FIRST AMERICAN ASSET ADVISORY, LLC

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Form ADV Part 2A - Firm Brochure

This brochure provides information about the qualifications and business practices of First American Asset Advisory, LLC. If you have any questions about the contents of this brochure, please contact us at the number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about us also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 1. Material Changes

In this Item, First American Asset Advisory is required to discuss any material changes that have been made to the brochure since the last annual amendment.

Since our last annual updating amendment in 2021, we have the following material changes to report:

- The Firm added a section under its advisory services to describe the RBC Unified Portfolio and the RBC Advisor program, the wrap programs utilized by the Firm for clients.

- The firm has filed to be a Registered Investment Advisor with the SEC.

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Item 4. Advisory Business

First American Asset Advisory offers investment management services to its clients. Prior to First American Asset Advisory rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with First American Asset Advisory setting forth the relevant terms and conditions of the advisory relationship (the "Advisory Agreement").

First American Asset Advisory first filed for registration as an investment adviser in April 2016 and is owned by Paul Metz and Michael Finnan. Paul Metz, President, provides advisory services as investment adviser representative of the Firm. Michael Finnan, Chief Compliance Officer, provides advisory services as investment adviser representative of the Firm. The Firm's assets under management as of 3/31/2022 were $54,669,010.

While this brochure generally describes the business of First American Asset Advisory, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm's officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on First American Asset Advisory's behalf and is subject to the Firm's supervision or control.

Investment Management Services

First American Asset Advisory manages client investment portfolios on a discretionary and non-discretionary basis. First American Asset Advisory primarily allocates client assets among various mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, and independent investment managers ("Independent Managers") in accordance with the stated investment objectives of the particular client.

Where appropriate, the Firm may also provide advice about certain legacy positions or other investments held in client portfolios. Clients may engage First American Asset Advisory to manage and/or advise on certain investment products that may not be under the management of First American Asset Advisory, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, First American Asset Advisory may direct or recommend the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

First American Asset Advisory tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. First American Asset Advisory consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify First American Asset Advisory if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if First American Asset Advisory determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

Use of Independent Managers
As mentioned above, First American Asset Advisory may select certain Independent Managers to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an Independent Manager may be set forth in a separate written agreement with the designated Independent Manager. In addition to this brochure, clients may also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets.

First American Asset Advisory evaluates a variety of information about Independent Managers, which may include the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. First American Asset Advisory also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

First American Asset Advisory continues to provide services relative to the discretionary selection of the Independent Managers. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. First American Asset Advisory seeks to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

RBC Unified Portfolio (RBC UP) – formerly the Resource II Program
RBC UP is a UMA program through which accounts are professionally managed by RBC Correspondent Services ("RBC CM") as Overlay Manager or a third-party Overlay Manager, Envestnet Asset Management, Inc. ('Envestnet"). The Overlay Manager manages the account through investments in mutual funds, exchange traded products ("ETPs"), and/or in accordance with one or more model portfolios, provided by Model Providers (as defined in the RBC Advisory Master Services Agreement for this program) or RBC CM, all in a single account. Please be sure to review the disclosure documents provided by RBC regarding these accounts and updates.

Rebalancing
Your account is reviewed regularly by the Overlay Manager and rebalanced on a discretionary basis to ensure your account does not deviate from the selected investment strategy. Upon the establishment of your account(s) in the RBC UP program, your account's investment allocation will be reviewed or evaluated for rebalance on a periodic basis. For more information regarding rebalancing frequency options and methodology, please refer to the RBC Disclosure Brochure.

The RBC UP Program is a wrap fee Program sponsored by RBC Capital Markets and offered through RBC Clearing & Custody, a division of RBC Capital Markets Corporation, Member NYSE/FINRA/SIPC ("RBC"). First American Asset Advisory may recommend and refer its clients to various third-party money managers available through the RBC UP Program (the "Program").

The Firm will assist clients with the identification of investment objectives through various reviews and will assist clients in the selection of appropriate money managers available through the Program. Client accounts may also be invested in model portfolios provided by third party money managers (called Overlay Managers) available through the Program. Clients may grant First American Asset Advisory the authority to select or re-allocate client's assets amongst third party managers on a discretionary or non-discretionary basis.

On a periodic basis, First American Asset Advisory will work with clients to review the performance of Client's account, investment guidelines and other relevant factors in order to assess what changes, if any should be made to the management of client's account.

The money managers selected under the Programs will have discretion to determine the securities to be bought or sold within the client's accounts subject to reasonable restrictions imposed by the client, subject to the client's signature on the money manager's account agreement.

RBC UP is a wrap fee program where custody and brokerage fees are included in the total advisory fee charged to the client, subject to the exceptions of certain fees stated in RBC's Program Brochure. Clients should refer to RBC's disclosure brochure for additional information regarding the Program.

Wrap Fee Programs may not be suitable for all investment needs, and any decision to participate in a Wrap Fee Program should be based on the client's individual financial circumstances and investment goals.

The benefits under a Wrap Fee Program depend, in part, upon the size of a client's:

- account and the number of transactions likely to be generated in the account. For example, Wrap Fee Accounts may not be suitable for accounts with little activity. Participating in a Wrap Fee Program may cost more or less than the cost of purchasing such services separately from a broker-dealer.

First American Asset Advisory receives compensation as a result of the client's participation in these accounts which may be more that what First American Asset Advisory would receive if the client paid separately for investment advice, brokerage and other services.

In determining whether to establish an RBC UP Account, a client should be aware that the overall cost to the client may be higher or lower than the client might incur by purchasing separately the types of securities available in the Program.

Clients will be charged a fee which is billed quarterly in advance based on the asset value of the account at the end of the previous quarter. Fees will be assessed pro rata in the event the client agreement is executed at any time other than the first day of a calendar quarter. This fee includes First American Asset Advisory's fees, commissions and transaction costs (with the exception of certain fees stated in RBC's Program Brochure) as well as the third-party managers' fees. On an annualized basis, sample fees for the RBC UP, subject to negotiation, range from 1% to 3% depending on services chosen.

Payment of fees will be made by the qualified custodian holding the client's funds and securities provided the client supplies written authorization permitting the fees to be paid directly from the account. First American Asset Advisory will not have access to client funds for payment of fees without written consent by the client. Further, the qualified custodian agrees to deliver a quarterly account statement directly to the client, showing all disbursements from the account. The client is encouraged to review all account statements for accuracy.

First American Asset Advisory or RBC may terminate the Program agreement within five days of the date of acceptance without penalty to the client. After the five-day period, either party may terminate the agreement. Termination is effective upon receipt of written notice. The management fee will be pro-rated for the quarter in which the cancellation notice was given, and any unearned fees will be refunded to the client.

The RBC Advisor Account

The Advisor Account is a Wrap Fee Program sponsored by RBC Clearing & Custody, a division of RBC Capital Markets Corporation, Member NYSE/FINRA/SIPC ("RBC") whereby clients are charged an annual asset-based fee for non-discretionary investment advisory services. Clients are not charged separately for commissions and transaction fees, subject to the exceptions of certain fees stated in RBC's Program Brochure. The RBC Advisor Account is a non-discretionary account whereby an IAR of the Firm will assist the client in developing a portfolio of investments including stocks, bonds, mutual funds, ETFs and other securities.

First American Asset Advisory may recommend eligible securities, including mutual funds offered at their net asset value without any front-end or deferred sales charge, which may also include no-load funds that the IAR believes possess investment characteristics that are consistent with your risk profile. If the investment strategy will be implemented with mutual funds only, you select from the various eligible mutual funds and specify, in writing, the mutual funds in which account assets are to be invested and the allocation among those funds. This written fund allocation may subsequently be modified by you by notifying our firm. It is your responsibility to advise our firm at such times as you determine rebalancing should occur.

Neither RBC CM nor our firm has discretionary authority with respect to the Program account; however, if your investment allocation includes a mutual fund share class, we deem to be ineligible for the Program, we may update the allocation to include the equivalent, eligible share class of the same mutual fund without notification to you. You have sole discretion to accept or reject an investment strategy or any specific recommendation to purchase, sell, or redeem securities.

An Advisor account is not for day trading or excessive trading, including trading in securities based on market timing, and accounts may be restricted or terminated at the discretion of RBC CM upon written notice to you.

The Firm will not act as a portfolio manager in the Advisor account whereby it would have discretionary authority but rather on a non- discretionary basis, work with clients to develop a portfolio of various investments if the fee structure offered in this type of account is appropriate for the client.

Clients should refer to RBC's disclosure brochure for additional information regarding Advisor Account.

- Wrap Fee Programs may not be suitable for all investment needs, and any decision to participate in a Wrap Fee Program should be based on the client's individual financial circumstances and investment goals.
- The benefits under a Wrap Fee Program depend, in part, upon the size of a client's account and the number of transactions likely to be generated in the account. For example, Wrap Fee Accounts may not be suitable for accounts with little activity. Participating in a Wrap Fee Program may cost more or less than the cost of purchasing such services separately from a broker-dealer.
- The Firm receives compensation as a result of the client's participation in Advisor Account which may be more that what The Firm would receive if the client paid separately for investment advice, brokerage and other services.
- The Firm may have a financial incentive to recommend Advisor Account over other programs and services.

In determining whether to establish a Program Account, a client should be aware that the overall cost to the client may be higher or lower than the client might incur by purchasing separately the types of securities available in the Program.

Item 5. Fees and Compensation

First American Asset Advisory offers services on a fee basis, which included fees based upon assets under management and/or the performance of the account. Any client entering into a performance-based fee arrangement with the Firm shall be qualified by Rule 205-3 and the requirements thereunder. Additionally, certain of the Firm's Supervised Persons, in their individual capacities, may offer securities brokerage services and/or insurance products under a separate commission-based arrangement. Please refer to the brokerage practices section and the affiliate information for additional information.

Investment Management Fees
First American Asset Advisory offers investment management services for an annual fee based on the amount of assets under the Firm's management. This management fee generally varies between 0.50% and 2.75%, depending upon the size and composition of a client's portfolio and the type of services rendered.

The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by First American Asset Advisory on the last day of the previous billing period.

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 not 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.

Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), First American Asset Advisory may negotiate a fee rate that differs from the range set forth above.

Performance-Based Fees
First American Asset Advisory may also offer investment management services to certain qualified clients for a performance-based fee in accordance with applicable laws, rules and regulations. Under this arrangement, the Firm charges a fee based upon the performance of a client account in addition to an annual fee based upon assets under management.

The performance fee is between 10% and 20% of the annual net gains achieved in a client's account, subject to a perpetual high-water mark. The performance fee is charged annually in arrears, based upon the net portfolio gains achieved on the anniversary of the date on which the client initially engaged First American Asset Advisory.

The annual asset-based fee of 0.25% and 0.75% is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by First American Asset Advisory on the last day of the previous billing period. If assets are deposited into or withdrawn from an account after the inception of a billing period, the performance fee calculation is adjusted, but the management fee payable with respect to such assets is not 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.

Fee Discretion
First American Asset Advisory may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.

Additional Fees and Expenses
In addition to the advisory fees paid to First American Asset Advisory, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees charged by the Independent Managers, margin costs, charges imposed directly by a mutual fund or ETF in a client's account, as 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. The Firm's brokerage practices are described at length in Item 12, below.

Direct Fee Debit
Clients generally provide First American Asset Advisory and/or certain Independent Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to First American Asset Advisory. Where required, First American Asset Advisory also sends to clients a written invoice itemizing the fee, including the formula used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee was based. Alternatively, clients may elect to have First American Asset Advisory send a separate invoice for direct payment.

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

Commissions and Sales Charges for Recommendations of Securities
Clients can engage certain persons associated with First American Asset Advisory (but not the Firm directly) to render securities brokerage services under a separate commission-based arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with First American Asset Advisory.

Under this arrangement, the Firm's Supervised Persons, in their individual capacities as registered representatives of Morgan Wilshire Securities, Inc. ("Morgan Wilshire"), may provide securities brokerage services and implement securities transactions under a separate commission-based arrangement. The Firm is under common control with Morgan Wilshire and the Supervised Persons may be entitled to a portion of the brokerage commissions paid to Morgan Wilshire, as well as a share of any ongoing distribution or service (trail) fees from the sale of mutual funds. First American Asset Advisory may also recommend no-load or load-waived funds, where no sales charges are assessed. Prior to effecting any transactions, clients are required to enter into a separate account agreement with Morgan Wilshire.

A conflict of interest exists to the extent that First American Asset Advisory recommends the purchase or sale of securities where its Supervised Persons receive commissions or other additional compensation as a result of the Firm's recommendation. The Firm has procedures in place to ensure that any recommendations made by such Supervised Persons are in the best interest of clients. For certain accounts covered by the Employee Retirement Income Security Act of 1974 ("ERISA") and such others that First American Asset Advisory, in its sole discretion, deems appropriate, First American Asset Advisory may provide its investment advisory services on a fee-offset basis. In this scenario, First American Asset Advisory may offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by the Firm's Supervised Persons in their individual capacities as registered representatives of Morgan Wilshire.

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

As stated in Item 4, First American Asset Advisory may provide advisory services to qualified clients for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets). Although First American Asset Advisory believes that this fee arrangement best aligns the interests of the Firm and its clients, it may raise conflicts of interest. The performance fee may be an incentive for the Firm to make or recommend investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In addition, where First American Asset Advisory charges performance-based fees and also provides similar services to accounts not being charged performance-based fees, there is an incentive to favor accounts paying a performance-based fee. First American Asset Advisory has procedures in place to ensure that any decisions are made are in the best interest of clients regardless of the applicable fee structure.

Item 7. Types of Clients

First American Asset Advisory offers services to individuals, corporations and business entities.

Minimum Account Requirements
First American Asset Advisory does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship. Certain Independent Managers may, however, impose more restrictive account requirements and billing practices from the Firm. In these instances, First American Asset Advisory 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
First American Asset Advisory utilizes a combination of fundamental, technical, or cyclical methods of analysis.

Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular fund or issuer. For First American Asset Advisory, this process typically involves an analysis of an issuer's management team, investment strategies, style drift, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact the security.

Technical analysis involves the examination of past market data rather than specific issuer information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon 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 First American Asset Advisory will be able to accurately predict such a reoccurrence.

Cyclical analysis is similar to technical analysis in that it involves the assessment of market conditions at a macro (entire market or economy) or micro (company specific) level, rather than focusing on the overall fundamental analysis of the health of the particular company that First American Asset Advisory is recommending. The risks with cyclical analysis are similar to those of technical analysis.

Investment Strategies
The methods of analysis and investment strategies followed by First American Asset Advisory are utilized across all of the Firm's accounts. One method of analysis is not more significant than the other as the Firm is considering the client's portfolio, risk tolerance, time horizon, and individual goals.

Risk of Loss
Market Risks
Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of First American Asset Advisory's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that First American Asset Advisory will be able to predict those price movements accurately or capitalize on any such assumptions.

Mutual Funds and ETFs
An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and 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 mutual funds and 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 mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (*e.g.*, sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

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 potentially 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 20,000 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
As stated above, First American Asset Advisory may select certain Independent Managers to manage a portion of its clients' assets. In these situations, First American Asset Advisory continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, First American Asset Advisory generally may not have the ability to supervise the Independent Managers on a day-to-day basis.

Item 9. Disciplinary Information

First American Asset Advisory has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

Item 10. Other Financial Industry Activities and Affiliations

This item requires investment advisers to disclose certain financial industry activities and affiliations. The Firm does not have any other financial industry activities or affiliations that need to be disclosed.

Affiliated Broker Dealer
First American Asset Advisory is under common control with Morgan Wilshire which is an SEC registered broker-dealer and member of FINRA and SIPC. In addition, the principals and certain Supervised Persons of First American Asset Advisory are also registered representatives of Morgan Wilshire and in such capacity, may affect securities brokerage transactions on a commission basis including transactions for First American Asset Advisory's investment advisory clients. As further discussed in response to Item 5 (above), those Supervised Persons may receive additional compensation in the form of 12b-1 fees on mutual funds held in a client's account. A conflict of interest exists to the extent that First American Asset Advisory recommends the purchase of securities where First American Asset Advisory's Supervised Persons receive commissions or other additional compensation.

Licensed Insurance Agents
A number of the Firm's Supervised Persons are licensed insurance agents and may offer certain insurance products on a fully disclosed commissionable basis. A conflict of interest exists to the extent that First American Asset Advisory recommends the purchase of insurance products where its Supervised Persons may be entitled to insurance commissions or other additional compensation. The Firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

Item 11. Code of Ethics

First American Asset Advisory has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its

Supervised Persons. First American Asset Advisory's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of First American Asset Advisory's personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (*e.g.*, initial public offerings, limited offerings). However, the Firm's Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person will access to this information may knowingly affect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed.
- the transaction for the Supervised Person is completed as part of a batch trade 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.

Clients and prospective clients may contact First American Asset Advisory to request a copy of its Code of Ethics.

Item 12. Brokerage Practices

Recommendation of Broker/Dealers for Client Transactions
First American Asset Advisory will recommend that clients utilize the custody, brokerage and clearing services of a discount broker dealer ("Broker Dealer") for investment management accounts. Factors which First American Asset Advisory considers in recommending broker-dealers to clients include their respective financial strength, reputation, execution, pricing, research and service. Broker Dealer may enable the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Broker Dealer may be higher or lower than those charged by other Financial Institutions.

The commissions paid by First American Asset Advisory's clients to Broker Dealer comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to affect the same transaction where First American Asset Advisory 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. First American Asset Advisory seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other broker-dealers with whom the Firm and its custodians have entered into agreements for prime brokerage clearing services. Should an account make use of prime brokerage, the Client may be required to sign an additional agreement, and additional fees are likely to be charged.

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 First American Asset Advisory in its investment decision-making process. Such research generally will be used to service all of the Firm's 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 First American Asset Advisory does not have to produce or pay for the products or services.

First American Asset Advisory periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

Software and Support Provided by Financial Institutions
First American Asset Advisory may receive without cost from Broker Dealer computer software and related systems support, which allow First American Asset Advisory to better monitor client accounts maintained at Broker Dealer. First American Asset Advisory may receive the software and related support without cost because the Firm renders investment management services to clients that maintain assets at Broker Dealer. The software and support are not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The software and related systems support may benefit First American Asset Advisory, but not its clients directly. In fulfilling its duties to its clients, First American Asset Advisory endeavors at all times to put the interests of its clients first. Clients should be aware, however, that First American Asset Advisory's receipt of economic benefits from a broker/dealer creates a conflict of interest since these benefits may influence the Firm's choice of broker/dealer over another that does not furnish similar software, systems support or services.

Specifically, First American Asset Advisory may receive the following benefits from Broker Dealer:

- Receipt of duplicate client confirmations and bundled duplicate statements.
- Access to a trading desk that exclusively services its institutional traders.

- 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.

Brokerage for Client Referrals
First American Asset Advisory does not consider, in selecting or recommending broker/dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

Directed Brokerage
The client may direct First American Asset Advisory 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 the Firm 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 First American Asset Advisory (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, First American Asset Advisory may decline a client's request to direct brokerage if, in the Firm's sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

Trade Aggregation
Transactions for each client generally will be affected independently, unless First American Asset Advisory decides to purchase or sell the same securities for several clients at approximately the same time. First American Asset Advisory 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 the Firm's client's 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 First American Asset Advisory's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which First American Asset Advisory's Supervised Persons may invest, the Firm 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. First American Asset Advisory does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm 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, the Firm 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.

Item 13. Review of Accounts

Account Reviews

First American Asset Advisory monitors client portfolios on a continuous and ongoing basis while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by the Firm's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with First American Asset Advisory and to keep the Firm informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and quarterly to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Account Statements and Reports

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from First American Asset Advisory and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. In accordance with several states' securities laws, the Firm also sends certain clients duplicate fee statements, as discussed in Item 5. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from First American Asset Advisory or an outside service provider.

Item 14. Client Referrals and Other Compensation

The Firm does not currently provide compensation to any third-party solicitors for client referrals.

Item 15. Custody

The Advisory Agreement and/or the separate agreement with any Financial Institution generally authorize First American Asset Advisory and/or the Independent Managers to debit client accounts for payment of the Firm's fees and to directly remit that those funds to the Firm in accordance with applicable custody rules. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to First American Asset Advisory. Where required, First American Asset Advisory also sends to clients a written invoice itemizing the fee, including the formula used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee was based.

In addition, as discussed in Item 13, First American Asset Advisory may also send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from First American Asset Advisory.

Item 16. Investment Discretion

First American Asset Advisory may be given the authority to exercise discretion on behalf of clients. First American Asset Advisory is considered to exercise investment discretion over a client's account if it can affect and/or direct transactions in client accounts without first seeking their consent. First American Asset Advisory is given this authority through a power-of-attorney included in the agreement between First American Asset Advisory and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). First American Asset Advisory takes discretion over the following activities:

- The securities to be purchased or sold.
- The number 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

First American Asset Advisory generally does not accept the authority to vote a client's securities (i.e., proxies) on their behalf. Clients receive proxies directly from the Financial Institutions where their assets are custodied and may contact the Firm at the contact information on the cover of this brochure with questions about any such issuer solicitations.

Item 18. Financial Information

First American Asset Advisory is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than $500 in fees six months or more in advance of services rendered.
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19. Requirement for State Registered Advisers

Principal Executive Officers and Management Persons:

PAUL METZ
Born 1970
Post-Secondary Education
Adelphi University | Bachelor of Arts, Business Management | 1994

Recent Business Background

First American Asset Advisory, LLC | President | September 2015 – Present
Morgan Wilshire Securities, Inc. | Chief Executive Officer | October 1998 – Present
Equity Management Systems, LLC | Director | July 2002 – Present
A and F Insurance | Agent | July 2002 – Present
MetFin Insurance Agency, Inc. | Director | June 2002 – Present

MICHAEL FINNAN

Born 1969

Post-Secondary Education

West Virginia University **|** Bachelor of Arts, Psychology **|** 1992

Recent Business Background

First American Asset Advisory, LLC | Member and CCO | September 2015 - Present
Morgan Wilshire Securities, Inc. | President | August 1998 – Present
Equity Management Systems, LLC | Director | July 2002 – Present
MetFin Insurance Agency, Inc. | Director | June 2002 – Present

Performance-Based Fees

As disclosed above, the Firm may charge a performance fee to certain clients. The performance fee is between 10% and 20% of the annual net gains achieved in a client's account, subject to a perpetual high-water mark. The performance fee is charged annually in arrears, based upon the net portfolio gains achieved on the anniversary of the date on which the client initially engaged First American Asset Advisory.

As stated in Item 4, First American Asset Advisory may provide advisory services to qualified clients for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets). Although First American Asset Advisory believes that this fee arrangement best aligns the interests of the Firm and its clients, it may raise conflicts of interest. The performance fee may be an incentive for the Firm to make or recommend investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In addition, where First American Asset Advisory charges performance-based fees and also provides similar services to accounts not being charged performance-based fees, there is an incentive to favor accounts paying a performance-based fee. First American Asset Advisory has procedures in place to ensure that any decisions are made are in the best interest of clients regardless of the applicable fee structure.

Additional Information

First American Asset Advisory is required to disclose information regarding the Firm and its Management Persons involvement in certain civil, self-regulatory organization or administrative proceedings, arbitration awards or findings, or bankruptcy proceedings. On November 9, 1994, an NASD arbitration award was granted against Michael Finnan in the amount of $8,250, arising from a customer dispute involving Lew Liberbaum & Co. Inc. and other parties alleging unauthorized trading. On March 3, 1997, an NASDR, Inc. arbitration award was granted against Paul Metz, jointly and severally with his then-employer, Maidstone Financial, Inc., in the amount of $3,500, arising from a customer dispute alleging breach of fiduciary duty, misrepresentation, failure to disclose, and lack of suitability with respect to certain recommendations. On October 22, 2002, an NASD arbitration award was granted against Michael Finnan in the amount of $9,750, arising from a customer dispute involving Morgan

Wilshire and other parties alleging misrepresentation, unsuitability, negligence, and omissions relating to various transactions. On July 12, 2005, an NASD arbitration award was granted against Michael Finnan in the amount of $15,000 plus interest, arising from a customer dispute involving Morgan Wilshere and other parties alleging failure to supervise, breach of fiduciary duty, unauthorized trading, misrepresentation, and omission of facts, relating to various transactions. On April 5, 2012, a FINRA arbitration award was granted against in the amount of $45,000 plus interest against Michael Finnan, jointly and severally with other parties, arising from a customer dispute involving Morgan Wilshire and other parties alleging breach of fiduciary duty, breach of written contract, fraud by misrepresentation and omission, failure to supervise and control, violation of state and federal securities laws, and violation of FINRA rules of fair practice and NYSE rules.