have a surprise annual audit.

## Item 16: Investment Discretion

Clients may hire First Affirmative to provide discretionary investment management services, in which case First Affirmative places trades in a client’s account without contacting the client prior to each trade to obtain the client’s permission. First Affirmative’s discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell
- Determine when to add or replace a Third-Party Model Manager and/or Sub-Advisor

Clients give First Affirmative discretionary authority when they sign an Investment Advisory Services Agreement. First Affirmative’s ability to manage client accounts is dependent upon having the above discretionary authority granted by the client. The client can place reasonable restrictions on certain securities but cannot limit First Affirmative’s ability to act upon the instructions given to the firm in the Investment Policy Statement (IPS). Clients of firms using First Affirmative as a sub-advisor will grant discretion to First Affirmative on the paperwork required by the custodian(s). However, clients must expressly authorize advisors, in writing, to place trades for them for illiquid securities on the VIA Folio platform.

Client accounts under First Affirmative’s non-fiduciary services do not give First Affirmative discretion over their accounts. First Affirmative’s authorizations on non-fiduciary client accounts are limited to access to client accounts for viewing and billing and non-discretionary trading.

## Item 17: Voting Client Securities

### PROXY VOTING

Owners of company stock and mutual fund shares have a right to be heard on matters put before shareholders for a vote. Shareholder voting is the primary means by which shareholders can influence a company or mutual fund's operations, its corporate governance, and other activities that may fall outside of financial considerations.

You have provided First Affirmative discretion in managing your accounts, we will vote your proxies consistent with our Proxy Voting Guidelines, except in the circumstances described below or if you instruct us that you do not wish for First Affirmative to vote your proxies.

You are provided a copy of First Affirmative's Proxy Voting Guidelines at the time you open your account with us and annually thereafter. These guidelines also are available on our website at all times and upon request as described below. We believe one of the reasons you have chosen First Affirmative to provide you advisory services is our commitment to socially responsible investing, which includes voting proxies consistent with this philosophy, as it is reflected in our Proxy Voting Guidelines. Therefore, you must notify us in writing and instruct us how you would like us to vote your proxies, if you do not want them voted as described in the Proxy Voting Guidelines.

To assist with proxy voting, First Affirmative has an arrangement with an independent governance analysis and proxy voting firm to provide research to First Affirmative and to vote proxies based on First Affirmative's Proxy Voting Guidelines. The independent third-party firm will vote all holdings in which First Affirmative clients have a material interest, defined as all shares held at Schwab, Folio Institutional, TD Ameritrade, and Apex Clearing. First Affirmative does not vote proxies at any other custodians.

As described above, voting of client proxies is based upon social responsibility concerns, as well as financial considerations, as reflected in the Proxy Voting Guidelines which are updated at least annually. The independent third-party proxy voting service discloses to First Affirmative, at least annually, potential conflicts of interest between their research/proxy voting services and their corporate governance consulting services and their procedures for limiting such conflicts.

Clients should be aware that they are under no obligation to assign proxy voting duties to First Affirmative. Clients may choose from proxy voting options that are offered by their custodian. For example, accounts held at Folio Institutional offer a client the right at any time, even if proxy voting has been delegated to First Affirmative, to vote any individual proxy themselves and override any vote that may be cast by the proxy voting service hired by First Affirmative. This is not possible at Schwab. In that case the client must withdraw the authorization for First Affirmative to vote proxies in order to avoid voting in accordance with the First Affirmative guidelines.

If the client does not authorize First Affirmative to vote their proxies according to our Proxy Voting Guidelines at Schwab Institutional, they should not check the box on the account application authorizing such votes. If the client does not authorize First Affirmative to vote their proxies at Folio Institutional, they must vote their own proxies by logging into their Folio Institutional account. Any proxies voted by First Affirmative can be overridden by the client. When First Affirmative acts as a sub-advisor at TD Ameritrade clients can authorize First Affirmative to vote their proxies. The sub-advisor, the advisor, or the client must be the assignee on the record date in order to vote proxies. If the client does not authorize First Affirmative to vote their proxies at Apex Clearing, they must vote their own proxies which they will receive via US Mail.

Clients may obtain a copy of First Affirmative's Proxy Voting Guidelines by visiting the First Affirmative website ([www.firstaffirmative.com](http://www.firstaffirmative.com)), sending an email to [service@firstaffirmative.com](mailto:service@firstaffirmative.com) or [proxyvoting@firstaffirmative.com](mailto:proxyvoting@firstaffirmative.com), or by sending a request in writing to the address listed on the cover page of this document. Clients may request information on how proxies for his/her shares were voted and First Affirmative will promptly provide such information to the client.

With respect to ERISA accounts, First Affirmative will vote proxies if granted that authority unless the plan documents specifically reserve the plan sponsor's right to vote proxies. To direct First Affirmative to vote a proxy in a particular manner, clients should send an email to [proxyvoting@firstaffirmative.com](mailto:proxyvoting@firstaffirmative.com).

First Affirmative does not vote proxies for the following types of accounts:

- Accounts held in custody by Schwab that have not granted First Affirmative authority to vote proxies;
- ERISA accounts that specifically require the plan sponsor to vote the proxies; and,
- Accounts that participate in the Orion Wrap Fee Program.

In situations where First Affirmative does not vote proxies, proxy documents are delivered via U.S. Mail for Schwab accounts, and are accessible by logging into the Folio Institutional website for advised clients, [www.folioclient.com](http://www.folioclient.com). Clients may choose from proxy voting options that are offered by TD Ameritrade and Apex Clearing.

Upon request, First Affirmative and its IARs may provide information about proxy issues to clients who have chosen to vote their own proxies.

Clients can instruct First Affirmative to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). These requests must be made in writing. Clients can also instruct First Affirmative on how to cast their vote in a particular proxy contest by sending an email to [proxyvoting@firstaffirmative.com](mailto:proxyvoting@firstaffirmative.com).

There is a remote possibility that First Affirmative employees or IARs have a relationship with a public corporation which may put their interests at odds with those of clients in the Proxy Voting process. These personnel are required to disclose to the Chief Compliance Officer any such relationships and are required to recuse themselves from participated in votes related to such companies.

Clients of advisors using our non-fiduciary services can opt-in to our proxy voting services by requesting such on the authorization form allowing access to First Affirmative.

## Item 18: Financial Information

Under no circumstances does First Affirmative require or solicit payment of fees in excess of \$500 per client more than six months in advance of services rendered. Therefore, First Affirmative is not required to include a financial statement in this disclosure document.

As an advisory firm that maintains discretionary authority for client accounts and maintains custody of client assets held for clients at Schwab, TD Ameritrade, and Apex Clearing, granting First Affirmative authorization under a SLOA, First Affirmative is also required to disclose any financial condition that is reasonably likely to impair its ability to meet its contractual obligations. First Affirmative has no additional financial circumstances to report.

First Affirmative's financial statements are audited each calendar year by a qualified, independent CPA firm.

First Affirmative has never been the subject of a bankruptcy petition.