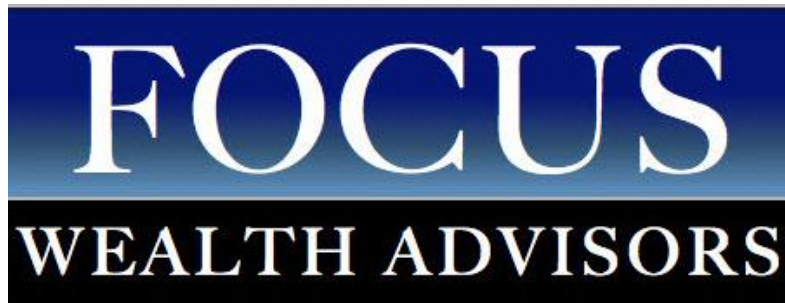


Disclosure Brochure

February 1, 2016



This brochure provides information about the qualifications and business practices of FOCUS Wealth Advisors, LLC (hereinafter "FOCUS Wealth Advisors"). If you have any questions about the contents of this brochure, please contact Mark A. Frugoni at (713) 800-7170. 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 FOCUS Wealth Advisors, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

FOCUS Wealth Advisors, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

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Item 2. Material Changes

This Item discusses only the material changes that have occurred since FOCUS Wealth Advisors' last annual update, dated March 4, 2015.

- Earlier this year, Charles Hubert has sold his interest in FOCUS Wealth Advisors. However, Mr. Hubert continues to serve his in his role as an Investment Adviser Representative of the Firm and receives a portion of the ongoing investment advisory fees paid to FOCUS Wealth Advisors by those clients in which he brings to the firm.

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Firm Disclosure Brochure

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Item 4. Advisory Business

FOCUS Wealth Advisors (alternatively referred to as the “firm”) was established to provide skilled financial guidance, advice and service to those high net-worth individuals, families and business owners who are facing financial transition and who seek an independent and non-biased alternative to the large banks and investment firms. The firm works with clients through its financial planning and investment management services.

Prior to engaging FOCUS Wealth Advisors to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with FOCUS Wealth Advisors setting forth the terms and conditions under which FOCUS Wealth Advisors renders its services (collectively the “*Agreement*”).

FOCUS Wealth Advisors was formed in March 2011 and is principally owned by Mark A. Frugoni. As of December 31, 2015, FOCUS Wealth Advisors had \$124,848,642 in assets under management. \$110,178,147 of which was managed on a discretionary basis and \$14,670,495 of which was managed on a non-discretionary basis.

This Disclosure Brochure describes the business of FOCUS Wealth Advisors. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of FOCUS Wealth Advisors’ officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on FOCUS Wealth Advisors’ behalf and is subject to FOCUS Wealth Advisors’ supervision or control.

Financial Planning and Consulting Services

FOCUS Wealth Advisors may provide its clients with a broad range of comprehensive financial planning and consulting services. These services are tailored based on the individual needs of the client, but may include retirement, education, estate and business planning, and insurance and cash flow needs analysis. The firm does not provide advice on any tax-related matters.

In performing its services, FOCUS Wealth Advisors is not required to verify any information received from the client or from the client’s other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. FOCUS Wealth Advisors may recommend the services of itself, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if FOCUS Wealth Advisors recommends its own services. The client is under no obligation to act upon any of the recommendations made by FOCUS Wealth Advisors under a financial planning or consulting engagement or to engage the services of any such recommended professional, including FOCUS Wealth Advisors itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of FOCUS Wealth Advisors’ recommendations. Clients are advised that it remains their responsibility to promptly notify FOCUS Wealth Advisors if there is ever any

change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising FOCUS Wealth Advisors' previous recommendations and/or services.

Investment Management Services

Clients can engage FOCUS Wealth Advisors to manage all or a portion of their assets on a discretionary or non-discretionary basis. FOCUS Wealth Advisors primarily allocates clients' investment management assets among exchange-traded funds ("ETFs"), but may also incorporate individual bonds and other securities, and in limited circumstances utilize *Independent Managers* (as defined below) in accordance with the investment objectives of the client. FOCUS Wealth Advisors also provides advice about any type of investment held in clients' portfolios.

FOCUS Wealth Advisors tailors its advisory services to the individual needs of clients. FOCUS Wealth Advisors consults with clients initially and on an ongoing basis to develop an investment policy statement which determines risk tolerance, time horizon and other factors that may impact the clients' investment needs. FOCUS Wealth Advisors ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify FOCUS Wealth Advisors if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon FOCUS Wealth Advisors' management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in FOCUS Wealth Advisors' sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

Use of Independent Managers

As mentioned above, in limited circumstances FOCUS Wealth Advisors may recommend that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers ("*Independent Managers*"), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the *Independent Managers* are set forth in a separate written agreement between FOCUS Wealth Advisors or the client and the designated *Independent Managers*. FOCUS Wealth Advisors renders services to the client relative to the discretionary and/or non-discretionary selection or recommendation of *Independent Managers*. FOCUS Wealth Advisors also monitors and reviews the account performance and the client's investment objectives. FOCUS Wealth Advisors receives an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated *Independent Managers*.

When recommending or selecting an *Independent Manager* for a client, FOCUS Wealth Advisors reviews information about the *Independent Manager* such as its disclosure brochure and/or material supplied by the *Independent Manager* or independent third parties for a description of the *Independent Manager's* investment strategies, past performance and risk results to the extent available. Factors that FOCUS

Wealth Advisors considers in recommending an *Independent Manager* include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated *Independent Managers*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, FOCUS Wealth Advisors' investment advisory fee set forth above. As discussed above, the client may incur additional fees than those charged by FOCUS Wealth Advisors, the designated *Independent Managers*, and corresponding broker-dealer and custodian.

In addition to FOCUS Wealth Advisors' written disclosure brochure, the client also receives the written disclosure brochure of the designated *Independent Managers*. Certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than FOCUS Wealth Advisors. In such instances, FOCUS Wealth Advisors may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

Item 5. Fees and Compensation

FOCUS Wealth Advisors offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management.

Financial Planning and Consulting Fees

FOCUS Wealth Advisors may charge a fixed fee and/or hourly fee for financial planning and consulting services. These fees are negotiable, but generally range from \$500 to \$1,500 on a fixed fee basis and/or from \$150 to \$300 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services. If the client engages FOCUS Wealth Advisors for additional investment advisory services, FOCUS Wealth Advisors may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

Prior to engaging FOCUS Wealth Advisors to provide financial planning and/or consulting services, the client is required to enter into a written agreement with FOCUS Wealth Advisors setting forth the terms and conditions of the engagement. Generally, FOCUS Wealth Advisors requires one-half of the financial planning / consulting fee (estimated hourly or fixed) payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

Investment Management Fee

FOCUS Wealth Advisors provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by FOCUS Wealth Advisors. FOCUS Wealth Advisors' annual fee is exclusive of, and in addition to brokerage commissions, transaction fees,

and other related costs and expenses which are incurred by the client. FOCUS Wealth Advisors does not, however, receive any portion of these commissions, fees, and costs.

FOCUS Wealth Advisors' annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by FOCUS Wealth Advisors on the last day of the previous quarter. The annual fee varies (between 0.50% and 2.00%) depending upon the market value of the assets under management and the type of investment management services to be rendered.

FOCUS Wealth Advisors, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), FOCUS Wealth Advisors generally recommends that clients utilize the brokerage and clearing services of an independent broker-dealer for investment management accounts.

FOCUS Wealth Advisors may only implement its investment management recommendations after the client has arranged for and furnished FOCUS Wealth Advisors with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to any broker-dealers recommended by FOCUS Wealth Advisors, broker-dealers directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by *Independent Managers*, custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to FOCUS Wealth Advisors' fee.

FOCUS Wealth Advisors' *Agreement* and the separate agreement with any *Financial Institutions* authorize FOCUS Wealth Advisors or *Independent Managers* to debit the client's account for the amount of FOCUS Wealth Advisors' fee and to directly remit that management fee to FOCUS Wealth Advisors or the *Independent Managers*. Any *Financial Institutions* recommended by FOCUS Wealth Advisors have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to FOCUS Wealth Advisors.

Fees for Management During Partial Quarters of Service

If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a pro rata basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

The *Agreement* between FOCUS Wealth Advisors and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. FOCUS Wealth Advisors' fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to FOCUS Wealth Advisors' right to terminate an account. Additions may be in cash or securities provided that FOCUS Wealth Advisors reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to FOCUS Wealth Advisors, subject to the usual and customary securities settlement procedures. However, FOCUS Wealth Advisors designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. FOCUS Wealth Advisors may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

Item 6. Performance-Based Fees and Side-by-Side Management

FOCUS Wealth Advisors does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7. Types of Clients

FOCUS Wealth Advisors provides its services to individuals, pension and profit sharing plans, and corporations and business entities.

Minimums Imposed By Independent Managers

FOCUS Wealth Advisors does not impose a minimum portfolio size or minimum annual fee. Certain *Independent Managers* may, however, impose more restrictive account requirements and varying billing practices than FOCUS Wealth Advisors. In such instances, FOCUS Wealth Advisors may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

Methods of Analysis

FOCUS Wealth Advisors' primary method of analysis is technical. Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that FOCUS Wealth Advisors will be able to accurately predict such a reoccurrence.

Investment Strategies

FOCUS Wealth Advisors' philosophy to wealth management is founded on its goal-based planning methodology, as well as its internally developed tactical approach to investment management. The firm's investment management is driven from either an investment policy statement or financial plan. The firm's goal-based plans illuminate the ultimate goal for client portfolios and provide both a framework and a map from which to determine investment progress. The firm's tactical approach to investment management enables it to track market trends and maneuver clients' portfolios to take advantage of relative strength movements in the various financial markets. Although FOCUS Wealth Advisors primarily allocates client assets among ETFs, the firm may incorporate individual bonds and other types of securities as appropriate. The firm may also advise on any legacy positions held in a client account. In limited circumstances, the firm may allocate a portion of the portfolio among one or more *Independent Managers*.

The firm does not subscribe to the theory that one should employ either a strategic or tactical approach to managing a portfolio, but rather believes the prudent path is a combination of both methodologies, customized for each individual investor, their objectives and the prevailing market trends.

At the foundation of FOCUS Wealth Advisors' investment approach is the investment plan-driven strategic asset allocation. This allocation derives from the specific investment parameters determined for each client goal and the level of risk-to-capital a client is willing to accept given that goal. Among the investment parameters considered for each client goal are: investment time frame, return expectations, tax considerations, the need for income, risk constraints, and liquidity needs. Once these parameters are established a customized, long-term, targeted and prudent strategic asset allocation is created for each investment portfolio.

No matter how thought out a strategic asset allocation may be, market, economic and geopolitical conditions can have a drastic and immediate impact on a client's ability to meet their financial needs. FOCUS Wealth Advisors' tactical allocation approach is a proprietary methodology for analyzing both

asset class and position weightings in light of prevailing market risks. This step provides a guiding compass from which to determine both the current position and the make-up of client portfolios. Should conditions warrant, the firm tactically adjusts its strategic recommendations for an interim period through the over or under-weighting of the assets classes in an attempt to mitigate cyclical risks to the portfolio's capital. The firm continually monitors the factors affecting their strategic and tactical asset allocation and to making proactive portfolio adjustments to capitalize on changing needs and market shifts.

Risks of Loss

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Market Risks

The profitability of a portion of FOCUS Wealth Advisors' recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that FOCUS Wealth Advisors will be able to predict those price movements accurately.

Exchange Traded Funds (ETFs)

An investment in an ETF involves risk, including the loss of principal. ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Use of Independent Managers

In limited circumstances, FOCUS Wealth Advisors may recommend the use of *Independent Managers* for certain clients. FOCUS Wealth Advisors will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the *Independent Managers* ability to successfully implement their investment strategy. In addition, FOCUS Wealth Advisors does not have the ability to

supervise the *Independent Managers* on a day-to-day basis other than as previously described in response to Item 4, above.

Use of Margin

To the extent that a client authorizes the use of margin, and margin is thereafter employed by FOCUS Wealth Advisors in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to FOCUS Wealth Advisors will be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the client's decision to employ margin shall correspondingly increase the management fee payable to FOCUS Wealth Advisors. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

While the use of margin borrowing can substantially improve returns, such use may also increase the adverse impact to which a client's portfolio may be subject. Borrowings will usually be from securities brokers and dealers and will typically be secured by the client's securities and/or other assets. Under certain circumstances, such a broker-dealer may demand an increase in the collateral that secures the client's obligations and if the client were unable to provide additional collateral, the broker-dealer could liquidate assets held in the account to satisfy the client's obligations to the broker-dealer. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the client's borrowings and the interest rates on those borrowings, which will fluctuate, will have a significant effect on the client's profitability.

Item 9. Disciplinary Information

FOCUS Wealth Advisors is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. FOCUS Wealth Advisors does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

FOCUS Wealth Advisors is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. FOCUS Wealth Advisors does not have any required disclosures to this Item.

Item 11. Code of Ethics

FOCUS Wealth Advisors and persons associated with FOCUS Wealth Advisors (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with FOCUS Wealth Advisors’ policies and procedures.

FOCUS Wealth Advisors has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“*Code of Ethics*”). FOCUS Wealth Advisors’ *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by FOCUS Wealth Advisors or any of its associated persons. The *Code of Ethics* also requires that certain of FOCUS Wealth Advisors’ personnel (called “*Access Persons*”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

When FOCUS Wealth Advisors is engaging in or considering a transaction in any security on behalf of a client, no *Access Person* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the *Access Person* is completed as part of a batch trade (as defined below in Item 12) with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

This *Code of Ethics* has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by *Access Persons* to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated above.

Clients and prospective clients may contact FOCUS Wealth Advisors to request a copy of its *Code of Ethics*.

Item 12. Brokerage Practices

FOCUS Wealth Advisors generally recommends that clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services (“*Fidelity*”) for investment management accounts.

Factors which FOCUS Wealth Advisors considers in recommending *Fidelity* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Fidelity* enables FOCUS Wealth Advisors to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Fidelity* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by FOCUS Wealth Advisors’ clients comply with FOCUS Wealth Advisors’ duty to obtain “best execution.” Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where FOCUS Wealth Advisors determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution’s* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. FOCUS Wealth Advisors seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

FOCUS Wealth Advisors periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct FOCUS Wealth Advisors in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and FOCUS Wealth Advisors will not seek better execution services or prices from other *Financial Institutions* or be able to “batch” client transactions for execution through other *Financial Institutions* with orders for other accounts managed by FOCUS Wealth Advisors (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, FOCUS Wealth Advisors may decline a client’s request to direct brokerage if, in FOCUS Wealth Advisors’ sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless FOCUS Wealth Advisors decides to purchase or sell the same securities for several clients at approximately the same time. FOCUS Wealth Advisors may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among FOCUS Wealth Advisors’ clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among FOCUS Wealth Advisors’ clients pro rata to the

purchase and sale orders placed for each client on any given day. To the extent that FOCUS Wealth Advisors determines to aggregate client orders for the purchase or sale of securities, including securities in which FOCUS Wealth Advisors' *Supervised Persons* may invest, FOCUS Wealth Advisors generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. FOCUS Wealth Advisors does not receive any additional compensation or remuneration as a result of the aggregation. In the event that FOCUS Wealth Advisors determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, FOCUS Wealth Advisors may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist FOCUS Wealth Advisors in its investment decision-making process. Such research generally will be used to service all of FOCUS Wealth Advisors' clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because FOCUS Wealth Advisors does not have to produce or pay for the products or services.

Software and Support Provided by Financial Institutions

FOCUS Wealth Advisors may receive from *Fidelity*, without cost to FOCUS Wealth Advisors, computer software and related systems support, which allow FOCUS Wealth Advisors to better monitor client accounts maintained at *Fidelity*. FOCUS Wealth Advisors may receive the software and related support without cost because FOCUS Wealth Advisors renders investment management services to clients that maintain assets at *Fidelity*. The software and support is not provided in connection with securities transactions of clients (i.e. not "soft dollars"). The software and related systems support may benefit FOCUS Wealth Advisors, but not its clients directly. In fulfilling its duties to its clients, FOCUS Wealth

Advisors endeavors at all times to put the interests of its clients first. Clients should be aware, however, that FOCUS Wealth Advisors' receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence FOCUS Wealth Advisors' choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, FOCUS Wealth Advisors may receive the following benefits from *Fidelity* through the Fidelity Institutional Wealth Services Group: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Institutional Wealth Services Group participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

Item 13. Review of Accounts

For those clients to whom FOCUS Wealth Advisors provides investment management services, FOCUS Wealth Advisors monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom FOCUS Wealth Advisors provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis. Such reviews are conducted by one of FOCUS Wealth Advisors' investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with FOCUS Wealth Advisors and to keep FOCUS Wealth Advisors informed of any changes thereto. FOCUS Wealth Advisors contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom FOCUS Wealth Advisors provides investment advisory services will also receive a report from FOCUS Wealth Advisors that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a periodic basis. Clients should compare the account statements they receive from their custodian with those they receive from FOCUS Wealth Advisors.

Those clients to whom FOCUS Wealth Advisors provides financial planning and/or consulting services will receive reports from FOCUS Wealth Advisors summarizing its analysis and conclusions as requested by the client or as otherwise agreed to in writing by FOCUS Wealth Advisors.

Item 14. Client Referrals and Other Compensation

FOCUS Wealth Advisors is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, FOCUS Wealth Advisors is required to disclose any direct or indirect compensation that it provides for client referrals.

FOCUS Wealth Advisors may receive economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above. The firm does not compensate for referrals.

Item 15. Custody

FOCUS Wealth Advisors' *Agreement* and/or the separate agreement with any *Financial Institution* may authorize FOCUS Wealth Advisors through such *Financial Institution* to debit the client's account for the amount of FOCUS Wealth Advisors' fee and to directly remit that management fee to FOCUS Wealth Advisors in accordance with applicable custody rules.

The *Financial Institutions* recommended by FOCUS Wealth Advisors have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to FOCUS Wealth Advisors. In addition, as discussed in Item 13, FOCUS Wealth Advisors also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from FOCUS Wealth Advisors.

Item 16. Investment Discretion

FOCUS Wealth Advisors may be given the authority to exercise discretion on behalf of clients. FOCUS Wealth Advisors is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. FOCUS Wealth Advisors is given this authority through a power-of-attorney included in the agreement between FOCUS Wealth Advisors and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). FOCUS Wealth Advisors takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The *Independent Managers* to be hired or fired.

Item 17. Voting Client Securities

FOCUS Wealth Advisors is required to disclose if it accepts authority to vote client securities. FOCUS Wealth Advisors does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions* and may contact the firm with any questions by calling the number on the cover of this Disclosure Brochure.

Item 18. Financial Information

FOCUS Wealth Advisors does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, FOCUS Wealth Advisors is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. FOCUS Wealth Advisors has no disclosures pursuant to this Item.

FOCUS

WEALTH ADVISORS

Prepared by:



MARKETCOUNSEL[®]
The Adviser's Advisor[®]