

Invictus Fiduciary Services, LLC

SEC Form ADV Part 2A

Brochure

This brochure provides information about the qualifications and business practices of Invictus Fiduciary Services, LLC. If you have any questions about the contents of this brochure, please contact us by telephone at (901) 260-1449 or by email at dkelso@invictusfiduciary.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (hereinafter, "SEC") or by any state securities authority.

Additional information about Invictus Fiduciary Services, LLC (hereinafter, "Invictus") is also available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by using a unique identifying number, known as a CRD number. Our firm's CRD number is: 286117.

1755 Kirby Parkway Suite 101
Memphis, TN 38120
Telephone: (901) 260-1449
mnew@invictusfiduciary.com
www.invictusfiduciary.com

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Item 2: Material Changes

Since filing our previous annual amendment on March 19th, 2020, Invictus terminated state notice filings in California. In 2020, Invictus received a PPP loan to compensate for a loss of income due to the Covid-19 pandemic. Also during 2020, Invictus allowed a client to authorize Invictus to direct debit our fee from the client's trust account should the client be unable to pay via check.

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Item 4: Advisory Business

History

Invictus Fiduciary Services, LLC (hereinafter “Invictus”) is a limited liability company organized in the State of Tennessee. The firm was formed in July 2016. In January 2017, Invictus became registered with the SEC as an investment adviser.

Principal Owners

Invictus’s principal owners are Michael Eugene New, Kenneth Bryan Lenoir and Clyde Douglas Kelso, III.

Advisory Services Offered

Invictus provides services to Employee Stock Ownership Plans (“ESOP”) in three capacities.

- i. Invictus may serve as the Investment Manager to the ESOP and its related trust sponsored by the ESOP’s company (“Company”) on a continuing or “on-going” basis. Michael New or Kenneth Lenoir, in their individual capacities, may serve as the ESOP trustee.
- ii. Invictus may serve as the Investment Manager to the ESOP and its related trust sponsored by the Company and Michael New or Kenneth Lenoir, in their individual capacities, may serve as the ESOP trustee in connection with a proposal to engage in a transaction involving the purchase or sale of a percentage of the issued and outstanding shares of Company stock by the ESOP.
- iii. Invictus may provide investment advisory services to ESOP trustees and/or Plan Sponsor Fiduciaries (“Fiduciaries”).

Invictus provides services according to the client’s needs and instructions. Investment policies are determined by the client, which may be the plan sponsor or committee, ESOP trustee or other authorized parties noted in the agreement.

Invictus had the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$358,900,000	\$ 77,800,000	December 31, 2020

Item 5: Fees and Compensation

General Fee Information

Invictus serves as an Investment Manager or Advisor to ESOPs with regards to the conduct of ESOP purchase or sale transactions for which the currently appointed ESOP fiduciaries have a conflict of interest and an independent ESOP fiduciary has been appointed to conduct the specific transaction, or in an on-going capacity to the ESOP Fiduciaries as they serve in their respective capacities over time.

Transaction Advisory Appointments

For Invictus' services as Investment Manager or Advisor for an ESOP transaction, Invictus will receive a transaction fee from the Company, of which a portion disclosed in the agreement is payable upon the execution of the letter agreement, with the remaining amount payable upon either the sixtieth (60th) day following the execution of the agreement, or upon the completion of the engagement, whichever event occurs first. The Company will also pay the reasonable out-of-pocket expenses incurred in connection with the services the Fiduciaries perform relating to the subject transaction, such as copying expenses, long-distance telephone charges, private express mail deliveries, and travel expenses, based on customary rates that commercial air carriers, hotels and other services providers charge.

On-Going Advisory Appointments

For our services as an Investment Manager or Advisor to an ESOP Fiduciary in an on-going capacity, Invictus will generally receive an annual fee based upon the fair market value of the assets in the ESOP as of the ESOP's fiscal year-end of the prior year (the "fee valuation date"). This annual fee will be calculated in the following manner:

First	\$10,000,000	15	basis points
Next	\$40,000,000	5	basis points
Values in Excess of	\$50,000,000	2.5	basis points

The annual fee will be payable by the Company or the ESOP in four equal quarterly installments. Each quarterly installment will be charged at one-fourth the annual fee rate and payment shall be due within 30 days following the beginning of each calendar quarter. If the fair market value of the assets in the ESOP as of the "fee valuation date" has not been determined at the time when a quarterly installment payment is to be made, then the amount of such payment will be based upon such fair market value as of the end of the plan year immediately preceding the "fee valuation date" until the fair market value as of the "fee valuation date" can be determined. When the fair market value of the assets in the ESOP as of the "fee valuation date" has ultimately been determined, the Company or the ESOP will increase (or decrease) its subsequent quarterly installments until it has paid Invictus, the amount due in accordance with the calculation method described above. We generally require clients to pay our fees via check.

Invictus maintains a minimum annual fee of \$15,000.00. In addition to our annual investment management or advisory fee, Invictus charges a distribution transaction fee of \$35.00 for each participant distribution made during the plan year. This distribution transaction fee includes the preparation of the appropriate tax reporting form for each plan participant recipient. Finally, the Company will also pay the reasonable out-of-pocket expenses incurred in connection with the services the Fiduciaries perform in their respective roles as Investment Manager and trustee to the ESOP, such as copying expenses, long-distance telephone charges, private express mail

deliveries, and travel expenses, based on customary rates charged by commercial air carriers, hotels, and other service providers.

Members of Invictus worked with certain of the Companies while the Members were employees of Evolve Bank and Trust (“Evolve”), a previous plan trustee to a Company, under fee schedules that were applicable at the time these Companies appointed Evolve as their plan trustee. The fee schedule applicable to each of these Companies has been grandfathered by Invictus for these Companies and may produce a fee different than the fee created by the fee schedule shown above. Invictus reserves the right, at their sole discretion, to offer negotiated fees based on a range of factors relating to individual plans and circumstances. Evolve Bank and Trust is not affiliated with Invictus.

Item 6: Performance-Based Fees and Side-By-Side

Invictus does not accept performance-based fees or other fees based on a share of capital gains or capital appreciation of the assets of clients.

Item 7: Types of Clients

Invictus generally provides advisory services to Employee Stock Ownership Plans, their Plan Sponsors, and Plan Trustee. While we do not require clients to have a minimum account value, we do charge a minimum annual fee of \$15,000.

Item 8: Methods of Analysis, Investment Strategies, & Risk of Loss

Invictus is responsible for monitoring and recommending investment options to the ESOP trustee and/or Company fiduciary committee. This may include:

- Causing securities to be valued
- Evaluating security valuation methods
- Evaluating executive compensation and planning

Invictus, in consultation with their advisors, assumes fiduciary responsibility for advising the ESOP trustee that the purchase of Company stock is prudent, that the purchase price of the stock does not exceed adequate consideration as defined under Section 3(18) of ERISA, and that the transaction is fair from a financial viewpoint to the ESOP and its participants. The fiduciary determinations by Invictus are generally based upon such factors and information as it considers to be relevant, which may include the appraisal and a fairness opinion by an independent appraiser and/or financial advisor. However, at all times, Invictus shall have discretionary authority to investigate and evaluate the subject transaction, whether a purchase or sale. Nothing contained herein shall be construed to constitute a representation, warranty, or commitment that Invictus will approve or disapprove a proposed transaction.

Clients should be aware that there is a material risk of loss using any investment strategy. Investment products are not guaranteed or insured by the Federal Deposit Insurance Corporation or any other government agency.

The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by us. Such factors include a wide range of economic, political, competitive and other conditions (including acts of terrorism and war) that may affect investments in general or specific industries or companies. Additionally, the markets are subject to the force majeure risk: This is the risk that there may be an act of God, terrorist act, global health pandemic, failure of utilities or other similar circumstance not within the reasonable control of Invictus or the Companies that may have an unknown and potentially catastrophic effect on the global markets. Invictus has a business continuity plan to mitigate the effects of a force majeure risk, however, these events may still affect Invictus, our clients, and the financial markets.

Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

Item 9: Disciplinary Information

There is no material disciplinary information to disclose in this section.

Item 10: Other Financial Industry Activities and Affiliations

Neither Invictus nor its Members are registered as a broker/dealer or a representative of a broker/dealer.

Neither Invictus nor its Members are registered as, or associated with, any Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor.

Invictus' Members may offer clients advice derived from Invictus' investment management activities. Clients should be aware that Invictus' investment management services may involve a conflict of interest. Invictus acts in a variety of fiduciary capacities to its clients. and Clients are in no way required to utilize the services and/or products of any Member of Invictus in connection with such Member's activities outside of Invictus.

Invictus does not utilize or select third-party investment advisers. All discretionary assets are managed by Invictus. Assets held in accounts for which Invictus is directed by Company or its designated representatives, these assets are administered pursuant to the directions received by Invictus from the Company or its designated representatives.

Invictus is deemed to have custody as a result of certain employees having discretionary authority while serving as a trustee. This may create a potential conflict of interest. Custody of a client's assets are primarily held at an independent custodian and account statements are provided to

clients by the custodian.

Mr. Lenoir is also a part-time employee with Evolve. He provides customer service assistance to bank customers and referrals who have invested in the Vida Longevity Fund LP. Clyde Douglas Kelso, III is also a part-time employee of Evolve, serving on several management oversight committees of the Bank's Trust Department. Mr. Kelso also provides customer service assistance to bank customers and referrals who have invested in the Vida Longevity Fund LP. Messrs. Lenoir and Kelso's employment with Evolve may present a conflict of interest if a Vida Longevity Fund client is also a client of Invictus. The potential conflict is mitigated by Invictus' Code of Ethics which obligates the firm's Members to uphold their fiduciary duty to its clients. In addition, Invictus conducts oversight and tests to monitor and determine compliance with company and regulatory requirements.

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

Invictus maintains a written Code of Ethics that emphasizes its fiduciary duty to its investment management and advisory clients and the obligation of the firm's personnel to uphold that fundamental duty. The Code of Ethics further includes firm policies such as: Insider Trading, Personal Securities Transactions, Conflicts of Interest, Gifts, Service on a Board of Directors and Procedures and reporting. Invictus' Code of Ethics is available upon request to any client or prospective client. To request a copy of our Code of Ethics, please contact Invictus using the contact information on the cover page of this brochure.

Invictus does not recommend that clients buy or sell any security in which a related person to Invictus or Invictus has a material financial interest.

Item 12: Brokerage Practices

Invictus does not trade for client's accounts. We do not receive research, products, or services ("soft dollar benefits") from broker-dealers. Invictus receives no referrals from broker-dealers or third parties in exchange for using that broker-dealer or third party. As we do not trade for client accounts, and due to the type of clients we service, our clients do not require the services of broker-dealers unless they engage other investment advisers.

Item 13: Review of Accounts

Trustees cause a valuation of the ESOP firms to be conducted annually in order to value the company stock held by each firm's ESOP. Invictus reviews and advises whether to approve the findings of the independently determined value expressed in such valuation reports.

Item 14: Client Referrals and Other Compensation

Invictus does not directly or indirectly compensate any person who is not advisory personnel for client referrals. Invictus does not receive any economic benefit, directly or indirectly from any third party for advice rendered to Invictus' clients.

Item 15: Custody

Invictus is deemed to have custody of client accounts for which certain employees serve as trustee and maintains discretionary authority. Custody of client's accounts is held primarily at the trustee's custodian which is not affiliated with Invictus. Clients will receive account statements from the custodian and should carefully review those statements for accuracy. During 2020, Invictus received authorization to collect our fee via direct debit. Per SEC guidance, having the ability to directly debit our fee from the client account results in our deemed custody of those client assets.

Item 16: Investment Discretion

Invictus provides advice only and does not have discretion over client accounts at any time, except to the extent described in Item 15 above.

Item 17: Voting Client Securities (Proxy Voting)

As a policy, Invictus does not ask for or accept proxy voting authority for client securities. To request a copy of our proxy voting policy and procedures, please reach out to Invictus using the contact information on the cover sheet of this brochure.

Item 18: Financial Information

In 2020, due to a loss of income as a result of Covid-19, Invictus received a loan under the Payroll Protection Program. While we do not believe that this financial commitment impairs our ability to meet contractual obligations to our clients, in the interest of providing full disclosure, we are including that information. Invictus has no other financial commitments that may impair our ability to meet our contractual obligations to our clients.