

## Item 1 – Cover Page



### Form ADV Part 2A – Brochure December 11, 2023

This Form ADV Part 2A ("Brochure") provides information about the qualifications and business practices of Fjell Capital, LLC ("Fjell" or the "Firm"). If you have any questions about the content of this Brochure, please contact (701)-491-7600 or email [tstadum@fjellcapital.com](mailto:tstadum@fjellcapital.com).

Fjell is an investment adviser registered with the Securities and Exchange Commission ("SEC"). Registration as an investment adviser with SEC is not intended to imply any level of skill or training. This Brochure is designed to provide you with information about Fjell and its business practices and to assist you in determining whether or not to retain the Firm. The information in this Brochure has not been verified by the Securities and Exchange Commission or any state securities authorities.

Additional information about the Firm can be directly accessed by clicking on the hyperlink to [Fjell's Brochure](#). For further details, please refer to the SEC's Investment Adviser Public Disclosure website at [adviserinfo.sec.gov](http://adviserinfo.sec.gov). You may search using Fjell's unique identification number, the CRD number, to locate specific information. The Firm's CRD number is 327541.

Our Firm's CRD number is 327541.  
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## **Item 2 – Material Changes**

Fjell Capital has no material changes to report. In subsequent filings, this section will disclose any material changes made to the Brochure and provide a summary for your reference.

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## Item 4 – Advisory Services

### A. Firm Information

In July 2020, Fjell Capital, LLC ("Fjell," the "Firm," "We," "Our," "Us") was organized as a limited liability company under the laws of the state of Delaware. Subsequently, in August 2023, the Firm's registration as an investment adviser became effective with the Securities and Exchange Commission<sup>1</sup>. Mr. Thomas Stadum, the Founder and Chief Executive Officer of Fjell, owns 100% of the Firm.

### B. Description of Advisory Services

Fjell offers investment advisory services to individuals and high-net-worth individuals (collectively, "client" or "clients"). The Firm's service offerings include Scale and Altitude. Both offerings include a wide range of financial planning services combined with investment management. However, Scale and Altitude's services are custom-tailored to the needs of different types of clients. The following section provides a complete description of each advisory service.

#### Scale

Scale is a custom-tailored wealth solution that combines the components of financial planning and investment management. It is designed to address the specific needs, goals, and concerns of the Millennial Generation<sup>2</sup> ("Millennials"). Millennials typically have complex financial lives, which generally include many competing goals. Through the financial planning process, Scale is designed to address many of Millennials' competing goals. These goals include, but are not limited to:

- Cash flow and debt management
- Establishing a financial budget
- Creating an emergency fund
- Optimizing an investment portfolio
- Purchase of a home
- Scaling a business
- Addressing insurance needs
- Improving credit scores

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<sup>1</sup> Registration as an investment adviser with the Securities and Exchange Commission is not intended to imply any level of skill or training.

<sup>2</sup> Millennials are generally individuals that were born between 1981 and 1996 (between the ages of 27 to 42 years old).

- Investment Planning
- Saving for college
- Career management
- Selecting and managing employee benefits
- Saving for retirement
- Managing stock options
- Leasing vs. buying a car
- Tax planning strategies

### **Scale's Investment Management Component**

Most clients also utilize Scale for ongoing investment management services (these "Services"). These Services are offered exclusively on a discretionary basis and involve consistent communication and collaboration to deliver solutions tailored to the client's specific needs. The Firm works closely with each client to determine their investment objectives and risk tolerance to construct the optimal asset allocation. Asset allocation consists of allocating client assets amongst various asset classes to seek the optimal return for a given level of risk. Once the optimal asset allocation is agreed upon, the Firm will construct a portfolio comprising equity securities, exchange-traded funds (ETFs), fixed-income securities, and cash equivalents. The types of fixed-income securities purchased will depend on tax status and risk tolerance. Cash equivalents may include money market funds, T-Bills, municipal notes, certificates of deposit, and other fixed-income securities that typically mature in one year or less. However, Fjell also provides advice on a wide range of securities when positions are transferred into a discretionary investment management account managed by Fjell. Recommendations to sell mutual funds and other securities may take into consideration the level of portfolio diversification and tax consequences.

The Firm's investment strategies are primarily long-term focused, but the Firm may buy, sell, or re-allocate positions held for less than one year to meet the client's objectives or due to market conditions. After constructing a portfolio, Fjell will continuously monitor it to ensure it is on track to meet the goals and objectives based on the client's agreed-upon risk tolerance.

### **Conflicts of Interest Related to Scale**

As a component of Scale's financial planning services, Fjell will generally recommend implementing its strategies through ongoing investment management services for a percentage of assets managed. Additionally, Fjell may recommend purchasing life insurance products for which the Firm's investment adviser representatives receive

insurance commissions in their individual capacities as insurance agents. It is important to note that the receipt of incentive compensation in the form of investment management fees and insurance commissions creates a material conflict of interest. Clients are under no obligation to implement Fjell's financial planning recommendations by utilizing its investment management services or purchasing term life insurance products. For more detailed information regarding material conflicts of interest, we encourage you to refer to the following sections: "Item 5 – Fees and Compensation", Item 10 – Other Financial Industry Activities and Affiliations", and "Item 12 – Brokerage Practices." These sections provide a comprehensive understanding of our practices and the associated conflicts of interest.

### **Scale's Investment Management Component – Limited Exceptions for Standalone Investment Management**

While Scale is primarily designed as a comprehensive wealth management solution for Millennials, integrating financial planning and investment management, there are limited exceptions. Under specific circumstances, Fjell may offer the investment management component of Scale on a standalone basis, without the accompanying financial planning services.

#### **Conditions for Exception**

This exception is made available only to a limited number of clients, based on individual circumstances that align with Fjell's investment strategies and philosophy. This limited exception does not constitute separate services and is aligned with the Firm's focus on comprehensive wealth management solutions.

#### **Fee Structure for Exceptions**

The fee structure for clients receiving only the discretionary investment management component will align with the existing Scale fees for this component. Any variations or specific terms will be discussed and agreed upon in writing with the eligible client.

#### **Altitude**

Altitude is our traditional wealth management solution. This solution combines components of financial planning, specifically cash flow planning and lifestyle maintenance, and investment management, referred to as "efficient capital allocation," and is specifically geared to pre-retirees<sup>3</sup> with \$1 million or more in assets. At this stage of life, goals of pre- retirees include, but are not limited to:

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<sup>3</sup> Generally, we define pre-retirees in the age range of 55 – 65 with plans of retiring in two to ten years.

- Retirement cash flow
- Selling a business
- Tax-efficient investing
- Asset protection
- Legacy and estate planning
- Large real estate transactions
- Liquidating stock options
- Tax planning strategies

### **Altitude's Proprietary Wealth Mapping System**

Altitude's proprietary Wealth Mapping System is focused on three critical areas which we believe have the most significant impact on the lives of our clients. These areas include:

- Efficient capital allocation (investment management component) Cash flow planning
- Lifestyle maintenance

Efficient Capital Allocation is at the heart of our investment philosophy and represents both the discretionary and non-discretionary investment management component of Altitude. We diligently assess and allocate client capital to maximize returns for a given or assumed level of risk. Through rigorous research and analysis, we identify opportunities that align with objectives and construct well-diversified portfolios based on modern portfolio theory and asset allocation principles. Continual monitoring and adjustment ensure intelligent deployment, enhancing long-term financial outcomes.

The products utilized to meet client objectives include exchange-traded funds (ETFs), no-load mutual funds, equities, fixed-income securities, and cash equivalents. Cash equivalents may include money market funds, T-Bills, municipal notes, and certificates of deposit. However, the Firm also provides advice on a wide range of securities when positions are transferred into an investment management that we are managing. Recommendations to sell mutual funds and other securities may take into consideration the level of portfolio diversification and tax consequences.

Cash flow planning is integral to our advisory services. We work closely with clients to understand their income, expenses, and saving goals. By analyzing current and projected cash flows, we develop tailored strategies for optimized liquidity,

responsible spending, and debt management. We aim to provide clients with a clear roadmap to make informed decisions and achieve their goals.

Lifestyle maintenance is a core part of our services. We understand clients' unique lifestyle choices and goals. By assessing financial resources, we create customized strategies to sustain desired lifestyles. We provide guidance on budgeting, investments, and risk management to ensure long-term security and peace of mind.

### **Conflicts of Interest Related to Altitude**

As a component of Altitude's financial planning services, Fjell may recommend purchasing fixed annuity products for which the Firm's investment adviser representatives receive insurance commissions in their individual capacities as insurance agents. It is important to note that the receipt of incentive compensation in the form of insurance commissions creates a material conflict of interest. Clients are under no obligation to implement Fjell's financial planning recommendations by purchasing fixed annuity products. For more detailed information regarding material conflicts of interest, we encourage you to refer to the following sections: "Item 5 – Fees and Compensation", Item 10 – Other Financial Industry Activities and Affiliations", and "Item 12 – Brokerage Practices." These sections provide a comprehensive understanding of our practices and the associated conflicts of interest.

### **C. Tailored Advisory Services**

Both of Fjell's offerings (e.g., Scale, Altitude) are tailored to each client's individual needs. Clients are permitted to place reasonable restrictions on purchasing certain securities or the types of securities purchased.

#### **Services Tailored to the Individual Needs of Each Client and Imposition of Reasonable Restrictions**

By its very nature, the financial planning services component of both Scale and Altitude are custom-tailored to each client's individual needs.

The investment management services component allows tailored solutions and reasonable restrictions. Based on a client's risk tolerance and goals, Fjell will develop a custom-tailored solution to help clients meet their individual needs. Reasonable restrictions may include concentration risk limits (e.g., asset class exposure, industry exposure, single stock exposure), liquidity requirements (maintenance of sufficient liquidity), socially responsible investing (incorporating specific environmental, social, or governance considerations when purchasing equities, ETFs, or mutual funds)



## **D. Wrap Fee Programs**

Fjell does not participate in or offer wrap fee programs.

## **E. Assets Under Management**

The amount of client assets managed by Fjell totaled \$106,078,461 as of October 27, 2023. \$98,056,662 of client assets are managed on a discretionary basis, and \$8,021,799 are managed on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

### **5(A)1 Description of Fees for Scale**

As previously explained, Scale offers a combination of financial planning services and investment management services.

The fee for financial planning services starts at \$125 per month and may be higher based on the complexity and unique needs of each client. Please note that the fee may be negotiable. As a subscription fee, this fee is not contingent on whether services were provided in the prior month. Instead, it covers access to ongoing financial planning services throughout the subscription period.

Scale's investment management services start at the annual rate of 0.75% of assets under management ("AUM"). AUM is based on the account value of each account.

The Firm also applies a client onboarding fee with a maximum one-time charge of \$500.

This fee is assessed to cover the costs associated with the process of onboarding new clients. It includes activities such as gathering the necessary documentation, conducting client intake interviews, setting up accounts, and establishing the client's investment objectives and preferences. The fee helps ensure a smooth and efficient onboarding experience for our clients. Note that other financial planners or investment advisers may offer lower fees for similar services. Fees for financial planning and investment management may be negotiable. The specific fees and services will be detailed in your Scale Services Agreement.

### **5(B)1 Payment Methods**

Fees for Scale's Advisory Services' financial planning component are deducted from the client's account at Charles Schwab & Co., Inc. ("Schwab"), which serves as the client's qualified custodian. The deduction occurs on a flexible schedule allowing client's to opt for monthly, bimonthly, or quarter payments. In cases where the advisory

relationship commences in the middle of a billing period, the financial planning fee will be prorated based on the number of days of the service was provided during that period.

Fees for Scale's Advisory Services' investment management component are payable monthly in advance, based on account valuations determined on the last trading day of the prior month. In instances where the advisory relationship commences in the middle of a bill period, the investment management fee will be prorated based on the number of days the service was provided during that period.

## **5(C)1 Other Fees and Expenses**

### ***Scale's Financial Planning Component***

Financial planning services generally recommend implementing the financial plan or financial planning strategies through purchasing and selling securities and insurance products. Implementing a financial plan will incur additional costs such as custodial and brokerage fees, which prospective clients should carefully review. Furthermore, Fjell will generally recommend Scale's investment management component and may also recommend purchasing life insurance products through its investment adviser reps ("IARs") in their individual capacities as insurance agents. This represents a material conflict of interest in that Fjell will generate investment management fees for recommending investment management services, and IARs will receive insurance commissions for recommending insurance products.

### ***Scale's Investment Management Component***

Note, the annualized fee starting at 0.75% for investment management services described previously in this section excludes brokerage costs such as commissions, markups, markdowns, ticket charges, and underlying operating expenses of exchange-traded funds ("ETFs") and mutual funds; Fjell does not receive or share any of such fees. However, should Fjell recommend that a client purchase or hold mutual funds or ETFs, effectively, clients are subject to two (2) layers of fees:

- 1) Direct investment management fees (starting at 0.75% annualized fee), and
- 2) Indirect advisory fees (that is the advisory fee paid by the mutual fund or ETF ("the "fund") to the adviser of the fund.

Please carefully review "Item 12 – Brokerage Practices" for a detailed treatment of brokerage costs.

## **5(D)1 Termination Provisions, Refunds, and Assignments**

Prior to Fjell providing services, a client will be required to enter into a Scale Services Agreement (the "Agreement"). The Agreement sets forth the terms and conditions of the engagement and describes the scope of services to be provided. As stated in "5(B) – Payment Methods," fees are paid monthly in advance. Clients have the right to terminate the Agreement by written notice. The Agreement will continue in effect until terminated by either party via written notice to the other party.

## **5(A)2 Description of Fees for Altitude**

The maximum annual fee for Altitude is 1.5% of assets under management ("AUM").

AUM is based on the account value of each account. Lower fees for comparable services may be available from other investment advisers. Fees may be negotiable.

The Firm also applies a client onboarding fee with a maximum one-time charge of \$500.

This fee is assessed to cover the costs associated with the process of onboarding new clients. It includes activities such as gathering the necessary documentation, conducting client intake interviews, setting up accounts, and establishing the client's investment objectives and preferences. The fee helps ensure a smooth and efficient onboarding experience for our clients.

## **5(B)2 – Payment Methods**

Fees for Altitude Advisory Services' investment management component are payable monthly in advance, based on account valuations determined on the last trading day of the prior month. Exceptions for First Month: For the initial month of the advisory relationship, the fee will be prorated and calculated in arrears. Valuation Date: This valuation date also applies for the purpose of calculating the fee for the second month. In instances where the advisory relationship commences in the middle of a billing period, the investment management fee will be prorated based on the number of days investment management services were provided during that period.

## **5(C)2 Other Fees and Expenses**

Note, the annualized fee of up to a maximum of 1.5% for investment management services described previously in this section excludes brokerage costs such as commissions, markups, markdowns, ticket charges, and underlying operating expenses of exchange-traded funds ("ETFs") and mutual funds; Fjell does not receive or

share any of such fees. However, should Fjell recommend that a client purchase or hold mutual funds or ETFs, effectively, clients are subject to two (2) layers of fees:

- 1) Direct investment management fees (up to 1.5% annualized fee), and
- 2) Indirect advisory fees (that is the advisory fee paid by the mutual fund or ETF ("the "fund") to the adviser of the fund.

Please carefully review "Item 12 – Brokerage Practices" for a detailed treatment of brokerage costs.

## **5(D)2 – Termination Provisions, Refunds, and Assignments**

Prior to Fjell providing services, a client will be required to enter into an Altitude Services Agreement (the "Agreement"). The Agreement sets forth the terms and conditions of the engagement and describes the scope of services to be provided. As stated in "5(B) – Payment Methods," fees are paid monthly in advance. Clients have the right to terminate the Agreement by written notice. The Agreement will continue in effect until terminated by either party. In the event of termination by either party, any unearned fees paid in advance will be prorated and refunded to the client based on the number of days the service was provided during the billing period. The Agreement will continue in effect until terminated by either party via written notice to the other party.

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

Fjell does not charge any performance-based fees on client accounts it manages.

## **Item 7 – Types of Clients**

Fjell provides investment advisory services to individuals, high-net-worth individuals, and businesses.

Scale does not have a minimum account size requirement.

Altitude requires a minimum account size requirement of \$500,000; however, the Firm may waive this minimum if deemed appropriate.

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

### A. Methods of Analysis

Fjell incorporates various analytical methods in its investment decisions:

- Capital Market Assumptions - We systematically evaluate historical data, economic indicators, and market trends to guide our investment strategies.
- Macroeconomic Analysis - We consider factors such as GDP growth, inflation, interest rates, and geopolitical trends to understand the broader economic landscape.
- Behavioral Finance - We integrate insights from behavioral finance to understand investor behavior and market sentiment better.
- Growth at a Reasonable Price (GARP) - We focus on identifying companies with both growth potential and attractive valuations.

By incorporating these methods, we construct well-informed portfolios aligned with clients' goals and risk profiles, aiming to generate long-term value. However, it is essential to note that investing in securities involves the risk of loss, and clients should be prepared to bear such risks.

### B. Investment Strategies

Fjell's investment strategy is firmly rooted in a disciplined, passive approach with a long-term buy-and-hold philosophy. Our guiding principle is to avoid attempting to time the market or relying on intuition; instead, we focus on risk reduction, reduced volatility, and optimal portfolio management through strategic asset allocation, periodic rebalancing, and tax loss harvesting.

Central to our strategy is the careful determination of asset allocation. We design well-diversified portfolios tailored to each client's financial goals, risk tolerance, and time horizons. We aim to reduce risk and enhance long-term returns by allocating investments across various asset classes.

Additionally, we emphasize the importance of periodic portfolio rebalancing. This disciplined practice ensures the portfolio remains aligned with the intended asset allocation targets. By selling assets that have become overweighted and reinvesting in underweighted assets, we strive to maintain the desired risk-return profile.

Another key element of our strategy is tax loss harvesting. We actively seek opportunities to offset capital gains by strategically selling securities that have experienced losses. This tax-efficient technique can help reduce overall tax liability and enhance after-tax returns for our clients.

Our commitment to discipline extends to the overall management of client portfolios. We adhere to a steadfast, data-driven approach that relies on rigorous analysis and systematic decision-making. We can maintain a long-term perspective and focus on our client's objectives by avoiding emotional reactions to short-term market fluctuations.

At Fjell, our investment strategy is underpinned by asset allocation, periodic rebalancing, tax loss harvesting, and a disciplined approach. By incorporating these elements, we strive to construct well-diversified portfolios that align with our client's financial goals, manage risk effectively, and seek long-term value while maintaining a disciplined and prudent investment approach.

Investing in securities involves the risk of loss that clients should be prepared to bear.

## **C. Risk of Loss**

### **Risk Associated with Methods of Analysis**

All methods of analysis have disadvantages. Disadvantages or risks associated with each method of analysis we utilize are the following:

#### **Capital Market Assumptions**

- Market Uncertainty - Capital market assumptions are based on historical data and economic indicators, but future market conditions can be uncertain and unpredictable, potentially impacting the accuracy of assumptions.
- Incorrect Projections - Despite careful analysis, errors or inaccuracies in projecting future returns, risks, and correlations for asset classes are possible, which affect investment decisions.

#### **Macroeconomic Analysis**

- Economic Volatility - Macroeconomic factors such as GDP growth, inflation, interest rates, and geopolitical events can be subject to significant fluctuations and uncertainties, impacting the accuracy of analysis and potentially affecting investment outcomes.
- Limited Predictive Power - While macroeconomics analysis provides insights into the broader economic landscape, it may have limitations in accurately predicting future market movements or identifying specific investment opportunities.

## Behavioral Finance

- Behavioral Biases - Despite efforts to account for behavioral biases, investor behavior can still be influenced by cognitive bias, emotional responses, and herding tendencies, potentially impacting investment decisions and outcomes.
- Market Irrationality - Behavioral finance acknowledges that markets can sometimes exhibit irrational behavior, deviating from fundamental valuations and creating challenges in predicting market movements accurately.

## Growth at a Reasonable Price (GARP)

- Valuation Risks - The risk that the market may not accurately reflect the intrinsic value of a company, leading to overvaluation or undervaluation of securities; GARP investors face the risk of misjudging a company's true worth, potentially resulting in paying too much for an investment or missing out on opportunities based due to strict valuation criteria.
- Company-Specific Factors - Identifying companies and sustainable growth opportunities relies on thorough fundamental analysis, which may not capture all company-specific risks or unforeseen events that could impact investment performance. Company-specific factors, such as unexpected management changes, product recalls, or regulatory challenges, can arise and impact a company's growth prospects and valuation, potentially affecting the performance of a GARP strategy.

It is essential to note that these risks and disadvantages are inherent to the investment process and cannot be eliminated. However, through careful analysis, diversification, and disciplined decision-making, Fjell aims to manage these risks and provide a comprehensive investment approach to our clients.

## 8(C) Material Risks of Securities

Investing in securities carries certain inherent risks that investors should be aware of and understand. These risks include, but are not limited to, the following:

- Business Risk- When purchasing equity securities or stocks, investors purchase a piece of company ownership. With a bond, you are loaning money to a company. Returns from both types of securities require that a company stays in business. Common stockholders are the last to share in the proceeds if a company goes bankrupt and its assets are liquidated. If assets exist, the company's bondholders will be paid first, then holders of preferred stock. If you are a common stockholder, you get whatever is left, which may be nothing.

- Volatility Risk - Even when companies are not in danger of failing, their stock price may fluctuate up or down. Market fluctuations can be unnerving to some investors. A stock's price can be affected by factors inside the company, such as a faulty product, or by events the company has no control over, such as political or market events.
- Inflation Risk - Inflation is a general upward movement of prices. Inflation reduces purchasing power, a risk for investors receiving a fixed interest rate. The principal concern for individuals investing in cash equivalents is that inflation will erode returns.
- Interest Rate Risk - Interest rate changes can affect a bond's value. The investor will receive the face value plus interest if bonds are held to maturity. The bond may be worth more or less than face value if sold before maturity. Rising interest rates will make newly issued bonds more appealing to investors because the newer bonds will have a higher interest rate than older ones. To sell an older bond with a lower rate, you might have to sell it at a discount.
- Liquidity Risk - This refers to the risk that investors will not find a market for their securities, potentially preventing them from buying or selling when they want.

Fjell provides investment advice on equity securities, fixed-income securities, mutual funds, and exchange-traded funds (ETFs). The following is an overview of the primary risks associated with each type of investment product offered by the Firm:

### **Equity Securities**

Equity Securities or stocks offer investors the greatest potential for growth (capital appreciation) over the long haul. Investors willing to stick with stocks over long periods generally have been rewarded with positive returns. However, stock prices move down as well as up. There is no guarantee that the company whose stock you hold will grow and do well. If a company goes bankrupt and its assets are liquidated, common stockholders are the last in line to share in the proceeds.

The company's bondholders will be paid first, then preferred stockholders. If you are a common stockholder, you get whatever is left, which may be nothing. Market fluctuations can be unnerving to some investors. A stock's price can be affected by factors inside the company, such as a faulty product, or by events the company has no control over, such as political or market events.



## Fixed Income Securities

Bonds can provide a means of preserving capital and earning a predictable return. Bond investments provide steady streams of income from interest payments prior to maturity. However, as with any investment, bonds have risks. These risks include:

- Credit risk - The issuer may fail to make interest or principal payments timely and thus default on its bonds.
- Interest rate - Interest rate risk changes can affect a bond's value. The investor will receive the face value plus interest if bonds are held to maturity. If sold before maturity, the bond may be worth more or less than the face value. Rising interest rates will make newly issued bonds more appealing to investors because the newer bonds will have a higher interest rate than older ones. To sell an older bond with a lower interest rate, you might have to sell it at a discount.
- Inflation risk - Inflation is a general upward movement in prices. Inflation reduces purchasing power, a risk for investors receiving a fixed interest rate.
- Liquidity risk - This refers to the risk that investors will not find a market for the bond, potentially preventing them from buying or selling when they want.
- Call risk - The possibility that a bond issuer retires a bond before its maturity date is something an issuer might do if interest rates decline, much like a homeowner might refinance a mortgage to benefit from lower interest rates.

## Mutual Funds

Mutual funds are investment companies that pool money from investors and invest it based on the specific investment goals of the fund. Mutual funds raise money by selling their own shares to investors. The money is used to purchase a portfolio of stocks, bonds, money-market instruments, other securities or assets, or some combination of these investments. Each share represents an ownership piece in the fund and gives the investor proportional right, based on the number of shares they own, to income and capital gains the fund generates from its investments.

A fund's particular investments are determined by its objectives and, in the case of an actively managed fund, by the investment style and skill of the fund's professional manager or managers. The holdings of the mutual fund are known as its underlying investments, and the performance of those investments, minus fund fees, determines the fund's investment return.

While there are thousands of individual mutual funds, there are only a handful of major fund categories:

- Stock funds invest in stocks.
- Bond funds invest in bonds.
- Balanced funds invest in a combination of stocks and bonds.
- Money market funds invest in very short-term investments, sometimes described as cash equivalents.

In a fund's prospectus, you can find details about a mutual fund, including its investment strategy, risk profile, performance history, management, and fees. You should always read the prospectus carefully before investing in a fund.

Mutual funds are equity investments, just like individual stocks. When you buy shares of a fund, you become a part-owner of the fund. This is true of bond and stock funds, which means there is an important distinction between owning an individual bond and owning a fund that owns the bond. When you buy a bond, you are promised a specific interest rate and your principal's return. That's not the case with a bond fund, which owns many bonds with different rates and maturities. Your equity ownership of the fund provides the right to a share of what the fund collects in interest, realizes in capital gains, and receives back if it holds a bond to maturity.

### **How Mutual Funds Work**

If you own shares in a mutual fund, you share in its profits. For example, when the fund's underlying stocks or bonds pay income from dividends or interest, the fund pays those profits, after expenses, to its shareholders in income distributions. Also, when the fund has capital gains from selling investments in its portfolio at a profit, it passes on those after-expense profits to shareholders as capital gains distributions. You generally can receive these distributions in cash or have them automatically reinvested in the fund to increase the number of shares you own.

Of course, you must pay taxes on the fund's income distributions, and usually on its capital gains, if you own the fund in a taxable account. When you invest in a mutual fund, you may have a short-term capital gain, taxed at the same rate as your ordinary income. You may also owe capital gains taxes if the fund sells some investments for more than it paid to buy them, even if the overall return on the fund is down for the year or if you became an investor after the fund bought those investments in question.

However, if you own the mutual fund in a tax-deferred or tax-free account, such as an individual retirement account, no tax is due on any of these distributions when you receive them. But you will owe tax at your regular rate on all withdrawals from a tax-deferred account.

You may also make money from your fund share by selling them back to the fund or redeeming them if the underlying investments in the fund have increased in value since the time you purchased shares in the funds. In that case, your profit will be the increase in the fund's per-share value, also known as its net asset value or NAV. Also, taxes are due the year you realize gains in a taxable account but not in a tax-deferred or tax-free account. Capital gains for mutual funds are calculated somewhat differently than gains for individual investments, and the fund will let you know your taxable share of the fund's gains each year.

### **Active vs. Passive Management**

Active funds employ a professional portfolio manager or team of managers to decide which underlying investments to choose for its portfolio. In fact, one reason you might choose a specific fund is to benefit from the expertise of its professional managers. A successful fund manager has the experience, the knowledge, and the time to seek and track investments, a key attribute you may lack.

The goal of an active manager is to beat the market, to get better returns by choosing investments they believe to be top-performing selections. There are various ways to measure market performance; each fund is measured against the appropriate market index or benchmark based on the stated investment strategy and the types of investments it makes.

One of the challenges that portfolio managers face in providing stronger-than-benchmark returns is that their funds' performance needs to compensate for their operating costs. The returns of actively managed funds are reduced first by the cost of hiring a professional fund manager and second by the cost of buying and selling investments in the fund.

Most actively managed funds do not beat the market in any given year. Studies show that very few actively managed funds provide stronger-than-benchmark returns over long periods, including those with impressive short-term performance records. Many individuals invest in funds that do not try to beat the market. These are passively managed funds, otherwise known as index funds.

Passive funds seek to replicate the performance of their benchmarks instead of outperforming them. For instance, the manager of an index fund that tracks the performance of the S&P 500 typically buys a portfolio that includes all of the stocks in that index in the same proportions as they are represented in the index. Because index funds do not need to retain active professional managers and their holdings are not as frequently traded, they usually have lower operating costs than actively managed funds. However, the fees vary from index fund to index fund, which means the return on these funds also varies.

## D. Fund Objectives

Within the major categories of mutual funds are individual funds with various investment objectives or goals the fund wants to meet on behalf of its shareholders. Here is just a sampling of the many you may find:

### Stock Funds

- Growth funds invest in stocks that the fund's portfolio manager believes have the potential for significant price appreciation.
- Value funds invest in stocks the fund's portfolio manager believes are underpriced in the secondary market.
- Equity income funds invest in stocks that regularly pay dividends.
- Stock index funds are passively managed funds that attempt to replicate the performance of a specific stock market index by investing in the stocks held by that index.
- Small-cap, mid-cap, or large-cap stock funds stick to companies within a specific size range. Economic cycles tend to favor different-sized companies at different times, so, for example, a small-cap fund may be doing very well when large-cap funds are stagnant, and vice versa.
- Socially responsible funds invest according to political, social, religious, or ethical guidelines, which you will find described in the fund's prospectus. Many socially responsible funds also take an activist role in the companies where they invest by representing their shareholders' ethical concerns at meetings with company management.
- Sector funds specialize in stocks of particular segments of the economy. For example, you may find funds specializing solely in technology stocks, healthcare stocks, etc. Sector funds tend to be less diversified than funds that invest across sectors. Still, they provide a way to participate in a profitable segment of the economy without identifying specific companies.
- International, global, regional, country-specific, or emerging market funds extend beyond the United States. International funds invest exclusively in non-U.S. companies.

### Bond Funds

- Corporate, agency, or municipal bond funds focus on short or intermediate-term bonds from various issuers.

- Short-term or intermediate-term bond funds focus on short or intermediate-term bonds from various issuers.
- Treasury bond funds invest in Treasury issues.
- High-yield bond funds invest in lower-rated bonds with higher coupon rates.

## Other Funds

- Balanced funds invest in a mixture of stocks and bonds to build a diversified portfolio across both asset classes. The target percentages for each type of investment are stated in the prospectus. Because stocks and bonds tend to do well during different phases of an economic cycle, balanced funds may be less volatile than pure stock or bond funds.
- Fund of funds is mutual funds that invest in other mutual funds. While these funds can achieve much greater diversification than any single fund, their returns are affected by the fees of both the fund and the underlying funds. There may also be redundancy, which can reduce diversification since several underlying funds may hold the same investments.
- Target-date funds, sometimes called lifecycle funds, are funds of funds that change their investments over time to meet goals you plan to reach at a specific time, such as retirement. Typically, target-date funds are sold by date, such as 2025 funds. The farther away the date is, the greater the risk the fund usually takes. As the target date approaches, the fund changes its balance of investments to emphasize conserving the value it has built up to shift toward income-producing investments.
- Money market funds invest in short-term debt, such as Treasury bills, commercial paper, and very short-term corporate debt. These investments are considered cash equivalents. Money market funds invest with the goal of maintaining a share price of \$1. They are sometimes considered an alternative to bank savings accounts, although the FDIC doesn't insure them. Some funds have private insurance.

It is important to keep in mind that funds don't always invest 100% of their assets in line with the strategy implied by their stated objectives. Some funds undergo style drift when the fund manager invests a portion of assets in a category that the fund would typically exclude. Fund managers may make this type of adjustment to compensate for lagging performance, but it may expose you to risks you were not prepared to take.

## **E. Exchange-Traded Funds**

Exchange-traded funds ("ETFs") combine aspects of mutual funds and conventional stocks. Like a mutual fund, an ETF is a pooled investment fund that offers an investor an interest in a professionally managed, diversified portfolio of investments. But unlike mutual funds, ETF shares trade like stocks on stock exchanges and can be bought or sold throughout the trading day at fluctuating prices.

### **The Mechanics of ETFs**

Unlike mutual funds, ETFs do not sell shares to or redeem shares from retail investors directly. ETFs follow a unique format to make it possible for investors to buy and sell shares on an exchange. An ETF enters into contracts with financial institutions (typically large brokerage firms) to act as Authorized Participants (APs). APs purchase and redeem shares directly with the ETF in large blocks of shares called Creation Units. APs typically sell some or all of their shares on an exchange. This enables investors to buy and sell ETF shares like the shares of any publicly traded company.

### **Buy and Selling ETFs**

Investors purchasing or selling shares in an ETF typically pay a brokerage commission on each transaction. When you purchase or sell ETF shares, you receive the market price on the exchange when the order is placed. This price may fluctuate throughout the trading day. A mutual fund, on the other hand, determines its net asset value at the close of each trading day. When you purchase or redeem mutual fund shares, you receive the price based on the net asset value next computed after you submit your order. The intraday pricing of ETFs tends to provide investors with greater trading flexibility because you can monitor how the price is doing and do not have to wait until the end of the day to know your purchase or sale price.

As with other investments, you can make money with ETFs if you sell your shares for more than you paid. You also benefit if the securities an ETF holds pay interest or dividends. That income may be reinvested or paid to shareholders quarterly or annually, depending on how the ETF is structured. An ETF may also decline in value. Of course, if the value falls and you sell, you may have a loss.

### **ETF Expenses**

In addition to any brokerage commission you may pay, ETFs have expense ratios, like mutual funds, calculated as a percentage of the assets you have invested. ETFs do not have loads or 12b-1 fees (fees taken out of a mutual fund's assets annually to cover the costs of marketing and distributing the fund to investors).

In general, actively managed ETFs cost more than passively managed index ETFs. Before purchasing ETF shares, carefully read all of an ETF's available information, including its prospectus. All ETFs will deliver a prospectus upon request.

## **ETFs and Taxes**

You can own ETFs in taxable, tax-deferred, or tax-free accounts. In taxable accounts, any capital gains you realize from selling fund shares are taxed in the year you realize them, though the rate that applies may be your long-term capital gains rate.

In contrast, in a tax-deferred account, any gains become part of the total assets in the account and are taxed as ordinary income when you withdraw them at some point in the future. Any gains or income will not be taxed in a tax-free account if you follow the withdrawal rules.

While ETFs in a taxable account generally result in less tax liability than if you held a similarly invested mutual fund in the same account, there can be exceptions. For example, certain emerging market funds and funds that invest in precious metals, considered "collectibles" by the IRS, are taxed as ordinary income for short-term gains and 28 percent for long-term gains. For more information about the tax treatment of a particular ETF, make sure to read the prospectus.

## **F. International or Foreign Securities**

Investors in the United States have access to a wide selection of investment opportunities. These opportunities include international investments that give investors international exposure. The two main reasons individuals invest in international investments and investments with international exposure are:

- Diversification (spreading investment risk among foreign companies and markets in addition to U.S. companies and markets); and
- Growth (taking advantage of the potential for growth in some foreign economies, particularly in emerging markets).

International or foreign investment returns may move in a different direction, or at a different pace, than U.S. investment returns. In that case, including exposure to both domestic and foreign securities in a portfolio may reduce the risk that an investor will lose money if there is a drop in U.S. investment returns, and a portfolio's overall investment returns over time may have less volatility. Keep in mind, though, that this is not always true and that with globalization, markets are increasingly intertwined across borders. While investing in any security requires careful consideration, international investing raises some unique issues and risks. These include:

- Access to different information - In some jurisdictions, the information provided by foreign companies differs from that provided by U.S. companies.
- Costs of international investments - International investing can be more expensive than investing in U.S. companies.
- Changes in currency exchange rates and currency controls -Foreign investment also has foreign currency exchange risk. When the exchange between the foreign currency and the U.S. dollar changes, it can increase or reduce an investment return in a foreign security. Changes in market value - All securities markets can experience dramatic changes in market value, whether foreign or domestic.
- Political, economic, and social events - Depending on the country or region, it can be more difficult for investors to obtain information about and comprehensively analyze all the political, economic, and social factors that influence a particular foreign market.
- Different levels of liquidity - Some foreign markets may have lower trading volumes for securities or fewer listed companies than U.S. markets.
- Legal remedies - The jurisdiction in which investors purchase a security can affect whether they have and where they can pursue legal remedies against foreign companies or any other foreign-based entities involved in a transaction.
- Different market operations - Foreign markets may operate differently from the major U.S. trading markets. For example, there may be different periods for clearance and settlement of securities transactions.

Past performance is not a guarantee of future returns. Investing in securities and other investments involves a risk of loss that each client should understand and be willing to bear. Clients are reminded to discuss these risks with Fjell.

## **Item 9 – Disciplinary Information**

There are no legal, regulatory, or disciplinary events involving Fjell, its principal owner, Mr. Tom Stadum, or any of its management persons.

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

### **Broker-Dealer Registration Status**

The Firm is not registered as a broker or dealer, nor does it have an application pending to register as a broker-dealer.



## **Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Adviser, and Non-U.S. Registrations**

Fjell is not registered with the U.S. Commodities Trading Commission as a Commodity Pool Operator or Commodity Trading Firm.

### **Material Relationships**

The Firm's Founder and CEO, Mr. Thomas Stadum, and other investment adviser representatives ("IARs") of Fjell are individually licensed insurance agents with contractual relationships with multiple carriers. As part of the Firm's financial planning services, they may directly recommend purchasing life insurance or annuity products. However, this creates a conflict of interest as Mr. Stadum and other IARs are compensated directly by insurance carriers in their individual capacities as insurance agents.

Clients of Fjell are under no obligation to implement financial planning recommendations through Mr. Stadum or the IARs in their roles as insurance agents. It is important to recognize the inherent conflict of interest in this arrangement, as Mr.

Stadum and IARs are incentivized to sell products for which they receive insurance-based compensation in addition to their investment advisory fees. Clients are encouraged to make informed decisions considering their individual needs and preferences, considering this potential conflict of interest.

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

### **A. Code of Ethics**

Fjell has implemented a Code of Ethics (the "Code") that defines our fiduciary commitment to each client. This Code applies to all persons associated with Fjell ("Supervised Persons"). The Code was developed to provide general ethical guidelines and specific instructions regarding our duties to you, our client. Fjell and its Supervised Persons owe a duty of loyalty, fairness, and good faith towards each client. Fjell's Supervised Persons must adhere not only to the specific provisions of the Code but also to the general principles that guide the Code. The Code covers a range of topics that address employee ethics and conflicts of interest. To request a copy of Fjell's Code, please contact us at (701) 491- 7600.

## **B. Personal Trading with Material Interest**

Fjell allows our supervised persons to purchase or sell the same securities that may be recommended to and purchased on behalf of clients. Fjell does not act as a principal in any transaction. In addition, the Firm does not act as the general partner of a fund or advise an investment company. Fjell has no material interest in any securities traded in client accounts.

## **C. Personal Trading in the Same Securities as Clients**

Fjell allows our supervised persons to purchase or sell the same securities that may be recommended to and purchased on behalf of clients. Owning the same securities we recommend (purchase or sell) to you presents a conflict of interest that, as fiduciaries, we must disclose to you and mitigate through policies and procedures. As noted above, we have adopted the Code to address insider trading (material non-public information controls), gifts and entertainment, outside business activities, and personal securities reporting. When trading for personal accounts, Supervised Persons may have a conflict of interest if Trading in the same securities. The fiduciary duty to act in the best interest of its clients can potentially be violated if personal trades are made with more advantageous terms than client trades or by Trading based on material non-public information. We attempt to mitigate this risk by enforcing and adhering to the Firm's Code of Ethics, as described earlier in this section.

## **D. Personal Trading at the Same Time as Clients**

While Fjell allows our Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of clients, such trades are typically aggregated with client orders or traded afterward.

At no time will Fjell, or any Supervised Person of Fjell, transact in any security to the detriment of any client.

## **Item 12 – Brokerage Practices**

### **A. Selection and Recommendation for Client Transactions**

We seek to select broker-dealers(s) who execute transactions on terms that are, overall, most advantageous when compared to other service providers. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and assets custody services (generally without a separate fee for custody)

- Capability to execute, clear, and settle trades (buy and sell securities for your account) Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
  - Breadth of available investment products (e.g., stocks, bonds, mutual funds, ETFs) Availability of investment research and tools that assist us in making investment decisions Quality of services
  - Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.)
  - Reputation, financial strength, and stability Prior service to us and our other clients
  - Availability of other products that may benefit Fjell (Please see "Item 14 - Client Referrals and Other Compensation")
- 1) Research and Other Soft Dollar Benefits - Fjell does not participate in soft dollar programs sponsored or offered by any broker-dealer. However, the Advisor receives certain economic benefits from the custodian. "Please see Item 14 - Client Referrals and Other Compensation."
  - 2) Brokerage for Client Referrals - Fjell does not receive any client referrals for directing client transactions to broker-dealers for trade execution.
  - 3) Directed Brokerage - Fjell exclusively directs all client transactions to Charles Schwab & Co., Inc. for execution. Schwab is a registered broker-dealer and Fjell's sole custodial relationship for safeguarding client assets. Not all advisers require their clients to direct securities transactions to a single broker-dealer. By directing all brokerage transactions to Schwab, clients may be unable to achieve the most favorable execution of client transactions; and this practice may cost clients more money.

## **B. Aggregating and Allocating Trades**

Fjell will generally aggregate client transactions or orders. Trade aggregation is the process of bunching orders for multiple client accounts. This practice attempts to obtain more favorable pricing and reduced transaction costs (e.g., commissions) for client accounts.

Fjell will generally allocate trade executions on an average price basis. Partial trade executions will generally be executed on a pro-rata basis.

There is no guarantee that each client order is aggregated. Client orders not aggregated may result in less favorable pricing and increased costs (e.g., commissions) for client accounts.

## **Item 13 – Review of Accounts**

### **A. Frequency of Reviews**

Fjell continuously monitors client accounts through the diligent efforts of our investment adviser representatives. These ongoing reviews ensure the consistent alignment of investment strategies and goals. The frequency of these reviews may vary based on the complexity of the client's financial situation and the nature of their Investments. The primary purpose of these reviews is to evaluate the ongoing suitability and performance of the client's portfolio and proactively identify any necessary adjustments to their investment strategy in response to changes in their circumstances. Additionally, to ensure quality control, the Firm's CEO, Mr. Thomas Stadum, conducts quarterly reviews of a sample of accounts. Our dedicated team of investment adviser representatives is committed to providing clients with well-monitored portfolios that reflect their evolving needs and objectives.

### **B. Non-Periodic Review of Client Accounts**

Non-periodic reviews may be triggered by material market, economic or political events or changes in a client's financial situation, e.g., change in investment objective or risk tolerance, retirement, termination of employment, relocation, inheritance, or any other concern that may be prompted by the client.

### **C. Fjell's Investment Policy Committee**

Fjell's Investment Policy Committee guides the Firm's investment strategy. This committee evaluates a comprehensive range of quantitative and qualitative factors, including internal costs, expense ratios, diversification, tracking errors, and other relevant considerations. They aim to make well-informed investment decisions, ensuring cost-effectiveness and efficiency while maintaining a balanced and optimized portfolio.

The investment policy committee at Fjell plays a pivotal role in shaping our investment decisions. We can thoroughly analyze various factors to align our strategies with our client's objectives. With continuous evaluation of quantitative and qualitative elements, we strive to deliver cost-effective, optimized portfolios that support long-term financial success.

## **Item 14 – Client Referrals and Other Compensation**

### **A1. Economic Benefits of Utilizing Schwab Firm Services Platform**

Fjell has established an institutional relationship with Schwab Advisor Services, a division of Charles Schwab & Co. dedicated to serving independent investment advisers. As an investment adviser utilizing Schwab's platform, the Firm receives access to software and related support without cost because of Fjell's clients' custody of assets at Schwab. It utilizes Schwab as its sole executing broker-dealer. Services provided by Schwab benefit many, but not all, of Fjell's clients. The receipt of economic benefits from Schwab's custodian creates a potential conflict of interest since these benefits influence Fjell's recommendation of Schwab as its custodian and sole executing broker-dealer.

### **A2. Services that May Only Benefit Fjell**

Schwab also offers other services to Fjell that may not benefit Fjell clients. These services include educational conferences and events, ongoing support, consulting services, and discounts for various service providers. Access to these services incentivizes the Firm to recommend Schwab, representing a conflict of interest.

### **B1. No Compensation Received for Referrals to Service Providers**

Fjell does not receive any compensation for client referrals. However, Fjell may refer clients to unaffiliated service providers such as attorneys, tax preparers, accountants, estate planners, real estate agents, and loan officers ("Service Providers"). Fjell does not receive any compensation for these referrals. In turn, these Service Providers may refer clients to Fjell.

Whether Fjell receives a client referral or refers a client to a Service Provider, no compensation is received or paid.

## **Item 15 – Custody**

### **Investment Management Accounts and Fee Deductions at Qualified Custodians**

As disclosed in "Item 5 – Fees and Compensation," Fjell directly debits advisory fees from client accounts. As part of the billing process, Charles Schwab & Co. ("Schwab"), acting as qualified custodian, is advised of the fee amount to be deducted from each client's account. Schwab is then required to provide each client with a custody statement every quarter, which reflects the deduction of the quarterly fee.

## **Importance of Verification of the Fee Calculation**

As Schwab does not calculate the fee deduction amount, it is vital for clients to carefully review their custody statements to ensure the accuracy of the calculation. If clients believe there is an error on their custody statement, they should contact Fjell directly.

## **Standing Letters of Authorization**

Some of our clients request us to assist them in sending money from their accounts held at their qualified custodian, Schwab. Examples of these situations include transferring funds to pay college tuition expenses, making required minimum distributions, or disbursing charitable donations to non-profit organizations. To accommodate these requests, custodians require that clients complete third-party standing letters of authorization (“SLOA” or “SLOAs”). An SLOA grants Fjell the authority to direct custodians to disburse client funds to one or more third-party accounts without requiring written authorization for each transfer. When a client grants us this authority through an SLOA, we are deemed to have custody of those assets. Because we are deemed to have custody of those assets, we have implemented control and oversight procedures. As part of our control procedures, we only accept account-specific SLOAs. We do not accept broad, non-account specific SLOAs.

## **Class Action Lawsuits**

We do not determine if a securities held by clients are the subject of class action lawsuits or if they are able to participate in litigation to recover damages on a client’s behalf for losses as a result of actions, misconduct, or negligence by issuers of securities held.

## **Item 16 – Investment Discretion**

As part of the Firm's Scale offering, client assets are managed exclusively on a non-discretionary basis. All Scale clients are required to execute a discretionary investment management agreement granting the Firm authorization to buy and sell securities on their behalf without prior permission.

On the other hand, Fjell's Altitude offering involves managing client assets on both a discretionary and non-discretionary basis. All Altitude clients are required to execute either a discretionary or non-discretionary investment management agreement.

Discretionary investment management agreements grant the Firm authority to trade securities without obtaining client permission. However, non-discretionary agreements

necessitate obtaining client permission before effecting any transactions in client accounts.

### **Item 17 – Voting Client Securities (Proxy Voting)**

The Firm does not vote proxies for securities held in client accounts. Clients are solely responsible for receiving and voting proxies for all securities maintained in their portfolios.

Proxies are sent by Schwab, the qualified custodian, or the transfer agent directly to the client. And, although the Firm will not vote proxies, Fjell will assist the client with general questions regarding proxy voting.

### **Item 18 – Financial Information**

Fjell does not require the payment of fees of \$1,200 or more, six months or more in advance. No financial condition of which the Firm is currently aware would impair the Firm's ability to meet its contractual commitment to its clients. The Firm has not been the subject of a bankruptcy petition within the past ten years.