



## **Classic Asset Management, LLC d/b/a Financial Strategies Group**

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**FORM ADV  
PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Classic Asset Management, LLC. If you have any questions about the contents of this brochure, contact us at (701) 234-0103. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Classic Asset Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Classic Asset Management, LLC is 122030.

Classic Asset Management, LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment, dated February 18, 2025 we have made the following material changes to our Form ADV:

- Associated Persons of our Company are no longer registered with Aurora Securities as registered representatives or Secure Asset Management LLC as investment adviser representatives.
- Certain Associated Persons of the Company are registered representatives of Purshe Kaplan Sterling Investments a registered broker-dealer.
- **OneAscent Financial Services, LLC** We maintain a business relationship with OneAscent Financial Services, LLC ("OAFS"), a service platform for investment adviser representatives and registered investment advisers. OAFS is an investment adviser registered with the United States Securities and Exchange Commission. OAFS provides operations, compliance, trading, technology, and other related services. Clients should be aware that this business relationship is a conflict of interest. We pay a platform fee to OAFS for services rendered, and the platform.
- Our assets under management fee schedule has changed from a tiered schedule to a fee ranging from 0.50% to 2.00%. In addition we will adjust fees for deposits or withdrawals of \$25,000 or more that are made during the quarter. We also offer a flat fee that ranges between \$1,000 and \$100,000 per year.

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## Item 4 Advisory Business

Classic Asset Management, LLC d/b/a Financial Strategies Group is a registered investment adviser primarily based in Fargo, ND. Our firm is organized as a limited liability company under the laws of the State of North Dakota. We have been providing investment advisory services since 2006. Our firm is 100% owned by Classic Holdings, LLC. The owners of Classic Holdings, LLC are: Michael Victor Young and Craig Alan Rottman, Managing Members; and Douglas Gene Schmitz, Member

Our advisory services include: discretionary, and occasionally non-discretionary, portfolio management services on a continuous basis, financial planning, recommendation of independent advisers, and retirement plan consulting services. The following paragraphs describe our services and fees. Refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs.

As used in this brochure, the words "we", "our" and "us" refer to Classic Asset Management, LLC and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this Brochure. As used in this Brochure, our associated persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

### **Portfolio Management Services**

We provide discretionary, and occasionally non-discretionary, portfolio management services on a continuous basis. The investment advice provided will vary from client to client based upon your individual desires, financial circumstances, objectives and other preferences. Such advice will typically involve providing a variety of services, including an initial evaluation, custodial service recommendations, asset allocation recommendations, monitoring of the investments in the account, purchases and sales of investments (if a discretionary account) and may include investment buy/sell recommendations (if a non-discretionary account). Recommendations and investment selections for your account are based upon an analysis of your individualized needs, goals and objectives.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account.

As part of our portfolio management services, we may invest your assets according to one or more model portfolios developed by our firm. These models are designed for investors with varying degrees of risk tolerance ranging from a more aggressive investment strategy to a more conservative investment approach. Clients whose assets are invested in model portfolios may not set restrictions on the specific holdings or allocations within the model, nor the types of securities that can be purchased in the model. Nonetheless, clients may impose restrictions on investing in certain securities or types of securities in their account. In such cases, this may prevent a client from investing in certain models that are managed by our firm.

## **Financial Planning Services**

We provide broad-based and structured financial planning services. Financial planning will typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. The process typically begins with a complimentary introduction meeting during which the various services we provide are explained. During or after the initial meeting, if you decide to engage us for financial planning services, we will collect pertinent information about your personal and financial circumstances and objectives. Dependent upon the scope of the services to be performed by our firm, the preparation of each plan involves fact gathering, compiling, and analyzing of your present and anticipated assets and liabilities, including insurance, savings, investments and anticipated retirement or other employee benefits. Once we have reviewed and analyzed your information, we will deliver a written financial plan to you designed to help you achieve your stated financial goals and objectives.

We also provide targeted advice that focuses on a single aspect of the management of your financial resources. Under these arrangements, we offer financial plans in a modular format and/or general consulting services that address only those specific areas of interest or concern.

The financial planning process will involve the collection, organization and assessment by one of our associated persons of your relevant data as well as identification of your financial concerns, goals and objectives. The primary objective of this process is to allow our firm through our Associated Person to assist you in developing a strategy for the successful management of income, assets and liabilities in meeting your financial goals and objectives. The written financial plan that is developed, whether broad based or modular, usually includes general recommendations for specific actions to be taken by you as part of the implementation of the plan. For example, we may recommend that you obtain insurance or revise existing coverage, establish an individual retirement account, increase or decrease funds in savings accounts or invest funds in securities. Our Associate Person may also develop general tax or estate plans for you or refer you to an accountant or attorney for their services. Neither our firm nor our Associate Persons provide specific accounting or legal advice.

Financial plans are based on your financial situation at the time we present the plan to you, and on financial information you provide to our firm. Past performance is in no way an indication of future performance. We cannot offer any guarantees or promises that your financial goals and objectives will be met. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

## **Retirement Plan Advisory Services**

We have entered into agreements with various Third Party Advisers for the provision of retirement plan advisory services. Under this program, we may enter into agreements with employers that provide qualified retirement plans ("Plan") for the purpose of providing various advisory services.

## **IRA Rollover Recommendations**

For purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you. When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that

requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

### **Types of Investments**

We primarily offer advice on Mutual Funds, and ETFs. Refer to the *Methods of Analysis, Investment Strategies and Risk of Loss* below for additional disclosures on this topic. We may also provide advice on any type of investment held in your portfolio, e.g. equity securities, at the inception of our advisory relationship. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

Since our investment strategies and advice are based on each client's specific financial situation, the investment advice we provide to you may be different or conflicting with the advice we give to other clients regarding the same security or investment.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

### **Assets Under Management**

As of January 17, 2025, we provide continuous management services for \$168,024,000 in client assets on a discretionary basis, and \$1,796,000 in client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **Portfolio Management Services**

Generally, fees vary from 0.50% to 2.00% per annum of the market value of a client's assets managed by Financial Strategies. Fees are negotiable, and may be higher or lower than this range, based on the nature of the account. Factors affecting fee percentages include the size of the account, complexity of asset structures, and other factors.

Investment advisory fees will generally be debited directly from each client's account. The advisory fee is paid on a quarterly basis, in advance, with adjustments made for deposits and withdrawals greater than \$25,000 intra-quarter. Fees are calculated by multiplying the overall asset value, as of the last day of the prior quarter, or the account (or overall household, if applicable) by the annual fee rate, and then dividing the result by 4. Thereafter, adjustments are made to pro-rate fees for any deposits or withdrawals greater than \$25,000 made during the prior quarter. Once the calculation is made, we will

instruct your account custodian to deduct the fee from your account and remit it to the firm.

For clients who elect to be billed on a flat fee basis, fees are payable on a quarterly basis, in advance, and no adjustments are made for deposits and withdrawals made intra-quarter. Flat fees will be between \$1,000 and \$100,000 per annum. The fee ranges stated are a guide. The annual flat fee will be renewed upon the anniversary of the execution of the contract each year, and fees for renewal services will be agreed upon by the parties at the time of renewal. Once the fee calculation is made each quarter, we will instruct your account custodian to deduct the fee from your account and remit it to the firm.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. The client will also receive a statement from their account custodian showing all transactions in the account, including the fee. It is the responsibility of the client to verify the accuracy of all fee calculations. The client may terminate the investment advisory agreement by notifying us in writing at its principal place of business.

The advisory agreement may be modified at mutually agreed upon in writing. The agreement is terminable by you at any time. The agreement is not assignable by us without the advance written consent of the client.

However, fees are negotiable and arrangements with any particular client may differ from those described above.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

The assets in your account will be held in custody at, and securities will be purchased or sold either through, Charles Schwab & Co., Inc. ("Schwab"), member FINRA/SIPC, or Axos Advisor Services. You should be aware that there may be transaction charges involved with purchasing or selling securities which are not covered by our advisory fee. We do not share in any portion of the brokerage fees/transaction charges imposed by Schwab, Axos Advisor Services, or others.

Either party may terminate the management agreement within five days of the date of acceptance without penalty. After the five-day period, you may terminate the portfolio management agreement upon 30-days' written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Financial Planning Services**

Our financial planning fees are negotiable with respect to total fee and schedule of payments, depending on the nature, complexity and time involved in providing the requested services.

- **Fixed Fees:** We will charge a fixed fee, which ranges between \$250.00 and \$5,000.00, for broad based planning services. In limited circumstances, the total cost could potentially exceed \$5,000.00. In such cases, we will notify you in advance and we may request that you pay an additional fee.
- **Hourly Fees:** We charge an hourly fee that ranges between \$40 - \$250 for clients who request specific services (such as a modular plan) and do not desire a broad based written financial

plan.

When the scope of the financial planning services has been agreed upon, a determination is made as to our applicable fee. The final fee is dependent upon the facts and circumstances of your individual financial situation and the complexity of the financial plan or service requested. An estimate of the total cost is determined at the start of the advisory relationship. The fee is payable in arrears.

Either party may terminate the financial planning agreement within five days of the date of acceptance without penalty. After the five-day period, either party may terminate the agreement by providing five (5) business days written notice to the other party. You will incur a pro rata charge for bona fide planning services actually rendered prior termination of the agreement. The agreement may not be modified or amended except in writing and signed by you and a qualified representative of our firm.

### **Retirement Plan Advisory Services - Third Party Advisory Services**

We do not charge you a separate fee for Retirement Plan Advisory Services offered through unaffiliated third parties. We will share in the advisory fee you pay directly to the third party adviser. The advisory fee you pay to the third party adviser is established and payable in accordance with the disclosure brochure provided by the third party adviser to whom you are referred. These fees may or may not be negotiable. Our compensation may differ depending upon the individual agreement we have with the third party adviser. As such, we may have an incentive to recommend one third party adviser over another with whom we have less favorable compensation arrangements or other advisory programs offered by third party advisers with which we have no compensation arrangements.

You will be required to sign an agreement directly with the recommended third party adviser. You may terminate your advisory relationship with the third party adviser according to the terms of your agreement with the third party adviser. You should review each third party adviser's disclosure brochure for specific information on how you may terminate your advisory relationship with the third party adviser and how you may receive a refund, if applicable. You should contact the third party adviser directly for questions regarding your advisory agreement with the third party adviser.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we will invest, or recommend that you invest, in mutual funds and exchange traded funds (ETFs). The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or ETFs (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, refer to the *Brokerage Practices* section of this Disclosure Brochure.

### **Compensation for the Sale of Securities or Other Investment Products**

Investment Advisers Representatives of our firm are registered representatives of Purshe Kaplan Sterling Investments ("PKS"), an unaffiliated broker/dealer. In their capacity as registered representatives of PKS, these persons receive compensation in connection with the purchase and sale of securities or other investment products, including asset-based sales charges, service fees or 12b-1 fees, for the sale or holding, of mutual funds. Compensation earned by these persons in their capacities as registered representatives of PKS is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice to advisory clients on behalf of our firm who are registered representatives have an incentive to recommend investment

products based on the compensation received rather than solely based on your needs. Persons providing investment advice to advisory clients on behalf of our firm can select or recommend, and in many instances will select or recommend, mutual fund investments in share classes that pay 12b-1 fees when clients are eligible to purchase share classes of the same funds that do not pay such fees and are less expensive. This presents a conflict of interest. You are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm who receives compensation described above.

Persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

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

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

## Item 7 Types of Clients

We offer investment advisory services to individuals, high net worth, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities as well as other organizations. In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate your Account if it falls below a minimum size which, in our sole opinion, is too small to manage effectively.

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

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- **Charting Analysis** - involves the gathering and processing of price and volume pattern information for a particular security, sector, broad index or commodity. This price and volume pattern information is analyzed. The resulting pattern and correlation data is used to detect departures from expected performance and diversification and predict future price movements and trends.

**Risk:** Our charting analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

- **Fundamental Analysis** - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

**Risk:** The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

- **Technical Analysis** - involves studying past price patterns, trends and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities.

**Risk:** The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

- **Cyclical Analysis** - a type of technical analysis that involves evaluating recurring price patterns and trends. Economic/business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions.

**Risk:** The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

- **Long-Term Purchases** - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

**Risk:** Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

- **Modern Portfolio Theory** - a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully diversifying the proportions of various assets.

**Risk:** Market risk is that part of a security's risk that is common to all securities of the same general class (stocks and bonds) and thus cannot be eliminated by diversification.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio. **It is important that you notify us immediately with respect to any material changes to your financial circumstances, including for example, a change in your current or expected income level, tax circumstances, or employment status.**

We will advise you on how to allocate your assets among various classes of securities or model

portfolios. We primarily rely on investment model portfolios and strategies developed by our firm.

More than a small portion of our clients' assets are advised using Modern Portfolio Theory (MPT). MPT attempts to balance a portfolio's risk and return level based on a particular client's risk tolerance and investment objectives.

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

### **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional regarding the investing of your assets.

Custodians and broker-dealers must report the cost basis of equities acquired in client accounts. Your custodian will default to the First-In First-Out ("FIFO") accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Other Risk Considerations**

When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risks, each of which may affect the probability and magnitude of any potential losses. The following risks may not be all-inclusive, but should be considered carefully by a prospective client before retaining our services.

- **Liquidity Risk:** The risk of being unable to sell your investment at a fair price at a given time due to high volatility or lack of active liquid markets. You may receive a lower price or it may not be possible to sell the investment at all.
- **Credit Risk:** Credit risk typically applies to debt investments such as corporate, municipal, and sovereign fixed income or bonds. A bond issuing entity can experience a credit event that could impair or erase the value of an issuer's securities held by a client.
- **Inflation and Interest Rate Risk:** Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of a client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of

many types of fixed income investments to decline.

- **Horizon and Longevity Risk:** The risk that your investment horizon is shortened because of an unforeseen event, for example, the loss of your job. This may force you to sell investments that you were expecting to hold for the long term. If you must sell at a time that the markets are down, you may lose money. Longevity Risk is the risk of outliving your savings. This risk is particularly relevant for people who are retired, or are nearing retirement.

### **Recommendation of Particular Types of Securities**

We primarily recommend Mutual Funds, and ETFs. However, we may advise on other types of investments as appropriate for you since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment.

**Mutual Funds and Exchange Traded Funds:** Mutual funds and exchange traded funds ("ETF") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of its underlying index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their underlying indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities included in its underlying index, or its weighting of investment exposure to such securities may vary from that of the underlying index. Some ETFs may invest in securities or financial instruments that are not included in the underlying index, but which are expected to yield similar performance.

As a matter of policy, we do not allow client's investment in leveraged exchange traded funds or non-traditional funds (whether solicited or non-solicited). Non-traditional funds are defined as "exchanged traded funds and mutual funds that offer leverage or that are designed to perform inversely to the index or benchmark they track".

## **Item 9 Disciplinary Information**

In May 2023 the SEC concluded an investigation and examination of Classic Asset Management ("CAM") and Douglas Schmitz, an indirect owner and IAR (CAM and Schmitz referred to together hereinafter as "Respondents"), regarding their recommendation, sale and use of leveraged exchange

traded funds (“Leveraged ETFs”) for clients. As a result of the investigation, the Respondents agreed, without admitting or denying any of the allegations contained in the Administrative Order (the “Order”), to enter into an Order, wherein the Respondents agreed to a censure; to cease and desists from committing or causing any future violations of Section 206(2) of the Investment Advisers Act of 1940 (the “Advisers Act”); and pay disgorgement (as well as prejudgment interest) and a monetary fine. In addition, CAM agreed to cease and desists from committing or causing any future violations of Section 206(4) of the Advisers Act and SEC Rule 206(4)-7, promulgated thereunder.

In February 2024 the firm received notice that an Arbitration claim has been filed against the Firm, Classic, LLC, Douglas Schmitz, Craig Rottman and Michael Young. The claim was settled out of Arbitration on May 23, 2024 and the Arbitration was dismissed.

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

### **Registrations with Broker-Dealer**

Investment Advisers Representatives of our firm are registered representatives of Purshe Kaplan Sterling Investments (“PKS”), an unaffiliated broker/dealer. See the *Fees and Compensation* section in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

### **Recommendation of Other Advisers**

We may recommend that you use a third party adviser for retirement planning advisory services. We will receive compensation from the third party adviser for recommending that you use their services by participating in the advisory fee charged by the third party adviser. These compensation arrangements present a conflict of interest because we have a financial incentive to recommend the services of the third party adviser. You are not obligated, contractually or otherwise, to use the services of any third party adviser we recommend.

### **Insurance Compensation**

Additionally, if you elect to purchase insurance products through an Associated Person of our firm that also holds an insurance license, our firm and/or our Associated Person will receive customary commission based compensation. Refer to the *Fees and Compensation* section above for additional disclosures on this topic.

### **OneAscent Financial Services, LLC**

We maintain a business relationship with OneAscent Financial Services, LLC (“OAFS”), a service platform for investment adviser representatives and registered investment advisers. OAFS is an investment adviser registered with the United States Securities and Exchange Commission. OAFS provides operations, compliance, trading, technology, and other related services. Clients should be aware that this business relationship is a conflict of interest. We pay a platform fee to OAFS for services rendered, and the platform fee decreases as our assets under management placed on the OAFS platform increases.

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

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

We strive to comply with applicable laws and regulations governing our advisory practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our associated persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our

fiduciary duties of honesty, good faith, and fair dealing. All of our associated persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

The full text of our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics on our website [www.finstrat.com/disclosures](http://www.finstrat.com/disclosures) or by contacting Michael V. Young at (701) 234-0103.

### **Personal Trading Practices**

In limited circumstances, our firm or persons associated with our firm may buy or sell for their personal account(s) the same securities that we recommend to you or securities in which you are already invested. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our firm nor our associated persons shall have priority over your account in the purchase or sale of securities. This policy is designed to prevent associated persons from benefiting from transactions placed on behalf of advisory accounts. Refer to the *Brokerage Practices* section below for information on our block trading practices.

## **Item 12 Brokerage Practices**

We recommend the brokerage and custodial services of Charles Schwab & Co., Inc. ('Schwab') and/or Axos Advisor Services ("Axos") (whether one or more "Custodian"). Schwab is a securities broker-dealer and member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. In recognition of the value of the services the Custodian provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere. Our selection of custodian is based on many factors, including the level of services provided, the custodian's financial stability, and the cost of services provided by the custodian to our clients, which includes the yield on cash sweep choices, commissions, custody fees and other fees or expenses.

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are, overall, the most favorable compared to other available providers and their services. We consider various factors, including:

- Capability to buy and sell securities for your account itself or to facilitate such services.
- The likelihood that your trades will be executed.
- Availability of investment research and tools.
- Overall quality of services.
- Competitiveness of price.
- Reputation, financial strength, and stability.
- Existing relationship with our firm and our other clients.

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

We do not have any soft dollar arrangements.

**Economic Benefits**

As a registered investment adviser, we have access to the institutional platform of your account custodian. As such, we will also have access to research products and services from your account custodian and/or other brokerage firm. These products may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms, and are not considered to be paid for with soft dollars. However, you should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

**Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

**Directed Brokerage**

We routinely require that you direct our firm to execute transactions through Schwab or Axos. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage.

**Aggregated Trades**

We combine multiple orders for shares of the same securities purchased for discretionary advisory accounts we manage (this practice is commonly referred to as "aggregated trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. Generally, participating accounts will pay a fixed transaction cost regardless of the number of shares transacted. In certain cases, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. In the event an order is only partially filled, the shares will be allocated to participating accounts in a fair and equitable manner, typically in proportion to the size of each client's order. Accounts owned by our firm or persons associated with our firm may participate in aggregated trading with your accounts; however, they will not be given preferential treatment.

We do not aggregate trades for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our firm, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm.

**Mutual Fund Share Classes**

Mutual funds are sold with different share classes, which carry different cost structures. Each available share class is described in the mutual fund's prospectus. When we purchase, or recommend the purchase of, mutual funds for a client, we select the share class that is deemed to be in the client's best interest, taking into consideration cost, tax implications, and other factors. When the fund is available for purchase at net asset value, we will purchase, or recommend the purchase of, the fund at net asset value. We also review the mutual funds held in accounts that come under our management to determine whether a more beneficial share class is available, considering cost, tax implications, and the impact of contingent deferred sales charges.

## Item 13 Review of Accounts

We review managed accounts on a regular basis to ensure that the portfolio mix is consistent with your stated investment needs and objectives. The Associated Person, or another qualified member of our firm, will conduct the reviews. A formal review will be conducted at least annually. Additional reviews may be conducted as deemed necessary by the Associated Person assigned to your account or at your request. Factors that may trigger an additional review include, but not limited to:

- unusual economic or industry developments,
- changes in the state of the economy,
- the complexity of the individual client portfolio or changes in a client's situation, such as investment goals, financial position, tax considerations or individual investment developments, i.e., marriage, divorce, death, a change in employment, the birth of a child, retirement, etc.

We will not provide you with additional or regular written reports in conjunction with account reviews. You will receive trade confirmations and monthly or quarterly portfolio statements from your account custodian(s).

## Item 14 Client Referrals and Other Compensation

We receive economic benefits from a non-client in connection with providing investment advice or other advisory services to you. Through our participation in certain programs or use of a custodian we are entitled to receive economic benefits. As part of our fiduciary duty, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm from a non-client in and of themselves creates a potential conflict of interest and may influence our choice in providing services to your account. This arrangement does not cause our clients to pay any additional transaction fees beyond those that are traditionally charged by our firm and/or other service providers.

Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with your account custodian.

### Other Compensation

As disclosed under the *Fees and Compensation* section in this brochure, persons providing investment advice on behalf of our firm are licensed insurance agents, and are registered representatives with PKS, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. For information on the conflicts of interest this presents, and how we address these conflicts, refer to the *Fees and Compensation* section.

Additionally, if you elect to purchase insurance products through an Associated Person of our firm that also holds an insurance license, our firm and/or our Associated Person will receive customary commission based compensation.

For recommendation of third party advisers for retirement planning services, we are paid a portion of the advisory fee you pay to third-party adviser. We have entered into contracts with various third-party advisers performing retirement planning services. A copy of the third-party adviser's disclosure brochure, or other equivalent document, will be provided to you when we recommend the third-party adviser.

Associated persons of our firm may, from time to time, attend conferences offered by various vendors and/or wholesalers. These conferences may be available to associated persons of our firm at no cost.

We receive compensation from Empirical Finance LLC, d/b/a Alpa Architect for referring clients to them. This arrangement will not cause you to pay more in advisory fees than you would otherwise pay had there been no solicitor's compensation. All referral fees paid to our firm represent a portion of the fees actually charged to you by Alpha Architect for investment advisory services. There is no differential between the amount or level of investment advisory fees that Alpha Architect will charge for managing the client account(s) in excess of that which they would customarily charge for managing any other new client's account with similar assets and which was not referred to Alpha Architect by our firm.

## **Item 15 Custody**

There are two avenues through which we have custody of client funds; by directly debiting its fees from client accounts pursuant to applicable agreements granting such right, and potentially by permitting clients to issue standing letters of authorization ("SLOAs"). SLOAs permit a client to issue one document that directs us to make distributions out of the client's account(s).

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. The client will also receive a statement from their account custodian showing all transactions in their account, including the fee.

We encourage clients to carefully review the statements and confirmations sent to them by their custodian, and to compare the information on your quarterly report prepared by us against any information in the statements provided directly from their account custodian. Please alert us of any discrepancies.

In addition to the account custodian's custody procedures, clients issuing SLOAs will be requested to confirm, in writing, that the accounts to which funds are distributed are parties unrelated to us.

## **Item 16 Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a power of attorney, and/or trading authorization forms.

You may grant our firm complete discretion over the selection and amount of securities to be purchased or sold, the broker or dealer to be used and the commission rates to be paid for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Refer to the *Advisory Business* section in this Brochure for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s).

## **Item 17 Voting Client Securities**

We will not vote proxies on behalf of your advisory accounts. On rare occasions, and only per your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your

right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

## **Item 18 Financial Information**

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.