



Financial Services Advisory
GROW WISER.®

DISCLOSURE BROCHURE

THE INVESTMENT ADVISERS ACT OF 1940 RULE 203-1

Part 2A of Form ADV: Firm Brochure

SEC File #: 801-18801
Firm IARD/CRD #: 104513

Financial Services Advisory, Inc.
REGISTERED INVESTMENT ADVISOR

Cover Page **ITEM 1**

This Disclosure Brochure provides information about the qualifications and business practices of Financial Services Advisory, Inc., which should be considered before becoming a client. You are welcome to contact us should you have any questions about the contents of this brochure - our contact information is listed to the right. Additional information about Financial Services Advisory is also available on the SEC's website at www.adviserinfo.sec.gov.

The information contained in this Disclosure Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Administrator. Furthermore, the term "registered investment advisor" is not intended to imply that Financial Services Advisory, Inc. has attained a certain level of skill or training.

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BROCHURE
DATED

1
JANUARY
2017



MATERIAL CHANGES

ITEM 2

There are no material changes to report. This Disclosure Brochure has been reviewed and is current as of the date indicated on the cover.

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ADVISORY BUSINESS

Who We Are

Financial Services Advisory, Inc. (hereinafter referred to as “FSA”, “the Advisor”, “we”, “us” and “our”) is a fee-only registered investment advisor¹ incorporated in January of 1982 as a Maryland corporation. As a fiduciary (we put your interests first) we provide asset management for individuals, business owners, foundations, trusts, IRAs, and other retirement plans to help our clients achieve their financial goals.

Owners

The following person controls FSA:

| Name | Title | CRD# |
|-------------------|---|---------|
| David R. Petersen | Founding Partner & Chief Compliance Officer | 716333 |
| James E. Joseph | President | 2943563 |

Assets Under Management

As of December 31, 2016, our assets under management totaled:

| | |
|---|---------------|
| Client Discretionary Managed Accounts | \$607,200,000 |
|---|---------------|

We do not offer non-discretionary investment management services.

Our Mission

Our mission is to be an indispensable financial partner with every client we serve.

What We Do

We assist you in achieving financial security in an insecure world. We do this by helping you establish and develop realistic goals and implement an active-system of investment management. The goal of our management system is to increase your portfolio value during rising markets and use the FSA Safety Net[®] (see Item 8, “Managing Risk”) to help protect your assets when markets decline.

Getting Started

Managing your money is more than just buying or selling investments - it’s about understanding your goals, motivations, and how your investments support them. So, before we get started actively managing your portfolio, we need to understand your financial picture.

To accomplish this, we have a four-step process for bringing new clients on-board that makes the transition smooth and stress-free.

¹ The term “registered investment advisor” is not intended to imply that Financial Services Advisory, Inc. has attained a certain level of skill or training. It is used strictly to reference the fact that we are “registered” as a licensed “investment advisor” with the United States Securities & Exchange Commission - and “Notice Filed” with such other State Regulatory Agencies that may have limited regulatory jurisdiction over our business practices.

Step 1 - “Get to Know You Meeting”

Our first session gives us the opportunity to get to know each other. We do an assessment of where you are and where you want to be. We ask you to complete our Client Profile² so we can more fully understand your current financial situation, including your prior investment experience and tolerance for risk. We listen to your concerns, ask lots of questions, and begin to formulate a strategy to address your goals and needs.

Step 2 - “The Transition”

Once we better understand where you are and where you want to go, this next step could involve a deeper analysis of your finances, including investments. In some cases, it makes sense to sell the current portfolio and transfer cash, while in other cases it makes sense to transfer all existing securities. We will help determine what (if anything) is needed for the transition. Charles Schwab & Co., our recommended custodian, can accept most securities from other firms.

Step 3 - “Moving Forward”

After all accounts are opened and assets are in place at Charles Schwab & Co., we begin management utilizing the FSA Safety Net[®] system. Throughout the course of the year, expect to receive various communications from us, in addition to the monthly account statements from Charles Schwab & Co.:

- ❖ Quarterly portfolio appraisals
- ❖ Quarterly Financial Planning Newsletter
- ❖ Periodic Market Updates
- ❖ Periodic reviews of your accounts and planning goals
- ❖ Webinar invitations to hear and see what we’re thinking and doing

Step 4 - “Peace of Mind”

The goal of this final step is to hear you confidently say, “I’m glad I don’t have to worry about it anymore.” Working together, your accounts are now actively managed to make money during good cycles and preserving gains when price trends reverse to help achieve your financial goals.

During each review meeting, we take the opportunity to review your investment portfolio in light of your current needs as well as any additional financial items you may wish to discuss.

FEES & COMPENSATION

ITEM 5

Asset Management Fee

Asset management is provided on an asset-based fee arrangement. Management fees are calculated by taking the aggregate fair market value of your portfolio multiplied by one-fourth the corresponding annual fee rate for each portion of your portfolio assets that fall within each

² The Client Profile we use is an important tool in gathering information about your investment experience, risk tolerance, income/tax bracket, liquidity, time horizons, etc. If you elect not to answer the questionnaire or choose to respond with limited input, it is possible that we could operate in a handicapped capacity contrary to your investment needs. Therefore, if you desire the most effective and accurate recommendations regarding your managed account(s), you should make every effort to provide us with your detailed personal needs and objectives, along with financial and tax information.



tier (See “Billing” below under “Protocols for Asset Management Services” for more information.).

We retain discretion, within each tier, to reduce the management fee on a client-to-client basis depending on the size and complexity of the portfolio managed:

| Account Value | Annual Fee Rate Not to Exceed |
|------------------------|----------------------------------|
| First \$ 500,000 | 1.25% |
| Next \$1,000,000 | 1.00% |
| Next \$3,500,000 | 0.75% |
| Over \$5,000,000 | 0.65% |

The asset management fee will be fully disclosed to you in a Client Agreement prior to conducting any investment management services.

Protocols for Asset Management Services

The following protocols establish how we will handle your managed account(s) and what you should expect when it comes to: (i) managing your account; (ii) your fees for investment services; (iii) deposits and withdrawals in/from your account(s); and, (iv) other fees charged to your account(s).

Discretion

We will establish discretionary trading authority on all managed accounts to execute security transactions at anytime according to the agreed upon investment strategy(ies) and without your prior consent or advice. At anytime however, you may impose reasonable restrictions, **in writing**, on our discretionary authority (i.e., limit the types/amounts of particular securities purchased for your account, exclude the ability to purchase securities with an inverse relationship to the market, etc.)

Billing

Your account will be billed quarterly in advance based on the aggregate fair market value of the assets in your account on March 31st, June 30th, September 30th, and December 31st. Our management fee will be a blended percentage based on your total assets that fall within each tier of our fee schedule. For example:

| Account Value: | Annual Fee % (Per Tier) | Annual Fee (Billed per Tier) |
|--------------------------|----------------------------|---------------------------------|
| \$2,000,000 | | |
| First \$ 500,000 | 1.25% | \$ 6,250 |
| Next \$1,000,000 | 1.00% | \$10,000 |
| Next \$ 500,000 | 0.75% | \$ 3,750 |
| Total Annual Fee: | | \$20,000 |

For new accounts, fees are pro-rated from inception through the end of the quarterly billing period. Advisory fees will be deducted first from any money market funds or cash balances. If such assets are insufficient to satisfy payment of such fees, a portion of the account assets will be liquidated to cover the fees.



Fee Exclusions

The above fees for all our management services are exclusive of any charges imposed by the custodial firm including, but not limited to: (i) any Exchange/SEC fees; (ii) certain transfer taxes; (iii) service or account charges, including, postage/handling fees, electronic fund and wire transfer fees, auction fees, debit balances, margin interest, certain odd-lot differentials and mutual fund short-term redemption fees; and (iv) brokerage and execution costs associated with securities held in your managed account. There can also be other fees charged to your account that are unaffiliated with our management services.

Most mutual funds are available directly to the public. Thus, you can obtain many of the mutual funds we may recommend and/or utilize in our managed accounts independently from any engagement with us, as we manage your assets and charge a management fee. However, if you choose to do so, you will not receive our initial and ongoing investment advisory services. In addition, all fees paid to us for portfolio management services are separate from any fees and expenses charged on mutual fund shares by the investment company or by the investment advisor managing the mutual fund portfolios. These expenses, which we do not share in, generally include management fees and various fund expenses, such as 12b-1 fees. Redemption fees, account fees, purchase fees, contingent deferred sales charges, and other sales load charges may occur but are the exception within managed accounts at institutional custodians. A complete explanation of these expenses charged by the mutual funds is contained in each mutual fund's prospectus. You are encouraged to carefully read the fund prospectus.

Termination of Asset Management Services

Either party, by written notification to the other party, may terminate the Client Agreement at any time provided such written notification is received before the close of business on any business day of the week. Such notification should include the date the termination will go into effect, if not immediate, along with any final instructions on the account.

Once termination of investment advisory services has been implemented, neither party has any obligation to the other - we no longer earn management fees or give investment advice and you become responsible for making all future investment decisions. In the event the written notice of termination does not fall on last day of a calendar quarter, we will refund any full-month of unearned fees.

Financial Consulting Fee

Upon request, we are happy to discuss and provide limited planning to Asset Management clients on investment and non-investment related matters, such as retirement planning, education planning, estate planning, etc. Foundations and retirement plans have different unique needs that typically require cash flow analysis to help determine the management of the portfolio. As a trusted advisor, our role is to assist you in making informed financial decisions to help you reach your goals. Any implementation of our advice, however, will be up to you.

We do not verify any information you share with us and you are under no obligation to implement any of our recommendations. You are encouraged to keep us apprised of any changes to your financial situation that could impact how we manage your investment portfolio. You must contact us for future financial advice since we do not provide ongoing planning advice once the planning/advice discussion has occurred.

We generally do not charge an additional fee for these unsolicited services, unless they exceed the focus of our limited scope of planning within our Client Profile and Management



Agreement. Should additional planning needs be evident, we will have you enter a separate agreement outlining the terms, conditions, and scope of services provided - financial consulting services can be terminated at any time. Financial consulting fees are negotiable, but generally range from \$150 to \$450 per hour depending upon the level and scope of service required and the professional(s) rendering the service(s). However, we do not provide comprehensive financial planning services or written financial plans.

PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT

ITEM 6

We currently do not offer any performance-based asset management services.

TYPES OF CLIENTS

ITEM 7

The types of clients we serve are described in Item 4, "Who We Are." We do not require a minimum account size or a minimum fee for asset management services.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

ITEM 8

Methods of Analysis & Investment Strategies

Given the inherent risk and volatility from investing in individual securities, FSA uses pooled investment vehicles, such as mutual funds and exchanged-traded securities (i.e., ETFs and ETNs). We will use both actively managed funds as well as index funds.

Making money is a result of combining (i) appreciation and (ii) dividends - known as total return. Money made from appreciation has greater risk (volatility) than money earned from dividends in income-oriented securities. All FSA strategies seek total return - though risk increases for portfolios that have a greater allocation to securities seeking appreciation. Taking into consideration your need for money (portfolio withdrawals) and your tolerance for risk, we can help you select among the following investment strategies (ordered from conservative to aggressive):

- ❖ **Income** - This strategy invests in income-oriented securities (i.e. corporations, governments, and municipalities) within the U.S. and international markets while emphasizing capital preservation and minimal market risk.
- ❖ **Income and Growth** - This strategy invests primarily in income-oriented securities while complementing the portfolios with some U.S. or international securities offering the potential for some capital appreciation. You should be willing to accept modest stock market risk and volatility.
- ❖ **Conservative Growth** - This strategy seeks both appreciation and income by investing among stock, bond, international and other securities. You should be willing to accept moderate stock market risk and volatility.
- ❖ **Core Equity** - This strategy diversifies among appreciation-oriented securities within the U.S. and international markets. You should be willing to accept market risk and volatility associated with an all-stock portfolio (i.e. S&P 500 index).
- ❖ **Tactical Growth** - This strategy emphasizes growth through the use of any type of security. Portfolios will, at times, be concentrated in volatile securities seeking appreciation or income-oriented securities within U.S. and international markets.

You should be willing to accept increased volatility and trading, with less diversification.

- ❖ **Sector Rotation** - This strategy invests among appreciation-oriented sectors within the U.S. equity markets. You should be willing to accept market risks and volatility associated with an all-stock portfolio (i.e. S&P 500 index). This strategy typically reallocates monthly.

The factors considered in the search for securities used for management include but are not limited to the following: performance, risk, consistency of objectives, manager's tenure, fund size and fund distributions. We may also utilize information obtained from rating and tracking organizations, services providing money flow statistics, business publications, fund prospectuses and other sources, and may consider other criteria including, but not limited to, the administrative, recordkeeping, communication, reporting and other services provided.

Fundamental Analysis

Fundamental analysis considers: growth rates, economic conditions, earnings, cash flow, industry outlook, politics (as it relates to investments), historical data, price-earnings ratios, dividends, general level of interest rates, and mutual fund company management. Fundamental analysis places greater value on the long-term financial structure and health of a company; however, such fundamental data does not always correlate to the trading value of the stock on the exchanges.

Technical Analysis

Technical analysis utilizes current and historical pricing information to help us identify trends in the equity and fixed income markets, and in the underlying assets themselves. This may involve the use of various technical indicators, such as moving averages and trend-lines, among others. Technical analysis focuses on the price movement of a security trading in the market place. This is an ideal tool to help identify market entry/exit points. However, no market indicator is absolutely reliable and portfolios can underperform.

Our investment decisions are primarily focused on technical analysis, but we also may use fundamental analysis to develop an overall macro perspective as well as to understand the management style of the underlying portfolio manager.

Managing Risk

There are several risks that can negatively affect the value of your portfolio. These include:

- ❖ **Market Risk** - Market risk are those outside risk factors that can affect the performance of the financial markets, which in turn causes you to experience losses arising from movements in market prices.
- ❖ **Interest Rate Risk** - Interest rate risk affects the value of bonds more than stocks. Essentially, when the interest rate on a bond begins to rise, the value (bond price) begins to drop; and vice versa, when interest rates on a bond fall, the bond value rises.
- ❖ **Principal Risk** - Principal risk is the risk of losing the amount you invested due to bankruptcy or default.
- ❖ **Currency Risk** - Currency risk is the risk that arises from the change in price of one currency against that of another. Investment values in international securities can be affected by currency rate changes.
- ❖ **Inflation Risk** - The reduction of purchasing power of investments over time.

The risk factors we have cited above are not intended to be an exhaustive list, but are the most common risks your portfolio will encounter. FSA's methods of analysis and investment strategies do not present significant or unusual risks beyond those of the general domestic and/or international securities markets. However, we do feel that with the ever-evolving dynamics of our U.S. and international financial markets and economies, an active approach to managing investments helps reduce risk and is necessary to achieve the long-term portfolio growth you desire.

In an ideal world, we would all want to "buy-and-hold" a security forever. We feel this is an unrealistic expectation. Conventional "buy-and-hold" strategies are not designed to reduce your exposure in volatile or declining financial markets. For this reason, we believe successful investing and risk management is defined by two factors:

1. **FSA Safety Net®** - Preserving gains when price-trends reverse
2. **Follow the Money** - Being properly positioned in securities with rising price trends

FSA Safety Net®

The **FSA Safety Net®** is our exit strategy. Knowing that a 100% gain is needed to offset a 50% loss, our mantra is "Winning by not losing." This is more than just a catchy phrase; it is the foundation of our investment philosophy. While many advisors and investors constantly seek opportunities for higher returns, we believe protecting what you've made is the most important strategy we can take. We do this by utilizing the **FSA Safety Net®** to help reduce losses during times of sustained downward trends.

The **FSA Safety Net®** is designed to represent an exit point for each security within a portfolio and to help reduce losses from sustained drops in the financial markets. Our goal is to prevent smaller losses from turning into catastrophic losses. It is also necessary to understand that we primarily use mutual funds (which price daily at the market close). The **FSA Safety Net®** was not designed, and is not effective, to protect assets in abrupt/sudden market drops. Examples of such occurrences include, but are not limited to, the Market Crash of October 1987, the market drop in October 1989, the market disruption caused by the terrorist attacks of September 2001, and the Flash Crash of May 2010. Similar future occurrences could reduce the effectiveness of the **FSA Safety Net®**. In addition, the **FSA Safety Net®** will not protect assets in the event mutual fund companies, custodial companies, or the securities exchanges themselves, at their discretion, suspend, disallow, or fail to conduct trades, redemptions, or liquidations.

Follow the Money

We do not believe in holding the same asset classes through all market cycles. All asset classes go through cycles of extended periods of being in and out of favor. This is a function of supply and demand. These cycles create a price-trend which is up, down, or sideways. Asset classes that are in favor (dominated by buyers) create a rising price-trend or "Follow the Money."

Our investment process seeks to own those assets with a rising price-trend that works with our **FSA Safety Net®**. When investors sell and move money "out", the **FSA Safety Net®** is in place (to sell) when price trends reverse - the FSA exit strategy.

Regardless of the securities analysis we use to guide us in the management of your investment portfolio or the risk protections we employ with our investment strategies, the most important thing for you to understand is that **investing in securities involves risk of loss that you should be willing and prepared to bear; and furthermore, past market performance is no indication of future results.**



Inverse/Enhanced investments: FSA may utilize inverse (short) mutual funds and/or exchange-traded funds (ETFs) that are designed to perform in an inverse (opposite) relationship to certain market indices (at a rate of one or more times the inverse result of the corresponding index). In addition, FSA may also use leveraged (enhanced) mutual funds or ETFs that provide an enhanced relationship to certain market indices (at a rate of more than one times the actual result of the corresponding index). There can be no assurance that any such investment will prove profitable or successful. In light of these enhanced risks/rewards, clients may direct FSA, in writing, not to employ any or all such investments.

Past performance may not be indicative of future results. **All investing involves risk.** Therefore, it should not be assumed that future performance of any specific investment or investment strategy (including the investments or investment strategies recommended or undertaken by Financial Services Advisory, Inc.), or any non-investment related content or advice, will be profitable, successful or equal any corresponding indicated historical performance level(s). Please remember that it remains your responsibility to advise Financial Services Advisory, Inc., in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations or services, or if you would like to impose, add, or modify any reasonable restrictions to our investment advisory services.

DISCIPLINARY INFORMATION

ITEM 9

We have no legal or disciplinary events to report.

OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS

ITEM 10

We are a fee-only registered investment advisor; none of our supervised persons are licensed by or are related to, another financial industry participant and therefore no disclosure is necessary for this item.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING

ITEM 11

Code of Ethics

As a fiduciary, FSA has a duty to render unbiased investment advice, and at all times act in your best interest. To maintain this ethical responsibility, we have adopted a Code of Ethics that establishes the fundamental principles of conduct and professionalism expected by all personnel in performing their duties. Our Code of Ethics is designed to deter inappropriate behavior and heighten awareness as to what is right, fair, just and good by promoting:

- ❖ Honest and ethical conduct.
- ❖ Full, fair and accurate disclosure.
- ❖ Compliance with applicable rules and regulations.
- ❖ Reporting of any violation of the Code.
- ❖ Accountability.



To help you understand our ethical culture and standards, how we control sensitive information and what steps have been taken to prevent personnel from abusing their inside position, a copy of our Code of Ethics is available for review upon request.

Client Transactions

We have a fiduciary duty to ensure that your welfare is placed before our own. The following disclosures are internal guidelines we have adopted to assist us in protecting you. Since we primarily use mutual funds, these trading policies are directed to transactions in exchange traded securities (i.e., ETFs and ETNs),

Participation or Interest

It is against our policies for any owner, officer, director, or employee to invest with you or with a group of clients, or to advise you or a group of clients to invest in a private business interest or other non-marketable investment unless prior approval has been granted by our Chief Compliance Officer, Mr. David R. Petersen, and such investment is not in violation of any SEC and/or State rules and regulations.

Class Action Policy

FSA does not elect to participate in class action lawsuits on your behalf. Such decisions are yours or with an entity you designate. However, if you have specific questions you may contact us and we will help explain the particulars. Any final determination of whether to participate, and the completion and tracking of any such related documentation, shall rest with you.

Personal Trading

The Advisor or employees of the Advisor are permitted to personally invest their own monies in securities, which may also be, from time to time, owned in your account. Most of the time, such investment purchases are independent of, and not connected in any way to, the investment decisions made on your behalf. However, there may be instances where investment purchases for you may also be made in an employee's account. In these situations, we have implemented the following guidelines in order to ensure our fiduciary integrity:

1. No access person of FSA (i.e., any officer or an employee who has prior access to information regarding clients' purchase or sale of securities), shall buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public upon reasonable inquiry. No employee of ours shall prefer his or her own interest to that of yours or any other advisory client.
2. We review all securities holdings for all our access employees. An appointed officer reviews these holdings on a regular basis.
3. We require that all employees act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
4. Any individual not in observance of the above may be subject to termination.

Personal trading activities are monitored by David R. Petersen, our Chief Compliance Officer, or his designee, to ensure that such activities do not impact your security or create conflicts of interest.

BROKERAGE PRACTICES

ITEM 12

Custodial Services

FSA has custodial arrangements with Charles Schwab & Company, Inc. (“Schwab”), a licensed broker-dealer (member FINRA/SIPC), through its Schwab Advisor Services to financial advisors. Schwab offers us services which include custody of securities, trade execution, clearance and settlement of transactions.

We are not a subsidiary of, or an affiliated entity of Schwab. We have sole responsibility for investment advice rendered, and our advisory services are provided separately and independently from Schwab.

Our recommendation for you to custody your assets with Schwab has no direct correlation to the services we receive from Schwab and the investment advice we offer you, although we do receive economic benefits through our relationship with Schwab that are typically not available to Schwab retail clients.

These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a dedicated trading desk; access to batch trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to accounts); the ability to have advisory fees deducted directly from accounts; access to an electronic communications network for order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors; and discounted and/or complimentary attendance at conferences, meetings, and other educational events, as well as financial contributions to client entertainment and/or educational seminars.

Schwab may also pay for business consulting and professional services received by our related persons. Some of the products and services made available by Schwab may benefit us and not you or your account. These products or services may assist us in managing and administering your accounts. Other services made available by Schwab are intended to help us manage and further develop our business enterprise. The benefits received by us or our personnel do not depend on the amount of brokerage transactions directed to Schwab.

Direction of Transactions and Commission Rates (Best Execution)

We have a fiduciary duty to put your interests before our own. Schwab’s advisory support services create an economic benefit to us and a potential conflict of interest to you; in that, our recommendation to custody your account(s) with Schwab may have been influenced by these arrangements/services. This is not the case; we have selected Schwab as the custodian of choice based on:

1. Schwab’s competitive transaction charges, trading platform, and on-line services for account administration and operational support.
2. Schwab’s general reputation, trading capabilities, investment inventory, their financial strength, and our personal experience working with Schwab staff.

Since we do not recommend, suggest, or make available a selection of custodians other than Schwab, and we have not verified whether their transaction fees are competitive with another



custodian, **best execution may not always be achieved.** Therefore, **you do not have to accept our recommendation to use Schwab as your custodian.** However, if you elect to use another custodian, **we may not be able to provide you complete institutional services.**

Aggregating Trade Orders

Our objective when executing orders is to act fairly, impartially, and to take all reasonable steps to obtain the best possible results (known as “best execution”) for you. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution. Also, when we batch (aggregate) orders for a block trade, policies are in place so that no client is systematically advantaged or disadvantaged by batching the orders or when allocating a trade among the batched accounts.

In consideration of these objectives, we will take into account the unique execution factors of the buy/sell order before batching accounts for a block trade. A few of those factors are:

- ❖ **Security Trading Volume** - Batching orders in a block trade can secure price parity and continuity for our clients during heavy trading activity.
- ❖ **Number of Accounts** - When fewer client accounts are involved, the batched order may not yield better pricing or order execution; it may be more advantageous to perform an individual market order for each account. In addition, preparing individual market orders for the small number of accounts involved may be quicker to complete than preparing a batch order.
- ❖ **Financial Instruments** - The type of security involved as well as the complexity of the order can affect our ability to achieve best execution.

REVIEW OF ACCOUNTS

ITEM 13

We review your account on an ongoing basis to ensure that your investment objectives are being addressed. The general economy, market conditions, and/or changes in tax law can trigger more frequent reviews. Cash needs will be adjusted as necessary. Material changes in your personal/financial situation and/or investment objectives will require additional review and evaluation for us to properly advise you on revisions to previous recommendations and/or services. However, it is **your responsibility to communicate these changes** to us so we can make the appropriate adjustments to your account(s).

You will receive monthly statements from Charles Schwab & Company, Inc. and a quarterly portfolio appraisal from us summarizing your account(s). You are encouraged to review the monthly trading activities on your Schwab statements with our quarterly portfolio appraisal that summarizes market conditions, your current holdings, and your account values for the period. It is important for you to review these documents for accurate reporting and to determine whether we are meeting your investment expectations.

CLIENT REFERRALS & OTHER COMPENSATION

ITEM 14

Referral Compensation

We may directly compensate persons/firms for client referrals, provided that those persons are qualified and have entered a solicitation agreement with us. Under such arrangements, if a solicitor referred you to us, the solicitor will provide complete information on our relationship



and the compensation that solicitor will receive should you choose to open an account. In no case will the fee that you pay be higher than it would be if you had dealt directly with us. In addition, we will adhere to each State's rules and regulations where the Solicitor resides prior to entering into any solicitation agreement with that person/firm.

Other Compensation (Indirect Benefit)

FSA receives an indirect economic benefit from Schwab (See "Custodial Services" above under Item 12, "Brokerage Practices" for more detailed information on these services and products could be.).

Retirement Rollovers

When it comes to your retirement account, you have four options to consider when transitioning employment from one employer for another or for fully retiring:

- ❖ Leave the account assets in the former employer's plan, if permitted;
- ❖ Rollover the assets to the new employer's plan, if one is available and rollovers are permitted;
- ❖ Rollover the account assets to an Individual Retirement Account (an "IRA"); or,
- ❖ Cash out the retirement account assets (There may be tax consequences and/or IRS penalties depending on your age.).

Should you approach us to advise you on which option would be the best for your particular situation, FSA has an economic incentive to recommend you rollover your retirement account to a managed IRA account with us where we would earn a management fee on the assets. This can create a potential conflict of interest and the objectivity of the advice we render subjective and a disadvantage to you. Therefore, if we recommend you rollover your retirement account to an individually managed IRA account, you are under no obligation to engage us to manage your assets. You are free to take your account anywhere.

CUSTODY

ITEM 15

Management Fee Deduction

We do not take possession of or maintain custody of your funds or securities, but will simply monitor the holdings within your portfolio and trade your account based on your stated investment objectives and guidelines. Physical possession and custody of your funds and/or securities are maintained with Charles Schwab & Company, Inc. as indicated above in Item 12, "Brokerage Practices."

We do however, meet the definition of custody since you have authorized us to deduct our advisory fees directly from your account. Therefore, to comply with the United States Securities and Exchange Commission's Custody Rule (1940 Act Rule 206(4)-2) requirements, and to protect you as well as to protect our advisory practice, we have implemented the following regulatory safeguards:

- ❖ Your funds and securities will be maintained with a qualified custodian (Schwab) in a separate account in your name.
- ❖ Authorization to withdraw our management fees directly from your account will be approved by you prior to engaging in any portfolio management services.



In addition, Schwab is required by law to send you, at least quarterly, brokerage statements summarizing the specific investments currently held in your account, the value of your portfolio, and account transactions. **You are encouraged to compare the financial data contained in our report to the account statement from Schwab to verify the accuracy of our reporting.**

Trustee Accounts

Our President, David R. Petersen, serves as a trustee for three client accounts. These are the only accounts where we act as trustee and there are no future plans to offer additional trustee services.

In this situation where an employee of ours acts as trustee for a client's trust and also an investment advisor representative to the account, our advisory agreement is accompanied by a trust instrument. When this occurs, by virtue of his/her position the trustee has the legal ownership of the client assets and the authority to dispose of funds and securities in those accounts. This creates a custody situation which requires us to undergo an annual surprise inspection (irregular from year to year) by an independent public accountant of the funds or securities in those accounts for which we have custody.

To comply with 1940 Act Custody Rule 206(4)-2 we will:

- ❖ Request that Charles Schwab & Company, Inc. send account statements to the trust beneficiaries and/or a designated independent representative.
- ❖ Undergo an annual surprise inspection by a Certified Public Accountant.

INVESTMENT DISCRETION

ITEM 16

Securities & Amount Bought or Sold

We execute a Client Agreement with you, which sets forth the authority to buy and sell securities in whatever amounts are determined to be appropriate for your account at our discretion.

You may, at anytime, impose restrictions, **in writing**, on our discretionary authority (i.e., limit the types/amounts of particular securities purchased for your account, exclude the ability to purchase securities with an inverse relationship to the market, limit our use of leverage, etc.).

VOTING CLIENT SECURITIES

ITEM 17

We do not vote client proxies. You understand and agree that you retain the right to vote all proxies solicited for securities held in your managed accounts. Most often the custodian of your managed accounts will mail you all proxy solicitations. Any proxy solicitations inadvertently received by us will be immediately forwarded to you for your evaluation and decision.

However, if you have specific questions you may contact us and we will help explain the particulars. The ultimate decision on how you vote is your responsibility.



FINANCIAL INFORMATION

ITEM 18

We are not required to include financial information in our Disclosure Brochure since we will not take physical custody of client funds or securities or bill client accounts six (6) months or more in advance for more than \$1,200.

We are not aware of any current financial conditions that are likely to impair our ability to meet our contractual commitments to you. In addition, we have not, nor have any of our officers and directors, been the subject of a bankruptcy petition at any time during the past ten years.

END OF DISCLOSURE BROCHURE

FORM ADV: PART 2B

BROCHURE SUPPLEMENT



Financial Services Advisory, Inc.

One Church Street, Suite 901
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SUPERVISION

David R. Petersen
Chief Compliance Officer

Tel: 301.949.7300
e-Mail: Dave@FSAinvest.com

Mr. Petersen is responsible for the regulatory oversight of our advisory practice - ensuring that we are operating in compliance with federal and state regulations.

His responsibilities include reviewing investment activities to ensure all supervised persons are acting in your best interest in performing their duties.

BROCHURE SUPPLEMENT
DATED

1
JANUARY
2017

This Brochure Supplement provides information about David R. Petersen that is an accompaniment to the Disclosure Brochure for our firm, Financial Services Advisory, Inc. You should have received both of these together as a complete disclosure packet. If you did not receive our Disclosure Brochure or if you should have questions about this Brochure Supplement for Mr. Petersen, you are welcome to contact us - our contact information is listed to the left.

Additional information about Financial Services Advisory, Inc. and David R. Petersen are also available on the SEC's website at www.adviserinfo.sec.gov.

David R. Petersen, CFP®

CRD#: 716333

Year of Birth: 1956

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Education

1980 - Brigham Young University: Bachelor of Science in Finance

Licenses

FINRA Exams: Series 7 - General Securities Representative (Retired)
Series 63 - Uniform Securities Agent State Law Examination (Retired)

Designations: **CERTIFIED FINANCIAL PLANNER™ (CFP®) Certification¹** - The CFP® designation requires one to meet education, examination, experience, and ethics requirements. In addition, CFPs are required to meet rigid standards and annual continuing education requirements.

Business Background

02/1982 - Present Financial Services Advisory, Inc.
Position: Founding Partner & Chief Compliance Officer

Mr. Petersen works with clients providing financial and investment advice, as well as serving as a key point of contact for prospective clients. In addition, he is a member of the firm's leadership team.

Mr. Petersen co-founded FSA in 1982 upon the belief that successful investing requires an active, disciplined management strategy. His belief to building and preserving wealth requires that you must not only take advantage of advancing markets but more importantly adapt to changing environments and protect capital in declining markets to ultimately have financial peace of mind

Over 35 years, Mr. Petersen has managed client assets by having an exit strategy and has coined the firm's mantra: "Preserving money is just as important as making it."

DISCIPLINARY INFORMATION

There are no legal or disciplinary events to report.

OTHER BUSINESS ACTIVITIES

Mr. Petersen is not involved in any other business activities. Full focus of his attention is directed to meeting your financial and investment needs.

ADDITIONAL COMPENSATION

Mr. Petersen does not receive any economic benefit, incentives, sales awards, prizes or bonuses that are based on the number or amount of sales, client referrals, or from opening new accounts.

¹ Certified Financial Planner Board of Standards, Inc. owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™, and federally registered CFP (with flame logo), which it awards to individuals who successfully complete initial and ongoing certification requirements.

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BROCHURE SUPPLEMENT



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BROCHURE SUPPLEMENT
DATED

1

**JANUARY
2017**

This Brochure Supplement provides information about James E. Joseph that is an accompaniment to the Disclosure Brochure for our firm, Financial Services Advisory, Inc. You should have received both of these together as a complete disclosure packet. If you did not receive our Disclosure Brochure or if you should have questions about this Brochure Supplement for Mr. Joseph, you are welcome to contact us - our contact information is listed to the left.

Additional information about Financial Services Advisory, Inc. and James E. Joseph are also available on the SEC's website at www.adviserinfo.sec.gov.

James E. Joseph, CFP®

CRD#: 2943563

Year of Birth: 1974

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Education

1997 - West Virginia University: Bachelor of Science in Finance & Accounting

Licenses

FINRA Exams: Series 7 - General Securities Representative (Retired)
Series 63 - Uniform Securities Agent State Law Examination (Retired)
Series 66 - Uniform Combined State Law Examination

Designations: **CERTIFIED FINANCIAL PLANNER™ (CFP®) Certification**¹ - The CFP® designation requires one to meet education, examination, experience, and ethics requirements. In addition, CFPs are required to meet rigid standards and annual continuing education requirements.

Business Background

01/2017 - Present Financial Services Advisory, Inc.
Position: President
10/2004 - 12/2016 Financial Services Advisory, Inc.
Position: Vice President
08/1999 - 10/2004 Charles Schwab & Company, Inc.
Position: Financial Consultant
06/1998 - 08/1999 Morgan Stanley Dean Witter
Position: Account Executive

Mr. Joseph works with clients providing financial and investment advice, as well as serving as a key point of contact for prospective clients. In addition, he leads the firm's strategic initiatives as a member of the leadership team while overseeing the management and financial advisor teams.

Since joining FSA in 2004, Mr. Joseph has maintained a client-first philosophy, ensuring that client needs and expectations are met. This is evident in the infrastructure of FSA, namely service teams for every client and their financial review process. This has helped FSA remain responsive to the changing needs of clients.

Mr. Joseph's passion to help people grow has reached his team members as well. He led the charge to redesign our firm's culture to become a "learning organization," guaranteeing team members receive an opportunity to shine their gifts and grow as people and not just employees.

Prior to joining FSA, he worked with other firms, including Charles Schwab and Morgan Stanley, where he developed client portfolios and helped build cash flow strategies and retirement plans to meet each client's unique needs and goals.

DISCIPLINARY INFORMATION

There are no legal or disciplinary events to report.

OTHER BUSINESS ACTIVITIES

Mr. Joseph is not involved in any other business activities. Full focus of his attention is directed to meeting your financial and investment needs.

ADDITIONAL COMPENSATION

Mr. Joseph does not receive any economic benefit, incentives, sales awards, prizes or bonuses that are based on the number or amount of sales, client referrals, or from opening new accounts.

¹ Certified Financial Planner Board of Standards, Inc. owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™, and federally registered CFP (with flame logo), which it awards to individuals who successfully complete initial and ongoing certification requirements.



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His responsibilities include reviewing investment activities to ensure all supervised persons are acting in your best interest in performing their duties.

BROCHURE SUPPLEMENT
DATED

1
JANUARY
2017

This Brochure Supplement provides information about Ronald J. Rough that is an accompaniment to the Disclosure Brochure for our firm, Financial Services Advisory, Inc. You should have received both of these together as a complete disclosure packet. If you did not receive our Disclosure Brochure or if you should have questions about this Brochure Supplement for Mr. Rough, you are welcome to contact us - our contact information is listed to the left.

Additional information about Financial Services Advisory, Inc. and Ronald J. Rough are also available on the SEC's website at www.adviserinfo.sec.gov.

Ronald J. Rough, CFA

CRD#: 2083110

Year of Birth: 1960

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Education

1982 - Miami University: Bachelor of Arts in Economics and Diplomacy & Foreign Affairs

Licenses

FINRA Exams: Series 2 - Non-Member General Securities (Retired)
Series 24 - General Securities Principal (Retired)
Series 65 - Uniform Investment Advisor Law Examination

Designations: **Chartered Financial Analyst (CFA) Charterholder** - The CFA designation requires the candidate to have a bachelor's degree, 4 (four) years professional working experience in the investment field, and successfully passed the examination process. In addition, Charterholders are required to meet rigid standards and are encouraged to meet annual continuing education requirements.

Business Background

05/2006 - Present Financial Services Advisory, Inc.

Position: Director of Portfolio Management

09/1995 - 04/2006 Genworth Financial Asset Management, Inc.

Position: Vice President & Director of Portfolio Management

09/1986 - 09/1995 Schabacker Investment Management, Inc.

Position: Director of Portfolio Management

Mr. Rough joined FSA in 2006 and is responsible for the day-to-day management of client portfolios. This includes portfolio construction, fund selection, and risk management.

With more than 25 years of experience in the investment management business, Mr. Rough is a respected authority on a wide range of investment topics. Over the years, he has been quoted frequently in the general media, as well as in various trade publications. A warm and engaging speaker, he is often invited to speak to organizations about all things financial. At FSA, he writes a monthly market commentary and develops presentations for clients and prospects.

Prior to joining FSA, Mr. Rough was director of portfolio management for Genworth Financial Asset Management (GFAM), a Los Angeles-based subsidiary of Genworth Financial, managing nearly \$13 billion of client assets. Mr. Rough's tenure with GFAM spanned 11 years and included nearly all aspects of investment management, including asset allocation, portfolio construction, manager selection and due diligence, and risk management.

Prior to his career with GFAM, Mr. Rough spent nine years with Schabacker Investment Management. His first job after graduating from college was serving on the White House Task Force on Private Sector Initiatives under President Ronald Reagan.

Mr. Rough received a Bachelor of Arts degree from Miami University in Ohio with a double major in economics and diplomacy and foreign affairs.

DISCIPLINARY INFORMATION

There are no legal or disciplinary events to report.

OTHER BUSINESS ACTIVITIES

Mr. Rough is not involved in any other business activities. Full focus of his attention is directed to meeting your financial and investment needs.

ADDITIONAL COMPENSATION

Mr. Rough does not receive any economic benefit, incentives, sales awards, prizes or bonuses that are based on the number or amount of sales, client referrals, or from opening new accounts.



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Chief Compliance Officer

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e-Mail: Dave@FSAinvest.com

Mr. Petersen is responsible for the regulatory oversight of our advisory practice - ensuring that we are operating in compliance with federal and state regulations.

His responsibilities include reviewing investment activities to ensure all supervised persons are acting in your best interest in performing their duties.

BROCHURE SUPPLEMENT
DATED

1

**JANUARY
2017**

This Brochure Supplement provides information about James H. Applegate that is an accompaniment to the Disclosure Brochure for our firm, Financial Services Advisory, Inc. You should have received both of these together as a complete disclosure packet. If you did not receive our Disclosure Brochure or if you should have questions about this Brochure Supplement for Mr. Applegate, you are welcome to contact us - our contact information is listed to the left.

Additional information about Financial Services Advisory, Inc. and James H. Applegate are also available on the SEC's website at www.adviserinfo.sec.gov.

James H. Applegate, CFP®

CRD#: 1521967

Year of Birth: 1955

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Education

1983 - Embry Riddle Aeronautical University: Bachelor of Professional Aeronautics

Licenses

FINRA Exams: Series 7 - General Securities Representative (Retired)
Series 63 - Uniform Securities Agent State Law Examination (Retired)

Designations: **CERTIFIED FINANCIAL PLANNER™ (CFP®) Certification**¹ - The CFP® designation requires one to meet education, examination, experience, and ethics requirements. In addition, CFPs are required to meet rigid standards and annual continuing education requirements.

Accredited Asset Management SpecialistSM (AAMS®) Designation - The AAMS® candidates are required to complete 12-module professional education programs, pass an examination, commit to a code of ethics, and submit to annual continuing education requirements.

Business Background

10/2010 - Present Financial Services Advisory, Inc.
Position: Regional Director

07/2002 - 09/2010 Applegate Investment Management, LLC
Position: Owner, Chief Investment Officer & Chief Compliance Officer

02/1992 - 12/2007 Investment Insight, Inc.
Position: Chief Investment Officer & Shareholder

07/1994 - 06/2000 Securities Services Network, Inc.
Position: Registered Representative

Mr. Applegate serves as FSA's presence in Southern Florida. Residing in Fort Myers, his primary responsibility is maintaining client relationships, providing clients with financial advice, and serving as a key point of contact for prospective clients.

Mr. Applegate has over 25 years of experience in the investment management business. Prior to joining our firm, he operated his own advisory practice, Applegate Investment Management, for eight years. Mr. Applegate, managed client portfolios and selected investment and cash flow strategies to meet each client's unique needs and goals. Prior to operating his own advisory practice, Mr. Applegate was a Partner and Chief Investment Officer of another local investment advisory firm.

DISCIPLINARY INFORMATION

There are no legal or disciplinary events to report.

OTHER BUSINESS ACTIVITIES

Mr. Applegate is not involved in any other business activities. Full focus of his attention is directed to meeting your financial and investment needs.

ADDITIONAL COMPENSATION

Mr. Applegate does not receive any economic benefit, incentives, sales awards, prizes or bonuses that are based on the number or amount of sales, client referrals, or from opening new accounts.

¹ Certified Financial Planner Board of Standards, Inc. owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™, and federally registered CFP (with flame logo), which it awards to individuals who successfully complete initial and ongoing certification requirements.

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Mr. Petersen is responsible for the regulatory oversight of our advisory practice - ensuring that we are operating in compliance with federal and state regulations.

His responsibilities include reviewing investment activities to ensure all supervised persons are acting in your best interest in performing their duties.

BROCHURE SUPPLEMENT
DATED

1

**JANUARY
2017**

This Brochure Supplement provides information about Kimberly A. Scott that is an accompaniment to the Disclosure Brochure for our firm, Financial Services Advisory, Inc. You should have received both of these together as a complete disclosure packet. If you did not receive our Disclosure Brochure or if you should have questions about this Brochure Supplement for Ms. Scott, you are welcome to contact us - our contact information is listed to the left.

Additional information about Financial Services Advisory, Inc. and Kimberly A. Scott are also available on the SEC's website at www.adviserinfo.sec.gov.

Kimberly A. Scott, CFP®

CRD#: 5523788

Year of Birth: 1986

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Education

2009 - Virginia Tech: Bachelor of Science in Finance (Dean's List)

Licenses

FINRA Exams: Series 7 - General Securities Representative (Retired)
Series 66 - Uniform Combined State Law Examination

Designations: **CERTIFIED FINANCIAL PLANNER™ (CFP®) Certification¹** - The CFP® designation requires one to meet education, examination, experience, and ethics requirements. In addition, CFPs are required to meet rigid standards and annual continuing education requirements.

Business Background

03/2013 - Present Financial Services Advisory, Inc.
Position: Financial Advisor

01/2010 - 03/2013 DMJ Wealth Advisors, LLC
Position: Investment Advisory Representative

08/2005 - 12/2009 Virginia Tech
Position: Full-time Student

Ms. Scott provides financial planning and advising services. She is also responsible for managing relationships with existing and potential clients.

Prior to joining FSA, Kim worked at a financial planning firm in Greensboro, NC, where she gained valuable knowledge in assisting clients with their specific planning needs. She earned her degree in finance from Virginia Tech with a concentration in financial planning.

As a **CERTIFIED FINANCIAL PLANNER™** professional, Ms. Scott is passionate about helping people reach their goals and achieve financial security. She takes great pride in helping families and business owners through retirement planning, education planning, investment planning, and estate planning. She actively participates in pro bono work and enjoys spending her time mentoring financial planning students from her alma mater.

DISCIPLINARY INFORMATION

There are no legal or disciplinary events to report.

OTHER BUSINESS ACTIVITIES

Ms. Scott is not involved in any other business activities. Full focus of her attention is directed to meeting your financial and investment needs.

ADDITIONAL COMPENSATION

Ms. Scott does not receive any economic benefit, incentives, sales awards, prizes or bonuses that are based on the number or amount of sales, client referrals, or from opening new accounts.

¹ Certified Financial Planner Board of Standards, Inc. owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™, and federally registered CFP (with flame logo), which it awards to individuals who successfully complete initial and ongoing certification requirements.



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His responsibilities include reviewing investment activities to ensure all supervised persons are acting in your best interest in performing their duties.

BROCHURE SUPPLEMENT
DATED

1

**JANUARY
2017**

This Brochure Supplement provides information about Brooke A. Wano that is an accompaniment to the Disclosure Brochure for our firm, Financial Services Advisory, Inc. You should have received both of these together as a complete disclosure packet. If you did not receive our Disclosure Brochure or if you should have questions about this Brochure Supplement for Ms. Wano, you are welcome to contact us - our contact information is listed to the left.

Additional information about Financial Services Advisory, Inc. and Brooke A. Wano are also available on the SEC's website at www.adviserinfo.sec.gov.

Brooke A. Wano, CFP®, CLU®

CRD#: 5945361

Year of Birth: 1989

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Education

2012 - Gettysburg College: Bachelor of Arts in English/Economics

Licenses

FINRA Exams: Series 7 - General Securities Representative (Inactive)
Series 63 - Uniform Securities Agent State Law Examination (Inactive)
Series 65 - Uniform Investment Advisor Law Examination (Active)

Insurance: Pennsylvania Life & Health Insurance (Active)

Designations: **CERTIFIED FINANCIAL PLANNER™ (CFP®) Certification¹** - The CFP® designation requires one to meet education, examination, experience, and ethics requirements. In addition, CFPs are required to meet rigid standards and annual continuing education requirements.

Chartered Life Underwriter® (CLU®) - The CLU® designation requires one to have experience in the area of life insurance and estate planning, successfully completed course work and exams, and maintain ethic standards. In addition, to maintain the CLU® designation one is required to meet rigid standards and annual continuing education requirements.

Business Background

01/2016 - Present Financial Services Advisory, Inc.
Position: Financial Advisor

10/2013 - 12/2015 M&T Securities, Inc.
Position: Financial Consultant

06/2012 - 10/2013 The Vanguard Group
Position: Investment Consultant

05/2011 - 08/2011 Northwestern Mutual Financial Network
Position: Financial Representative

Ms. Wano provides financial planning and advising services. She is also responsible for managing relationships with existing and potential clients.

Prior to joining FSA, Ms. Wano was a financial consultant for M&T Bank in Harrisburg, PA, where she advised clients on retirement, investment, and insurance planning. Before joining M&T, Brooke was a fund specialist with The Vanguard Group in Malvern, PA.

As a CERTIFIED FINANCIAL PLANNER™ professional, Ms. Wano strives to utilize her knowledge to help clients achieve financial freedom through proper planning, saving, and investing.

DISCIPLINARY INFORMATION

There are no legal or disciplinary events to report.

OTHER BUSINESS ACTIVITIES

Ms. Wano is not involved in any other business activities. Full focus of her attention is directed to meeting your financial and investment needs.

ADDITIONAL COMPENSATION

Ms. Wano does not receive any economic benefit, incentives, sales awards, prizes or bonuses that are based on the number or amount of sales, client referrals, or from opening new accounts.

¹ Certified Financial Planner Board of Standards, Inc. owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™, and federally registered CFP (with flame logo), which it awards to individuals who successfully complete initial and ongoing certification requirements.

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BROCHURE SUPPLEMENT
DATED

1

**JANUARY
2017**

This Brochure Supplement provides information about Mary Ann Drucker that is an accompaniment to the Disclosure Brochure for our firm, Financial Services Advisory, Inc. You should have received both of these together as a complete disclosure packet. If you did not receive our Disclosure Brochure or if you should have questions about this Brochure Supplement for Ms. Drucker, you are welcome to contact us - our contact information is listed to the left.

Additional information about Financial Services Advisory, Inc. and Mary Ann Drucker are also available on the SEC's website at www.adviserinfo.sec.gov.

Mary Ann Drucker

CRD#: 2495181

Year of Birth: 1966

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Education

1998 - George Washington University: Masters of Business Administration in Finance & Investments
1992 - University of Maryland: Bachelor of Science in Finance
1990 - University of Maryland: Bachelor of Arts in Economics

Licenses

FINRA Exams: Series 7 - General Securities Representative (Retired)
Series 63 - Uniform Securities Agent State Law Examination (Retired)
Series 65 - Uniform Investment Advisor Law Examination (Active)

Business Background

05/2011 - Present Financial Services Advisory, Inc.
Position: Assistant Portfolio Manager
04/2004 - 05/2010 Keystone Asset Management, Inc.
Position: Senior Portfolio Manager & Research Analyst
02/1998 - 03/2004 Beaty Haynes & Patterson, Inc.
Position: Trader & Client Service
05/1990 - 02/1998 Merrill Lynch
Position: Registered Representative

Ms. Drucker is a member of the firm's investment management team. She assists the Director of Portfolio Management in the functions of account management, research and fund relations. She is the primary trader for the firm and helps keep client accounts aligned with the firm's various strategies.

Prior to joining FSA, Ms. Drucker worked with other registered investment advisory firms and with a major brokerage firm. Her broad experience in portfolio management, security analysis, trading, client servicing and operations has helped her to appreciate all of the components that work together to better serve clients.

DISCIPLINARY INFORMATION

There are no legal or disciplinary events to report.

OTHER BUSINESS ACTIVITIES

Ms. Drucker is not involved in any other business activities. Full focus of her attention is directed to meeting your financial and investment needs.

ADDITIONAL COMPENSATION

Ms. Drucker does not receive any economic benefit, incentives, sales awards, prizes or bonuses that are based on the number or amount of sales, client referrals, or from opening new accounts.



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PRIVACY POLICY NOTICE

Our Commitment to You

As a client of FSA, you share both personal and financial information with us. This information enables us to provide you with responsive, personalized service and allows us to help you achieve your goals. Your privacy is important to us, and we are dedicated to safeguarding your personal and financial information.

Information Provided by Clients

In the normal course of doing business, we typically obtain the following non-public personal information about our clients:

- Personal information regarding our clients' identity such as name, address and social security number;
- Information regarding securities transactions effected by us; and
- Client financial information such as net worth, assets, income, bank account information and account balances.

How We Manage and Protect Your Personal Information

FSA is an independent, privately-owned firm. Therefore we do not have any affiliates with whom we share your personal and financial information. We do not sell information about current or former clients to third parties, nor is it our practice to disclose such information to third parties unless requested to do so by a client or authorized client representative or, if necessary, in order to process a transaction or service an account. As permitted by law, we may share your information without your permission to our third-party service providers in order to help administrate our business, such as brokerage and custodial firms, legal counsel, accountants, consultants and technology companies. Companies we hire for services of this kind are not allowed to use your personal information for their own purposes and are contractually obligated to maintain strict confidentiality.

At FSA, we understand how important it is to protect your personal and financial information. That's why we have in place physical, electronic and procedural safeguards. Our staff is educated regarding the importance of confidentiality and privacy related to our related policies and procedures which restrict the use of client information and require that it be held in strict confidence.

Our Commitment to Keeping You Informed

We will annually provide you a notice describing our privacy policy. In addition, we will inform you promptly if there are changes to our policy.

Please do not hesitate to contact us with questions about this notice.